

DUFAS Priorities EU 2024-2029

DUFAS, the association for asset managers based in the Netherlands, would like to present three priorities and proposals for your consideration in the run-up to the European elections of 2024.

The European asset management sector is particularly concentrated in 6 countries, which together hold almost 85% of the market; with a 6.5% market share, the Netherlands ranks within the top-5 in Europe (source: EFAMA Asset Management Report 2022). 74% of Dutch households invest, usually through pensions or insurance. This underscores the significant stakes the Netherlands has in investment regulation and the development of capital markets.

Our members are committed to healthy asset management daily, including ensuring a robust pension for all Dutch citizens. Additionally, the asset management sector substantially contributes to the transition to a sustainable economy and the implementation of the new pension system.

Asset managers inherently operate across borders. It is a very fluid sector that can quickly shift activities to countries within or even outside the EU, given differences in legislation among EU member states. To ensure that capital is invested as much as possible in the Netherlands and Europe, and to guarantee that this occurs in a manner aligned with local values, it is essential to preserve the asset management sector in the Netherlands. An attractive investment climate at both the national and European levels is necessary for this.

The members of DUFAS
manage around
2700 billion
euros in assets

74% of Dutch
households invest

Priority

Continue the development of the European Capital Markets Union.

Proposal

Develop legislation and regulations that strengthen the Capital Markets Union by reducing unnecessary regulatory burdens and ensuring predictability for the asset management sector.

Priority

Allow European sustainability legislation to crystallize and identify where 'targeted' improvements can be made. Ensure a European level playing field in (sustainable) investing, based on international standards, and prevent national overlays on European policy.

Proposal

Research and evaluate (European) legislation to stimulate and facilitate the greening of investment portfolios for effectiveness and proportionality.

Priority

As Europe, actively work on lowering the barriers for entering into investing.

Proposal

Introduce a European 'light advice' or 'light asset management' option for consumers who want to invest for the long term, and simplify the intake process for this.

DUFAS: Dutch Fund and Asset Management Association

Since 2003, DUFAS has been committed to a healthy asset management sector in the Netherlands. DUFAS has nearly 60 members, ranging from large asset managers who invest Dutch pension and insurance assets to smaller, specialized asset managers.



Continuation of the European Capital Markets Union

Further development of the European Capital Markets Union forms the foundation for both protecting investing European households and attracting sufficient capital. In recent years, the groundwork has been laid. Now, it is crucial that the legislation and regulations that support the Capital Markets Union are further developed. For instance, the EU Listing Act and the EU Retail Investment Strategy are designed to provide better access to capital markets for SMEs and retail investors, respectively. Without these, the European investment climate risks falling behind in the global competition for capital and investments.

Additionally, stability and clarity regarding the legislative and regulatory framework are essential. Much of the current regulation is overly complex. Regulation needs to be clear, effective, efficient, and should not impose unnecessary burdens on both businesses and the financial sector. Discrepancies between countries or between national and European levels create confusion and are counterproductive to the unification of the Capital Markets Union.

Facilitating an effective market infrastructure will enhance investment opportunities, leading to an increase in European liquidity. Moreover, asset management costs will decrease due to increased competition. This strengthens the EU's competitive position and, in turn, improves the investment climate in the Netherlands.

Investing as a Flywheel for Sustainability Transitions

The Dutch asset management sector is one of the European leaders in sustainable investing. Financial institutions, including asset managers, signed the Financial Sector Climate Commitment in 2019 and delivered climate action plans by the end of 2022. The Dutch financial sector is the birthplace of internationally used standards to measure the impact of investments on climate change (PCAF) and biodiversity (PBAF).

DUFAS members, along with the government and the private sector, wish to take steps to accelerate the sustainable transition. However, DUFAS points out that the implementation of the comprehensive European legislative package on sustainable finance is still ongoing. The full impact on the real economy and on sustainability transitions is not immediately apparent. Therefore, we advocate for the European legislation to first be allowed to stabilize and for targeted improvements to be made, for example, around the SFDR. Asset managers are eager to contribute to the proper implementation of European legislation, where we believe the most significant gains can be achieved.

It is crucial to ensure a level playing field, especially concerning sustainability regulations. The European Commission and European regulators have the task of ensuring that sustainability regulations in the EU are uniformly applied and truly lead to 'greening.' However, they must also ensure that sustainability regulations remain effective and minimize unnecessary burdens for both the business community and the financial sector. This is essential to maintain the EU's competitiveness.

Make Investing Accessible to Everyone

The Netherlands has a significant interest in a strong European Capital Markets Union. Efficiently functioning capital markets and a robust market infrastructure are crucial for this. The Capital Markets Union should enable consumers to build assets for the future. Revising the European framework for retail investors (private investors) could further stimulate this.

DUFAS welcomes adjustments in the European framework that make it easier for consumers to access the capital markets. However, they currently see the Retail Investment Strategy package as lacking detailed proposals that truly address this need. Consumers who require long-term asset accumulation should be served more accessibly. The transition from saving to investing is perceived as complex, and there is often a need for advice or simple individual asset management. This could involve introducing 'light advice' or 'light asset management' for retail investors who want to invest for the long term, such as for pension accumulation. This approach would simplify and expedite the intake process for consumers looking to invest modest amounts in well-diversified financial products, making the threshold for investing more proportionate to its risk.

Additionally, DUFAS is committed to providing good information and cost transparency to investors and end-investors without causing 'information overload' and tailored to a digital environment. Finally, the role of financial education is essential to increasing consumer investment participation, with a crucial role for both the sector and the government.