



BIPAR Response to EC Call for evidence *Savings and Investments Union*

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BIPAR (www.bipar.eu) would like to take this call for evidence as an occasion to share its views, based upon daily practice in the market by intermediaries (insurance agents, brokers, financial advisors) on how to achieve some aspects, in particular the retail and microeconomic aspects of the ambitious and complex SIU strategy. There are an estimated 700 000 insurance and financial intermediaries who are in direct contact, on a daily basis, with millions of consumers and (potential) investors (small or large, private or professional) around the EU. These intermediaries combine human factors with digital tools in function of the profile, needs and wishes of the clients. Intermediaries can play a key role in realizing the SIU objectives as they invite, accompany and advise consumers in a highly regulated environment, to think about their long-term risks, savings and investments.

IDD and MiFID II are already regulating very strictly the intermediation processes, and intermediaries' operations are supervised. Intermediaries rely upon the POG (Product Oversight and Governance) process by the product manufacturer to be certain that the products available on the market are of good quality. The role of the intermediary is to match these products with the demands and needs of the client. Changing regulation creates legal uncertainty but also creates lack of trust for all parties involved, including consumers and intermediaries. Therefore, we call for a regulatory pause, and in particular we call for simplification of the proposed RIS. In the interest of SIU objectives, focus should be on the application and enforcement of the existing IDD and MiFID II rules such as the POG rules and more flexible product disclosures, simplification and implementation, but also on the application of the sustainability rules in the IDD and MiFID II framework (and in the more general sustainability legislative framework).

Financial and insurance intermediaries not only support retail participation in the capital market, they also accompany young and innovative companies thanks to a solid knowledge of the market and on the basis of existing consumer's demands and needs, appropriateness and suitability tests. IBIP'S cannot be compared with pure investment products and regulated pure investments cannot be compared with unregulated investments. Which highlights the importance for financial education to focus on the fact that potential higher returns are subject to higher risks. Recent examples such as the PEPP have shown that this may not be the way forward.

BIPAR is in favour of a stable regulatory framework. Changes should only be made where necessary and when they are made, an impact assessment showing that the level playing field and the proportionality principles are well considered is a necessity. Implementation periods should be longer and ensure that level II and level III rules are published well before the application dates. Constantly changing regulation is burdensome, costly for all firms and in particular for Micro and SME operators. Also it keeps intermediaries away from their clients who need service. IDD, IBIPs or MiFID II rules are not the only EU rules intermediaries have to comply with (GDPR, AML...) and very often these rules come in addition to the specific national rules. The world is complex but regulation should not add an extra layer of complexity. We call upon regulators and supervisors to first use the powers they have under the IDD and MiFID II to correct or adjust issues rather than creating new rules, such as proposed under the RIS. Even for the digital transformation, the IDD and MiFID II, for instance, provide for activity-based rules which can apply via other means than changing regulation. Now, the market of intermediaries needs time to innovate and to serve clients rather than to use its limited human resources to adapt again to a new regulatory framework. We are worried that even simplification will be complex.