

**RESPONSE TO THE ESMA CALL FOR EVIDENCE ON THE  
RETAIL INVESTOR JOURNEY**

July 2025

## General remarks

The Italian Banking Association has lengthily contributed to all initiatives related to the RIS and the SIU since it is aware of the importance to increase retail investors participation to capital markets.

With this in mind, we are happy to participate also to this Call for evidence with the commitment to give a concrete contribute to a real simplification of the investor journey, mainly through a streamlining of current MiFID legislation.

This is a complex issue, which, as it can be seen also from the Call for evidence questions, is affected by a wide range of factors. Regulatory requirements represent one of these factors, but it is strictly related with the others. We appreciate the effort made by the ESMA to identify a variety of potential answers as well as the need to receive clear feedback from respondents. That said, we would like to flag that, in most cases, having to select just one option among those presented by the Authority may not help in capturing all the nuances and the peculiarities of the issues being addressed. For this reason, we would invite ESMA to take into account the narrative portion of the answers where we have tried to articulate our arguments.

Having said that, as far as it regards regulatory requirements, we recall that notwithstanding the need for simplification<sup>1</sup>, especially related to disclosure has clearly emerged, the Commission proposal on the Retail Investment Strategy (RIS) does not affect at all the simplification of MiFID disclosure nor of the PRIIPs KID. On the contrary, the RIS proposal makes even more complex both legislations by introducing:

- a new warning on particularly risky financial instruments as (Article 24 (5c) which would: i) add further information for retail clients instead of simplifying it; ii) entail the risk of dissuading retail clients to invest;
- different horizontal periods to calculate the cumulative effect on return on investments in the ex-ante disclosures which would: i) lead to unnecessary complexity; ii) counteract the need for retail clients of receiving information on different products that can be easily compared; iii) differentiate too much the horizontal period to calculate the cumulative effect on return, introducing unjustified differences between PRIIPs and not PRIIPs;
- the new extensive and granular annual statement (Article 24b(4) MiFID) which would contain a huge quantity and variety of information,

<sup>1</sup> Clearly acknowledged by ESMA Call for evidence on certain aspects of investor protection (launched in October 2021), the Joint Committee Call for evidence on PRIIPS (launched in October 2021) and later within the Kantar Report published in August 2022.

affecting the readability and intelligibility of the document for retail investors. Rather than empowering, it risks shifting clients' attention away from 'cost' information, which should be the focus of 'costs and charges' disclosures;

- the requirement to disclose the information about net annual performance of each of the financial instruments included in the portfolio which looks extremely granular, redundant and disproportionate;
- a new section in the PRIIPs KID titled "Product at a glance" which: i) would be redundant with the content of the KID and would use space in a document that is already very dense; ii) does not concur to the much-needed simplification of PRIIPs. Moreover, there might be also the risk that retail investors will only read this section, rather than the KID in its entirety. This outcome risks not being in the best interest of retail investors;
- a new section in the PRIIPs KID on environmental sustainability or sustainability which would not be coordinated with the SFDR review expecting to provide new categories of products.

On a more positive note, the recent initiatives adopted both by the European Commission and by ESMA, whose aim is to streamline regulatory framework and to remove unnecessary, overly complex regulatory requirements are extremely welcome.

For what specifically pertains to the RIS dossier, we acknowledge that the communication on the Savings and Investments Union (SIU), issued last March, explicitly underlines that the outcome of this legislative proceeding must be, inter alia, to put in place disclosures rules that offer information in a simple and easily understandable manner. This marks a positive step that needs to be translated into practice: by way of an example, the proposals on costs and charges disclosure, which are likely to be discussed during trilogues negotiations, should concretely proceed towards this direction.

Therefore, our answers to the relevant questions focused on regulatory requirements will refer not only to the current regime, but also to the new ones proposed by the RIS.

Last but not least, we highly welcome another policy action of the SIU Communication: the fully-fledged strategy on financial literacy the EC intends to pursue in the upcoming years. In our view, financial literacy is set to play a key role: i) not only in fostering retail investors' participation in capital markets ii) but also in making the legislative proposals – for example, in such a critical area like the one related to disclosure of costs and charges – effective and workable. Official surveys and reports show that, at least for some groups of investors, the level of financial education and, more in general, financial awareness is far from being satisfactory (including, for example, the familiarity with basic notions of risks, return, performance, time

horizon as well as with the fundamental differences across asset classes). In our view, the lack of financial education cannot be compensated neither by providing retail investors with an increasingly huge quantity of informational items neither by making the content of these items progressively more detailed and granular. In the end, this “informational set” risks being “unexploited” by its recipients – insofar as they do not have the “critical tools” to digest and to process them – while it would nevertheless require intermediaries to take additional steps, to bear costs, to adapt their policies and systems to provide it. That said, we would like to clarify, since the outset, that financial literacy:

- is not the panacea; rather, it is due to play an important role alongside with a number of other factors which – if combined – could promote the participation of retail investors in capital markets;
- initiatives to promote financial education should be developed by Member States or NCAs and should not remain at the expense of intermediaries.

## Answers to Specific Questions

### 3.1 Understanding non-regulatory barriers to retail investor participation

**Q1: What are the key reasons why many retail savers choose not to invest in capital markets and instead keep their savings in bank deposits?** *Please explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer:** There are several reasons strictly linked each other. However, those related to regulation could be summarised as follows: too much information provided by disclosure requirements which is too technical and not focused on key aspects, lack of interest of investors in reading any type of information, strong influence coming from not regulated entities, low financial education.

In addition to the above, there are also exogenous factors, e.g. the sense of uncertainty which risks being fueled by, for example, geopolitical developments, that should not be overlooked in explaining i) the adoption of a “risk off” mood by retail savers and ii) their decision not to get involved in capital markets activities.

It is however important to highlight that money kept in bank deposits are not always unproductive as they are used by banks to provide loans to families and businesses, especially SME’s.

**Q2a: To what extent do retail investors find investment products too complex or difficult to understand?** Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

**Answer: Option 2** "A moderate concern, but not the main factor".  
**Explanation:** The question affects a very broad topic, among which complexity is undoubtedly important for retail investors, but it represents just one of the many relevant factors.

Complexity is a multi-faceted concept; not all instruments should be accessible to all investors. In our view, this is an area where two factors are set to play a crucial role: 1) the service of investment advice and 2) the wide range of systems, policies, devices implemented by financial intermediaries which accompany savers in their investment path.

**Q3: Do past experiences with low or negative returns significantly affect retail investors' willingness to invest again?** Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

**Answer: Option 1** "Yes, negative experiences strongly discourage future investment".

In order to prevent this outcome, a portfolio approach to advised investments decisions is due to play a fundamental role since it contributes, to a material extent, to diversifying and rebalancing risk as well as to mitigating the under-performance which could be associated with just one single financial instrument/product.

**Q4a: Do high fees and costs discourage retail investors from participating in capital markets?** Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

**Answer: Option 2** "Somewhat, but investors consider other factors as well"

**Explanation:** We consider that costs and fees do not in themselves constitute a material barrier to investment, provided that the client clearly perceives the added value of the services offered by the intermediary against these costs. The experience indicates that a whole series of other factors are more important for investors than costs. There are practical cases of investment firms offering expensive products, but which have very effective service models responding to the need of clients.

**Q5a: Have you identified a lack of trust in investment service providers as a factor influencing retail investors' reluctance to invest?** Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

**Answer: Option 3** "A minor factor compared to other concerns".

**Explanation:** Trust in investment services providers comes as the outcome of a long-standing, day-to-day process which needs time in order to be built and where the "human factor" i.e. the relationship with the advisor represents the key enabling factor.

That said, adopting a realistic and pragmatic stance, we cannot help flagging the role that a number of subjective, idiosyncratic and exogenous factors i.e. factors which are peculiar to each investor and which often do not relate to the investment service as well as to the providers thereof may play in stifling the propensity for investments by retail savers. For example, a general sense of mistrust toward the financial sector or of uncertainty about the future.

**Q6: Do retail investors feel they have adequate access to investment advice and relevant information when they encounter difficulties in understanding investment products?** If not, what forms of support would be most helpful? Please explain and provide practical examples, or evidence drawn from experience, where available.

**Answer:** In Italy, retail investors certainly have adequate access to investment advice and relevant information since banks, which are the main providers of investments services, offer investment advice to the majority part of their clients in the form of non-independent advice.

Moreover, most banks operating in Italy:

- contractually undertake to perform the suitability assessment (generally with a portfolio approach) not only for the advised investment operations but also for the executive ones that means operations which are arranged by the clients, in order to offer their clients a higher level of protection. The advisory services model that, by contract, covers the various components of the client's entire portfolio on a continuous basis, may envisage certain minor variations in the type of ex ante assessment carried out by the intermediary with respect to client-initiated transactions, but always considers every component of the portfolio, regardless of its origin, in order to make a stream of recommendations (preceded by a suitability assessment that considers the portfolio as a whole) and periodic suitability assessments. In some advisory service models, the ex- ante assessment always takes the form of a suitability assessment, which

might actually block the purchase of products placed on the primary market (such as certain types of mutual fund), or merely discourage the purchase of products in the secondary market following an adverse suitability assessment. In some models, the ex-ante assessment takes the form of a suitability assessment when the transaction is presented to the advisor on the initiative of the client, or may be limited to an appropriateness assessment when the client decides to transact using self-service (on-line) channels;

- provide, as stated in the contract, “execution services” under the appropriateness regime only in limited cases, according to the specific features of the business model adopted by each bank (i.e. frequent traders).

**Q7: Does investment advice provided to retail clients typically cover all types of investment products (e.g. shares, bonds, investment funds, ETFs), or are certain products rarely advised? If so, please explain which types of instruments are less commonly recommended and why.** Please explain and provide practical examples, or evidence drawn from experience, where available.

**Answer:** Subject to the above-mentioned answer to Q6, we underline that investment advice is mainly focused on investment funds and IBIPs, while it is much less focused on financial instruments traded on the secondary market such as equities, bonds, structured products, ETFs. Investment advice on derivatives contracts only relates a small portion of clients with specific characteristics.

**Q8a: To what extent does a lack of financial education or investment knowledge contribute to retail investors’ reluctance to invest in capital markets?** *Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer: Option 2** “A contributing factor, but not the main issue”.

**Evidence drawn from experience:** financial education is essential especially for some types of investments (e.g. alternative investment funds). The interest of Italian investors in financial education has increased and for these reasons some banks have also developed dedicated web sites focused on financial education, targeted not only to their clients, but accessible to any investors.

**Q10: Are there any other significant non-regulatory barriers that discourage retail investors from investing in capital markets?** *Please*

*explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer:** As already indicated in our answer to Q1, there are also exogenous factors, e.g. the sense of uncertainty which risks being fueled by, for example, geopolitical developments, that should not be overlooked in explaining i) the adoption of a “risk off” mood by retail savers and ii) their decision not to get involved in capital markets activities.

**Q11: What role do digital platforms and mobile applications play in shaping the investor journey? Are there digital features or tools that have simplified the investment process or improved investor understanding and decision-making? Conversely, are there aspects that may complicate the experience for some retail investors? Please explain and provide practical examples, or evidence drawn from experience, where available.**

**Answer:** Digital platforms try to streamline the process of investing. All banks have worked hardly in this direction also taking into account that young generations only use digital applications, but the use of such digital platforms is hindered by the amount of information that has to be displayed according to regulatory requirements.

**Q12: How effective do retail investors find the current mechanisms for filing complaints and obtaining redress when issues arise with investment products or services? Do issues with these mechanisms play a role in retail investors’ hesitation to invest? If yes, which improvements can be made? Please explain and provide practical examples, or evidence drawn from experience, where available**

**Answer:** We feel that the whole complaints framework work very well since in addition to the rules adopted by each bank consistently with MiFID rules requiring firms to establish, implement and maintain effective and transparent complaints management policies and procedures for the prompt handling of clients’ complaints, there are non-judicial dispute resolution procedures.

As far as it regards the specific Italian experience, we recall that the Italian legal framework has already set up an ad-hoc mechanism e.g. the “Arbitro per le Controversie Finanziarie (ACF)” for the extra-judicial resolution of disputes between non professional investors/non qualified counterparties and financial intermediaries.

The ACF i) became operational in January 2017 ii) falls under the institutional remit of the Italian National Competent Authority, CONSOB and iii) is in line with MiFID II and, in particular, with Article 75 paragraph 1 which requires

Member States to ensure the setting-up of efficient and effective complaints and redress procedures for the out-of-court settlement of consumer disputes concerning the provision of investment and ancillary services provided by investment firms.

Important for the Italian out-of-court settlement is the entry into force from 1 October 2021 of the new and integrated ACF regulation, which consists of advanced retail consumer protection legislation.

The ACF features two important distinctive characteristics (shared also with the Arbitro Bancario Finanziario which falls under the institutional remit of the Italian Central Bank, Banca d'Italia): i) the mandatory nature of the adhesion to the ACF by financial intermediaries (see answer to question 10.5 below) and ii) the decision-making purposes of its proceedings.

These two features coupled with another important feature i.e. the charge-free nature of the access to the procedure have been designed with the aim to improve the effectiveness of the ACF.

Only investors different from professional investors and qualified counterparties are entitled to bring their case to the ACF. Retail investors may autonomously file a complaint both with ACF without necessarily being advised by a lawyer. In order to file complaint with the ACF, clients are required exclusively to identify the financial intermediaries, to expose the relevant facts and to identify relevant service/product and the reasons for their complaint; the burden of proof falls always upon intermediaries (and not to retail investors), when exercising their activities with investors, they have complied with the diligence, fairness, information and transparency obligation towards the investor.

A monetary threshold has been established i.e. a case may be filed with the ACF provided that it does not imply a monetary request for an amount higher than 500.000, 00 euros.

It is fair to say that the scope of the ACF remit both from a subjective and from an objective point of view is extremely wide insofar as it encompasses most of the disputes which may involve a retail consumer.

As in the case of the ABF, the final decision adopted by the ACF is not legally binding. However, in case financial intermediaries fail to comply/comply only partially to the ACF decision, reputational sanctions are envisaged.

The short trial times of the ACF proceeding provide retail investors with an additional protection insofar as retail investors are led to choose the ADR proceedings rather than the traditional court, with longer sentencing times. To sum up, we believe that the Italian legal framework is already equipped with instruments and procedures which are fit for providing consumers with

relatively high standards of protection and nevertheless is also continuing its effort to further improve them.

**Q13: What measures - whether market-driven or policy-driven - could help improve retail investor participation in capital markets?**

*Please explain and provide practical examples, or evidence drawn from experience, where available*

**Answer:** The following are some principles that could inspire the revision of the regulatory framework:

- harmonisation and elimination of duplications: it is essential to avoid duplication of information requirements between the different sets of rules (MiFID II, PRIIPs, SFDR, IDD, etc.), which today cause overlaps, operational delays and risk confusing the client instead of protecting;
- exploitation of technologies: digital platforms and electronic communication solutions should be fully recognised and encouraged as vehicles for more investor-friendly disclosure and transparency. At the same time, the legislation should leave room for hybrid models, avoiding "imposing" standardised processes that do not adapt to different operational cases;
- financial education: promote public initiatives aimed at increasing the financial culture of retail savers, avoiding placing on intermediaries the burden of "educating" the client;
- more readable and targeted disclosure: simplifying the information documentation addressed to retail customers, in order to provide the key elements necessary to make informed investment decisions in a simple and transparent way.

### **3.2 Understanding the appeal of speculative and volatile investments among young investors**

**Q14a: Do you believe that young investors are more attracted to speculative and volatile markets (e.g., cryptocurrencies) rather than traditional investments (e.g. investment funds)? If yes, what are the main reasons for this? Please select one or more of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.**

**Answer:** **Option 1** "The expectation of high returns", **Option 3** "The ease of access and fewer entry barriers compared to traditional investments", **Option 5** "Influence from social media and online communities".

### 3.3 Ensuring meaningful and effective disclosures for retail investors

**Q15a: MiFID II disclosure requirements aim to provide transparency and support informed investment decisions. In practice, do you believe these disclosures are helping retail investors engage with capital markets, or are there aspects - such as volume, complexity of content, lack of comparability, or format - that may reduce their effectiveness? Please explain your reasoning and provide practical examples, or evidence drawn from experience, where available.**

**Answer:** Some current MiFID II disclosure requirements provide too much information which does not help retail investors in engaging with capital markets. This relates to:

- **the ex-ante disclosure on costs and charges which requires distributors to provide, inter alia, an illustration of the impact of costs on return.** To our knowledge, almost all intermediaries in Italy, in order to provide clients with an illustration showing the cumulative effect of costs on return, instead of tying this information to any indication of the potential return of the investment (i.e. considering a zero return), have preferred to illustrate the impact of the different types of aggregated costs on the amount invested. This approach is justified by the following reasons:
  - ✓ the information is immediately comprehensible to the client, as it is based on the investment regardless of the market effect over time on the potential return of the instrument;
  - ✓ it avoids the risk that the use of estimated yield may be considered by investors as a promised return;
  - ✓ since cost information is sensitive to assumptions about estimated performance and ex-ante information could also be used for a comparison of services/products, assuming a 0% return is considered to be a preferable choice, easily practicable as well as transparent, and not misleading, for the investor;
  - ✓ it is not possible for intermediaries to refer in any case to the return reported in the PRIIPs KID, taking into account that it reports 4 performance scenarios and it is not possible to determine which of them is the most reliable.

According to the above considerations, it is evident that the information on the impact of costs on return is not useful for retail investors. We therefore believe it should be removed. This request is aligned with the Netherlands' proposals presented within a Non-paper for the Trilogues on the RIS to stimulate long-term retail investments by reducing unnecessary administrative burdens while maintaining a high-level investor protection, dated March 2025;

- **information about financial instruments as required by Article 48 of the Delegated Regulation 2017/565** is not coordinated with the PRIIPs KID which applies to almost financial instruments and which is conceived to provide standardized key information to retail clients. This leads to a potential redundancy of information for retail clients which is not useful nor justified and which is source of unclear obligations for investment firms when financial instruments are PRIIPs and therefore clearly illustrated in the relevant KID. For this reason we require to revise art. 48 in coordination also with Art. 51 of the same Delegated Regulation 2017/565 which actually states *"Investment firms distributing units in collective investment undertakings or PRIIPs shall additionally inform their clients about any other costs and associated charges related to the product which may have not been included in the UCITS KID or PRIIPs KID and about the costs and charges relating to their provision of investment services in relation to that financial instrument."*

It is worth mentioning that also the above mentioned proposals included in the RIS - i.e. a new warning on particularly risky financial instruments as (Article 24 (5c), the new extensive and granular annual statement (Article 24b(4) MiFID), the requirement to disclose within the periodical report the information about net annual performance of each of the financial instruments included in the portfolio – are not useful as they add further information which is too detailed and not able to effectively support retail investors.

**Q15c: Have firms observed cases where retail investors disengage or hesitate to invest due to the volume, complexity, or presentation of disclosures? If so, what are the main factors contributing to this? Which disclosures and contractual documents do firms consider genuinely necessary, regardless of specific legal requirements under MiFID II or other sectoral legislation? Please explain your reasoning and provide practical examples, or evidence drawn from experience, where available.**

**Answer:** According to the experience of our member banks with their clients, we cannot deny that the complexity and volume of the regulatory disclosure documents belong to the set of factors which may determine the lack of full awareness of the informational item contained therein, if not even a lack of interest for the information received.

This is a clear evidence that the whole disclosure framework regarding distributors should be substantially reviewed taking into account that

information on investment firms lacks totally of interest for retail investors and that the most important information is the one related to the risks of financial instruments.

**Q16a: Do retail investors find the PRIIPs KID helpful in understanding investment products?** *Please provide details notably on the elements that are the most helpful and on ways to improve them. If not, are there alternative ways to protect retail investors that could be considered, while not increasing the volume of required disclosures.*

**Answer:** Even if the PRIIPs KID was conceived to be a document providing key information, its content is too detailed and technical, challenging to be understood by retail investors and savers. The main comprehension difficulties are related to the presentation of performance scenarios and of costs. On the contrary, it is very appreciated the standard format which must be absolutely maintained.

It is therefore necessary a great effort to make the KID really useful for retail investors. On this regard we cannot refrain from recalling that most of the RIS proposals regarding the KID do not tackle at the all the issue of simplifying and making it more useful. In fact, in addition to those already reported in our General Remarks – i.e. the new section titled “Product at a glance” and the new one on environmental sustainability or sustainability:

- the on-line comparator, proposed by the Parliament, would negatively affect the ability of investors to adequately compare products since it is based on the wrong idea that it is possible to develop at EU level a granular and proper comparison of the costs and charges of investment products without giving no value to the distribution services implicitly included within the products’ costs and to the level and quality of the distribution services;
- the new interactive tool is source of many concerns, because giving retail investor the possibility to generate a “personalized” KID by modulating certain information would not improve the level of investors’ protection as the tool might be used in an “improper” way and the investor might not receive all the relevant parts of this key information;
- the new possibility of providing the KID in a layered format would not appear to generate significant benefits for potential investors in terms of easier access to the document, considering the relative brevity of the KID and the information contained therein, while the work to define and implement the new structure of the KID (IT, layout etc.) would be very onerous and unproportionate, especially in order to enable investors to read it on the intermediary’s website.

- the introduction of the new obligation proposed by the Parliament to provide the KID together with the marketing communications relating to a given PRIIP would be useless, taking into account that: i) marketing communications are conceived to reach a wide range of clients and try to attract their interest; ii) many clients however do not pay attention to such communication and consequently would not read any related KID.

**Q17: Do you measure investor engagement with KIDs and digital disclosures (e.g., click-through rates, reading time, or interactive tools)? Are these available in formats adapted to mobile-first environments?** *Please explain your reasoning and provide practical examples, or evidence drawn from experience, where available.*

**Answer:** n/a

**Q18: Do retail investors find the costs and charges disclosures helpful in understanding the costs of investing?** *Please provide details notably on the disclosures that are the most helpful (e.g., total costs, illustration of cumulative effect of costs on return) and on ways to improve them. If not, are there alternative ways to protect retail investors that could be considered while not increasing the volume of required disclosures?*

**Answer:** We believe that retail investors find the ex-ante costs and charges disclosures helpful. However, for the reasons already illustrated in our answer to Q15a, it doesn't apply to the information on the impact of costs on return.

**Q19: Do firms apply layering of information on costs on charges on digital platforms or in mobile applications (e.g., by showing only the total amount and percentage on the order screen, and all required information in a PDF)?** *Please provide details, also on the appreciation of retail investors of this application of layering.*

**Answer:** Some banks are working to the layering of information:

- related to financial instruments negotiated on the secondary market for clients who are frequent trader and for trading on-line platforms;
- to be displayed on smartphone screen.

**Q20: Do retail investors find the quarterly statements helpful in keeping track of their investments?** *Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer: Option 1** "Yes, it provides clear and relevant information".

**Q21a: Do retail investors find the information on every 10% depreciation of leveraged instruments, or the portfolio value in case of portfolio management, helpful in keeping track of their investments?** *Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer: Option 1** "Yes, it provides timely and relevant information".

**Q21b: If considered necessary, how could the 10% loss reporting be improved?**

**Answer:** n/a

**Q22: To what extent do questions and measures on customer due diligence in accordance with AML/CFT requirements create barriers that prevent retail clients to start investing?** *Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer: Option 3** "A minor factor compared to other concerns".

**Q23: Do questions and measures on customer due diligence in accordance with AML/CFT requirements affect the onboarding experience for retail investors? Are there particular steps in the process that cause delays or confusion?** *Please explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer:** The customer due diligence measures implemented during the onboarding are a fundamental safeguard for the fight against money laundering and, currently, there are no steps that could lead to delays or confusion.

In order to ensure the streamlining of the onboarding process, especially remote, we would highlight the contents of the draft EBA RTS on art. 28 of the AMLR Regulation. The measures proposed by EBA in the abovementioned draft RTS go in the direction of considering E-ideas compliant solutions as a first choice and other solutions – that currently are used by banks - a “second best” just in case the first solution is not available or cannot reasonably be expected to be provided.

In this situation it should be taken into consideration that:

- this approach could generate a significant impact for potential customers who have limited access to digital tools;
- banks have recently – and costly – implemented remote on boarding solutions compliant to current EBA guidelines that need to be maintained not just as a second solution but equal to the E-ideas compliant solution.

It is crucial that the regulatory framework allows obliged entities the necessary flexibility to adopt all solutions that, based on an effective risk assessment, provide an appropriate CCD.

**Q24: To what extent do national tax regimes create barriers to offering investment services and attracting retail investors on a cross-border basis?** *Please explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer:** Undoubtedly fiscal treatment may influence retail clients in investing in financial instruments whose national regime is favourable.

**Q25: To what extent do tax-related issues discourage retail investors from investing in investment products issued or manufactured in another Member State?** *Please explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer:** Undoubtedly fiscal treatment may slow down investment in financial instruments whose national regime is not favourable.

### 3.4 Regulatory disclosures and marketing material

**Q28: For firms and trade associations: Which steps do firms take to make investment service agreements (contracts) more accessible and understandable to retail investors? Please explain and provide practical examples, or evidence drawn from experience, where available.**

**Answer:** In Italy banks have worked hardly for making the structure and the terminology of contracts clearer for investors in order to help them to easily identify the many sections of the contracts and to understand their wording, also consistently to specific guidelines provide by ABI.

### 3.5 Suitability assessment related to investment advice and portfolio management

**Q29: To what extent do retail investors find the process of regularly/periodically providing and updating personal and financial information for suitability assessments clear and workable? Please explain and provide practical examples, or evidence drawn from experience, where available.**

**Answer:** Banks have in place procedures to regularly update financial information from clients. Based on the feedback received by their clients, these procedures are not perceived by retail clients as problematic.

**Q31: Are there any steps in the information collection process that could be simplified without compromising investor protection and the objective of this collection which is to propose suitable investments matching client profiles? Please explain and provide practical examples, or evidence drawn from experience, where available.**

**Answer:** We feel that retail clients do not have problems in providing the necessary information as they have understood this is necessary to provide proper protection.

In view of this we are concerned by the RIS proposals on the "light" regime for independent advice, according to which for advice provided on an independent basis, limited to the assessment of well-diversified, cost-efficient and non-complex products, it would be possible not to ask clients for detailed information about their knowledge and experience or the composition of their existing investments. This new regime: i) would be misleading towards retail

investors in naming as «advice» a service which does not consider the knowledge and experience as long as investing in well-diversified, cost-efficient and non-complex products that can be nonetheless risky and, therefore, not suitable with their needs; ii) could create difficulties in collecting information on the mentioned items by clients in other advisory services as they could interpret the related information not really necessary for their protection; iii ) could create unjustified competitive asymmetries between the various types of investment advice (independent or not) and with respect to portfolio management.

Moreover, we underline that the new obligation coming from the RIS proposals of gathering information from the clients on any existing portfolios in order to consider them in the suitability assessment would create unnecessary complexity as it: i) would imply duplication and increased complexity in the framework regulating financial advice; ii) the technical feasibility of such measure is extremely dubious since even if it was ensured a continuous update on the composition of evolving portfolios held with third parties, intermediaries would not be in the position to intervene on the assets that the client holds at third parties, also in the presence of inconsistencies in the asset allocation, as they are regulated by a different contract with the third intermediary; iii) clients may provide different information on their investment objectives to each intermediary they have an advice contract.

**Q32: How do retail investors perceive the integration of sustainability preferences in suitability assessments? How has it impacted the investment advice/portfolio management services they receive?**

*Please explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer:** As long as questions on sustainability preferences have been very simple, focused on basic concepts related to sustainability, retail clients have expressed increasing interest for this issue and have easily answered.

**Q34: Have firms observed cases where clients struggle to express their sustainability preferences in a meaningful way? How have these issues been addressed to help retail investors? Please explain and provide practical examples, or evidence drawn from experience, where available.**

**Answer:** Since questions on sustainability preferences have become more detailed consistently with relevant MiFID provisions less retail clients answer the questions focused on sustainability preferences as they do not understand the technical aspects related to these questions. Retail clients struggle to

understand the distinctive features of the products referred to in points (a), (b) and (c) of MiFID II.

**Q35a: Do retail investors find suitability reports helpful in understanding why a specific investment was recommended? In your view, do these reports add meaningful value for clients?** *Please explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer:** Banks have developed metrics able to properly classify and possibly graduate over time the sustainability characteristics of financial instruments relevant for the suitability assessment and have made a great effort in helping clients in understanding the regulatory concepts related to sustainability preferences.

**Q35c: What steps have firms taken to ensure suitability reports are concise, clear, and valuable to retail investors?** *Please explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer:** Banks have developed measures to make the information provided by suitability reports clearer and effective.

### **3.6 Appropriateness assessment for non-advised services**

**Q36a: Do you believe the MiFID II appropriateness assessment helps ensure that retail investors understand the risks of the products they invest in?** *Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.*

**Answer: Option 1** "Yes, it is an effective safeguard".

**Q37: Do current appropriateness rules and how they are applied by firms effectively address new types of services that combine payments, savings, and investment features?** *Please explain and*

*provide practical examples, or evidence drawn from experience, where available.*

**Answer:** n/a

**Q38: Are educational tools used during the onboarding process for retail clients? In your experience, are these tools primarily aimed at improving financial literacy, or are they mainly used to justify client access to complex financial products? Please explain and provide practical examples, or evidence drawn from experience, where available.**

**Answer:** The onboarding process is the one related to the collection of information from clients in order to profile its educational knowledge, experience, financial situation and investment objectives. In doing so, also according to ESMA Guidelines on suitability, banks adopt tools aimed at helping investors to understand the concepts of risks and return, but this procedural step is untied from that one related to specific investments.

**Q39a: Do you believe the current approach to assessing client knowledge and experience via the appropriateness test (i.e., going beyond self-assessment) creates any barrier to retail engagement in financial markets? Please explain and provide practical examples, or evidence drawn from experience, where available.**

**Answer:** We do not feel that the current approach of assessing client knowledge and experience via the appropriateness test (i.e., going beyond self-assessment) creates any barrier to retail clients engagements.

We would take this opportunity to underline that the Proposal, included in the RIS, to introduce in the appropriateness test the requirement to ask retail clients about their risk tolerance and ability to incur losses, which are typical aspects of the suitability assessment, would risk: i) weakening the distinction between the appropriateness and suitability assessments (which is a fundamental pillar of MiFID investor protection framework); burdening the process of the collection of information from the client without increasing the protections, given that clients operating solely within the appropriateness regime have already expressed their absence of interest in investment advisory services and, accordingly, their desire make investment decisions autonomously. A more demanding appropriateness test (adding the risk and loss factors) might well be incompatible with the needs of a precise group of target clients, unwilling to disclose their financial situations, who want to operate independently on technological platforms, in a more streamlined manner with fewer constraints.

### 3.7 Crowdfunding investor experience

**Q40: Based on your experience, are there aspects of the crowdfunding investor journey that could be improved to better support retail investors, whether in terms of clarity, accessibility, or overall user experience? If so, please explain which aspects you would amend and why, including any suggestions for improvement.**

**Answer:** Crowdfunding has proved to be not very much attractive to retail clients in the banking environment. Thus, we do not have a direct experience to report.

### 3.8 Other topics

**Q41: Does the current regulatory framework strike the right balance between protecting retail investors and allowing them to take informed investment risks? Please explain and provide practical examples, or evidence drawn from experience, where available.**

**Answer:** Based on what we have enlighten since here, we firmly believe that there are margins to simplify the current regulatory framework without lowering investor protection level and ultimately improve investor journey. This is especially true for disclosure requirements, since they overload investors with too much information, which appears redundant and not interesting for retail investors, with the consequence of not providing effective protection as already indicated in our previous answers.

**Q42: Are there any aspects of the retail investor experience – whether related to firm practices or the regulatory framework – that are not sufficiently addressed in this consultation or in the current MiFID II rules? If so, please explain where changes in rules, or further supervisory attention or guidance may be helpful.**

**Answer:** n/a