

Tsunami of Regulatory Reform: Trickle of Benefits for Retail Investors



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At the **EACB**, cooperative banks have analysed the **Retail Investment Strategy (RIS)** and have concluded that the Commission's **proposed changes to the existing legislation are unsuitable to achieve the strategy's goals in favour of retail investors.**

We believe that the justifications behind the proposals are not being backed up by adequate sources of evidence. Furthermore, the strategy overlooks the diversity and co-existence of banking models which allow retail investors to find an investment solution whatever their needs, financial profiles and objectives.



Policymakers should not assess the RIS without taking into account the **regulatory tsunami** that the retail banking industry is currently navigating in the areas of **digitalisation** and **payments** (eID, Digital Euro, FIDA, PSD II), while also considering its capital and liquidity obligations under the current implementation of the **Basel IV reform**, and the urgent actions being undertaken towards the transition to a **green and sustainable economy.**

This is threatening to **impact the business model of retail banks**, particularly cooperative banks highly engaged in the provision of services to households and SMEs. It will also inevitably **impact how customers receive services from banks and will influence client needs and expectations.** We fear that this tsunami will lead to not more than a trickle of benefits for customers, while at the same time it will massively intervene in the business models and the market.

OUR 7 KEY MESSAGES



Maintain remuneration for the provision of **portfolio management** in the value chain of distribution networks & cooperative banking groups



Allow for **inducements** for non-advised and execution-only sales



Abandon the new requirements on “**the best interest test**” of the client



Abandon the new cost and performance benchmarking approach when establishing the **value-for-money** of a product



Abandon the new requirements for the **suitability** and **appropriateness assessments**



Ensure adequate **timing** of implementation and **reduce mandate** to establish important criteria under Level 2 and 3 regulation



Limit the effects of the proposal on **professional markets**