

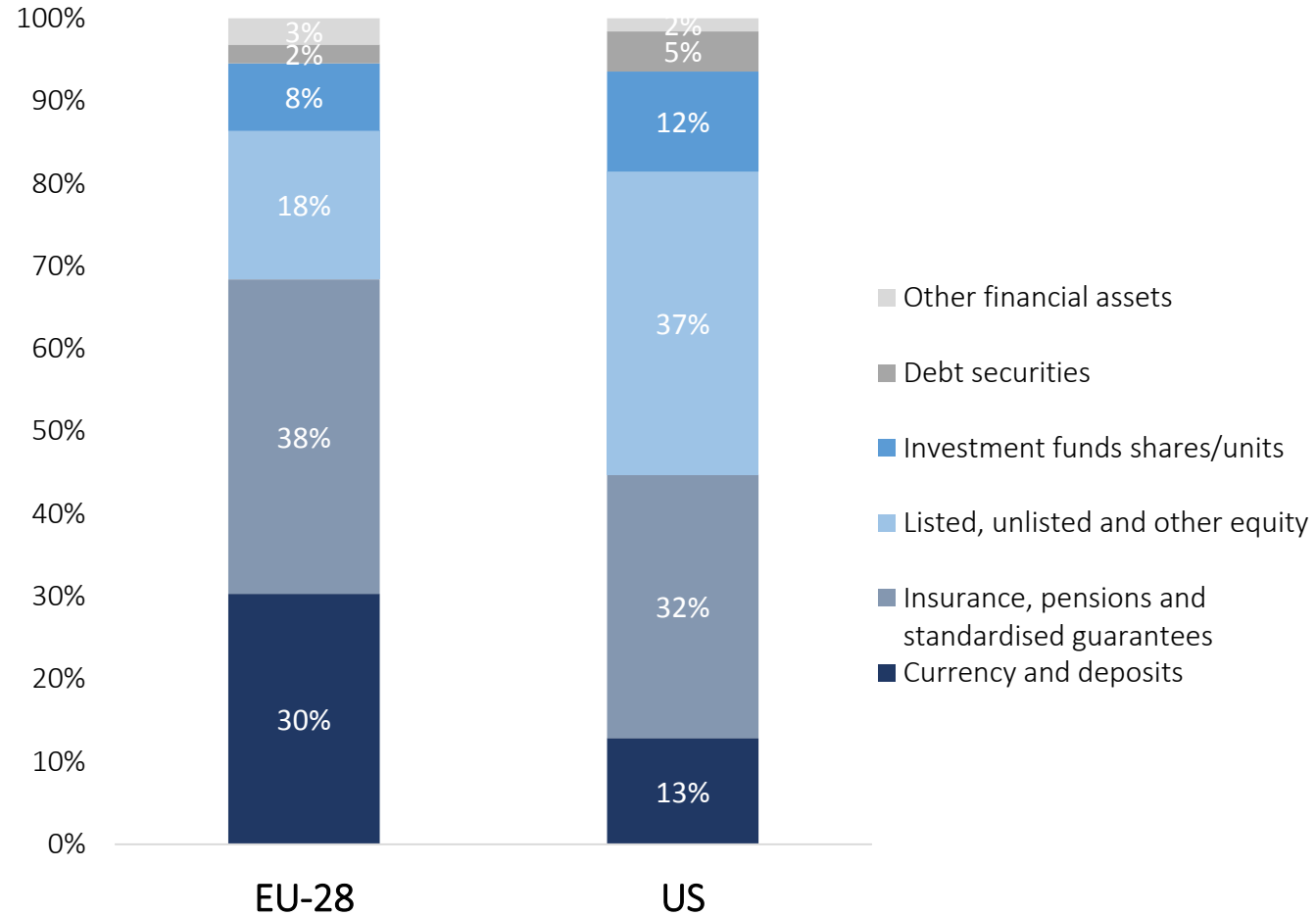
# EU asset management reg framework

	Mutual funds (UCITS)	AIFs (structured products, SPVs)	(Private) Banking	Life insurance	Pension funds
Distribution	MIFID/UCITS	AIFMD/ELTIF	MIFID	IDD (PEPPs)	(PEPPs)
Disclosure	PRIIPS	AIFMD	MIFID	PRIIPS	IORP II
Asset allocation	UCITS IV MMF		(CRDIV)	Solvency II	IORP II
Prudential	UCITS V	AIFMD	(CRDIV)	Solvency II	IORP II

# EU capital market supervision today

- **National:** Mostly functional supervisors or FSAs in EU, few ‘twin peaks’, but no consistent division
- **EU:** even more complex structure with banking union, actors:
  - ESAs (all three!), ESRB
  - SSM and ECB
  - SRM and SRB
  - EU Commission
- EU proposed more tasks for ESMA, but insufficient
- Too much of a ‘spaghetti’ for efficient supervision, no pooling of expertise
- **Too much regulatory competition**
  - Reduces trust: no EU-wide issuance (i.e. revised prospectus regulation)
  - i.e. diversity in approval procedures for fund prospectuses

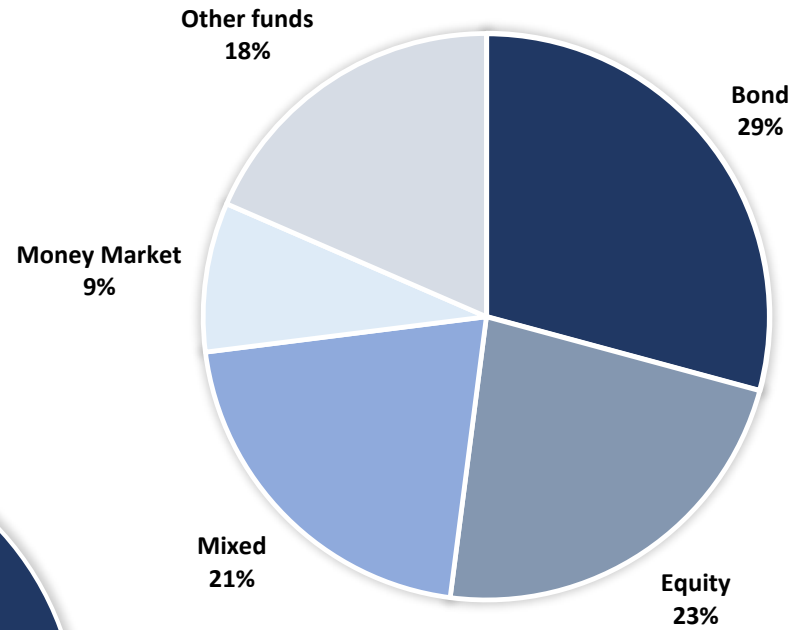
# Asset allocation by households, EU vs US



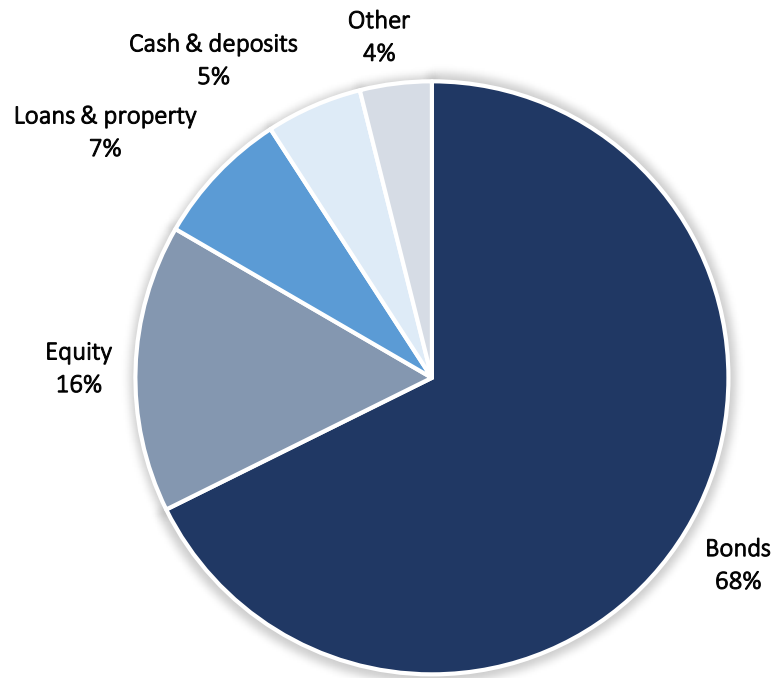
Source: Eurostat (Q3 2017) and US Fed (Q4 2017)

# Asset allocation by non-bank financial institutions in EU

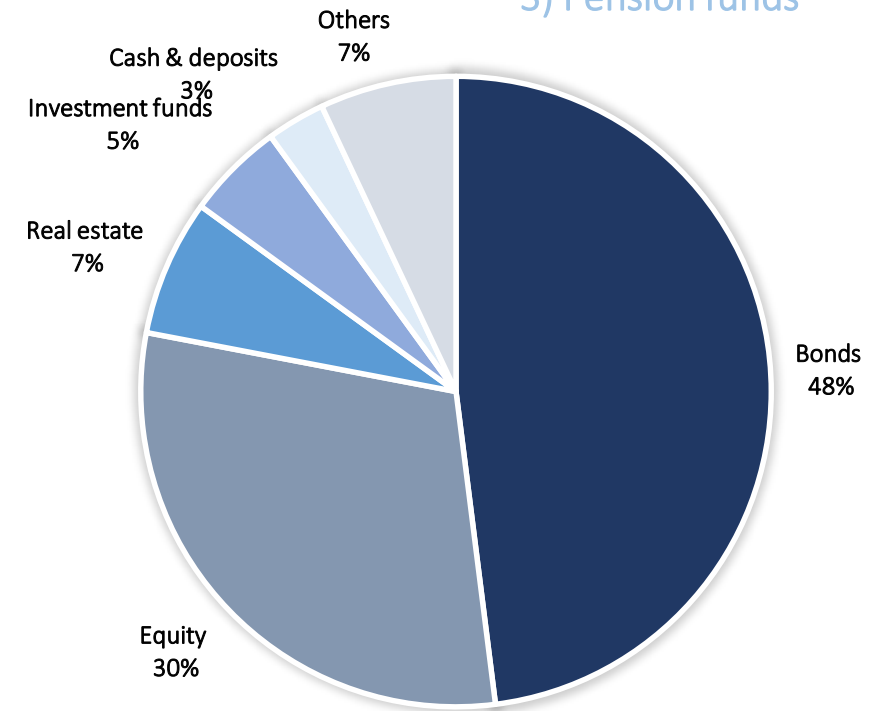
## 1) Investment funds



## 2) Insurance companies



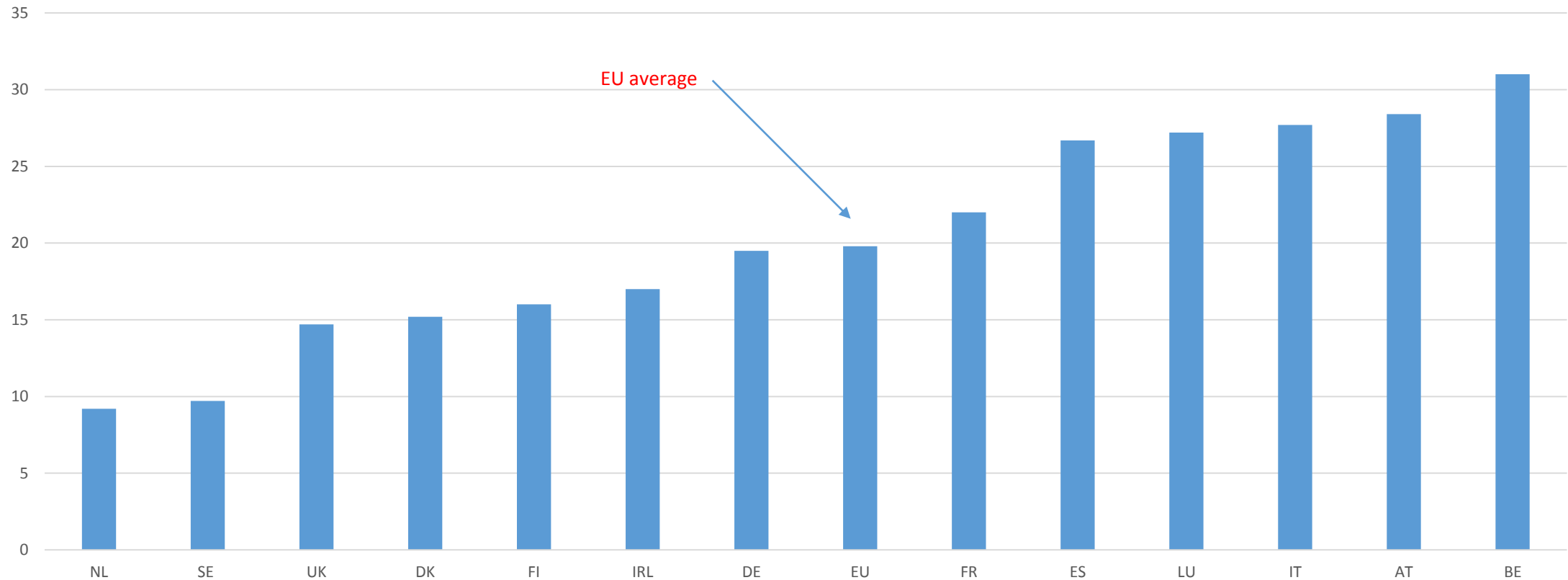
## 3) Pension funds



Sources: 1) ESMA, EFAMA - Q4 2017 (UCITS & AIFs); 2) EIOPA, Insurance Europe - Q2 2017 (look through, unit-linked excluded); 3) EIOPA, PensionsEurope - Q4 2016.

# Fund charges up to 1/3 of returns

Reduction in fund returns  
TER and load charges (in %)



# Huge fee diversity in EU

**Table 6: Overview of the spread between the highest and the lowest recurring fee values disclosed by distributors, per product type and across Member States, in percentage points**

	Bonds	Equities	ETFs	Bond Funds	Equity Funds	Global or Mixed funds	Money Market Funds	Real estate funds	Life Insurance guaranteed	Life Insurance non-guaranteed	Pension Products guaranteed	Pension Products non-guaranteed	Pension Products mutual funds
Belgium	0,05%	0,14%		0,64%	0,78%	0,37%	0,87%	0,61%	1,41%	1,75%	1,13%	0,72%	0,23%
Czech Republic	0,45%	0,66%		1,15%	0,47%	0,68%	0,75%	1,44%	0,33%	1,48%		0,60%	
Denmark	0,21%	0,22%		0,23%	0,94%	0,76%	0,43%				0,38%	1,03%	1,13%
Estonia	0,84%	0,82%	0,59%	1,60%	2,87%	2,39%	1,80%	1,75%				0,50%	1,15%
France	0,14%	0,14%	0,30%	0,85%	0,91%	0,93%	0,50%	1,65%	0,36%	0,30%	0,85%	0,16%	
Germany	1,36%	1,36%	1,66%	1,53%	1,50%	1,52%	1,50%	0,30%					
Italy	0,45%	0,78%	0,45%	1,07%	0,89%	0,84%	1,05%		3,68%	3,43%	2,68%	1,79%	1,48%
Luxembourg	0,10%	0,10%	0,22%	0,56%	0,66%	0,86%	0,61%	0,23%	0,00%	0,50%	0,00%	0,00%	0,64%
Netherlands			0,13%	0,61%	1,17%	0,82%	0,25%	0,10%		0,07%			0,41%
Poland	0,71%	1,31%		1,05%	1,89%	1,88%	0,09%			3,38%		2,57%	3,47%
Portugal	0,17%	0,17%	0,27%	1,09%	1,66%	1,16%	0,68%	0,46%	0,70%	1,99%	0,81%	0,25%	1,87%
Romania				0,88%	1,56%	1,20%	0,76%		0,77%	3,62%		2,14%	
Spain	0,87%	0,87%	0,80%	0,79%	1,29%	2,45%	0,41%				0,81%	0,39%	
Sweden	0,79%	0,64%	0,16%	0,48%	0,39%	0,87%	0,30%	0,48%		1,10%	1,74%	2,11%	0,68%
United Kingdom			0,60%	0,48%	0,30%	0,34%	0,39%					1,87%	

Source: Intermediaries' websites (2017), Deloitte analysis (2017)