

# Call for evidence

On the retail investor journey: understanding retail participation in capital markets

*Summary for national consumer organisations*

## Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex 1. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- are accompanied by explanations, practical examples, or evidence drawn from experience.

ESMA will consider all comments received by **21 July 2025**.

All contributions should be submitted online under the relevant [consultation](#).

### Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

### Data protection

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading '[Legal Notice and Data protection](#)'.

### Who should read this paper?

This is a shorter, condensed version of ESMA's Call for Evidence on the retail investor experience (ESMA35-335435667-6519). It has been specially prepared for consumer organisations, to make it easier to engage with the key questions that are most relevant to their work.

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## 1 Background

1. Investor protection is a cornerstone of EU financial regulation. However, while many of its provisions are designed to protect retail clients, there is a concern that some regulatory requirements may have made things more complicated than intended. Re-assessing and possibly simplifying the investor journey - without compromising on protections - can help create an environment where retail investors feel more confident engaging with financial markets.
2. This document is a condensed version of ESMA's Call for Evidence on the retail investor experience<sup>1</sup>. It has been specially prepared for national consumer organisations, to make it easier to engage with the key questions that are most relevant to their work. **Responses to the questions in this document will be most helpful if they are accompanied by explanations, practical examples, or evidence drawn from experience and interaction with retail investors.**

## 2 Retail investor journey – key themes

### 2.1 Understanding barriers to retail investor participation that are not linked to regulation

3. This section seeks input on the main reasons why retail investors may be hesitant to invest, focusing on barriers that are not related to regulation. The goal is to gain insights into the key concerns of retail investors and to understand whether certain factors play a particularly strong role in discouraging them from taking part in capital markets.

**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?**

**Q2: Are there particular types of investment products that retail investors find especially difficult to understand?**

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<sup>1</sup> Ref: ESMA35-335435667-6289.

**Q3: Do experiences of losing money or getting low returns in the past significantly affect retail investors' willingness to invest again?**

**Q4: Do retail investors raise specific concerns about costs and fees of investment products? If yes, which ones? (e.g., Are fees perceived as too high? Are they considered unclear or difficult to compare? Do investors feel they get good value for the price they pay?)**

**Q5: What specific concerns, if any, do retail investors raise about investment service providers? (e.g., Do they feel they receive biased advice? Are there concerns about transparency, trust, or conflicts of interest, or insufficient access to advice tailored to their needs?)**

**Q6: What are the most common areas where they lack knowledge when making investment decisions? Are there specific topics where better financial education could help them feel more informed and willing to invest?**

**Q7: Do psychological or cultural factors – such as fear of losing money, distrust in financial markets, or a preference for familiar products – play a role in retail investors' hesitation to invest? If so, which of these factors seem most important?**

**Q8: Are there any other important barriers – apart from those linked to regulation – that discourage retail investors from investing in capital markets?**

**Q9: What measures could help improve retail investor participation in capital markets?**

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

4. This section seeks to explore why young investors tend to be inclined toward riskier and speculative and volatile investments and what this trend reveals about their expectations, risk perception, and trust in traditional financial products.

**Q10: What factors most strongly influence the decision of young investors to invest in speculative and volatile assets like cryptocurrencies over traditional investment products? Are there particular expectations, misconceptions, or marketing tactics that play a key role?**

## 2.3 Ensuring meaningful and effective information for retail investors

5. This section asks whether current rules on what firms must explain helps retail investors. ESMA wants to assess whether the information provided to clients is structured in a way that genuinely supports investor decision-making and whether retail investors find the information clear and useful, or instead if they struggle with the format and presentation.

*General MiFID II requirements on information to clients*

6. Under EU legislation, firms must provide to clients, in good time, fair, clear and not-misleading information with regard to the firm and its services, the financial instruments and proposed investment strategies, execution venues and all costs and related charges.
7. While this information is intended to enhance transparency and investor protection, its length, complexity, or presentation may impact how effectively it supports decision-making.

**Q11: Have retail investors reported difficulties in using investment product information to support their investment decisions?**

**Q12: Are there specific areas (e.g., costs, risks, product features) where excessive or unclear information makes investing more difficult? Have you observed issues with the presentation or format, or lack of comparability of information that may affect how well investors engage with it?**

**Q13: Which specific information do you consider really needed, regardless of specific legal requirements under MiFID II or other sectoral legislation?**

*Information on costs and charges*

8. Firms are required to inform retail investors about all costs and charges, before the service is provided and at least annually. This information needs to cover both product and service costs.

**Q14: Do retail investors find the costs and charges information helpful in understanding the costs of investing?**

*Post sale information (periodic reports on investments)*

9. EU legislation requires firms that hold client financial instruments or funds to send statements on those holdings to investors – usually every three months.
10. In addition, if the account contains leveraged products or is managed by the firm, the client must be informed whenever the value drops by 10% or more.

**Q15: Do retail investors find the quarterly statements helpful in keeping track of their investments?**

**Q16: 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?**

*Taxes*

Each Member State has its national tax regime, with different rules. These differences may discourage retail investors from investing across borders due to uncertainty, administrative complexity, or reduced net returns.

**Q17: To what extent do tax-related issues discourage retail investors from investing in investment products issued or manufactured in another Member State?**

## **2.4 Regulatory information and marketing material**

11. In this section, we seek feedback on whether the way investment information is presented – through marketing materials, regulatory information, and contractual documents – helps or hinders informed decision-making by retail investors. While regulation aims to ensure transparency on costs, risks, and services, there are concerns that key information may be lost in complex or promotional content or lengthy contracts. We welcome views on whether current practices strike the right balance or create unintended barriers to investor engagement.

**Q18: Do retail investors experience information overload when making investment decisions? If so, what are the main sources of this overload? Do regulatory information, marketing materials and contractual documents support investor understanding, or do they add to the confusion?**

**Q19: Are there specific examples where the way information is presented – whether in regulatory information, contractual agreements, or marketing material – makes it difficult for investors to focus on key elements such as costs, risks, or the nature of the service?**

**Q20: With regard to marketing material, is the information spread out in different documents or channels a material issue that affects investors' ability to fully understand what they are buying?**



## **2.5 Investment advice and portfolio management – assessment of suitability**

12. Under EU legislation, when a firm provides investment advice or manages a portfolio on behalf of a client, it must first collect information about the client's knowledge and experience, financial situation, investment goals, and how much risk they are willing and able to take. This process is known as the suitability assessment, and it is intended to ensure that any recommendations or decisions made are in the client's best interest.
13. When a firm provides investment advice to a retail client, it is required to provide a suitability report. This report must outline the advice given and explain how that advice is suitable for the client, based on his or her individual financial situation, investment objectives, and risk profile. The purpose of the report is to help clients understand the rationale behind the recommendation and support informed decision-making.
14. This section seeks input on the practical application of suitability requirements, particularly:
- The relevance and burden of information collection;
  - The impact of digitalisation on the suitability assessment process;
  - The integration of sustainability preferences; and
  - The usefulness of the suitability report provided to clients.

**Q21: To what extent do retail investors find the process of providing personal and financial information for suitability assessments clear and workable?**

**Q22: Have retail investors raised concerns about the amount, frequency and type of information they are required to provide for the purpose of suitability assessments? If so, what are the main difficulties they face?**

**Q23: 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?**

**Q24: Have retail investors expressed concerns about the new elements related to the “sustainability preferences” and the way they are incorporated into the investment process?**

**Q25: Do you think suitability reports are a useful tool for the protection of investors? In your view, do these reports add meaningful value for clients?**

## **2.6 Non-advised investment services - assessment of appropriateness**

15. Under EU legislation, when a client chooses to invest without receiving investment advice or portfolio management services – such as when buying products through an online platform – the firm must assess whether the client has the knowledge and experience needed to understand the risks of the investment. This is known as the appropriateness assessment.

16. This section seeks input on how this process works in practice: whether the questions asked are effective in assessing investor knowledge, whether the warnings provided are clear and helpful, and whether the way this assessment is carried out affects retail investors’ willingness or ability to invest in capital markets.

**Q26: Do you believe the MiFID II appropriateness assessment (the check to see if retail investors understand the risks of what they are buying) helps ensure that retail investors understand the risks of the products they invest in?**

**Q27: Have retail investors raised concerns about the appropriateness assessment?**

**Q28: Have retail investors raised concerns about how firms assess their knowledge and experience when offering non-advised investment services?**

## 2.7 Crowdfunding investor experience

17. The European Regulation on crowdfunding entered into application in November 2023. It introduced several investor protection provisions covering areas such as information provided to clients, risk warnings, and client assessments.

18. ESMA would like to gather views on aspects that are specific to the crowdfunding investor journey to determine if there are barriers that discourage consumers from investing.

**Q29: 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?**

## 2.8 Other topics

**Q30: Does the current regulatory framework strike the right balance between protecting retail investors and allowing them to take informed investment risks?**

**Q31: Are there any aspects of the retail investor experience that are not sufficiently addressed in this consultation?**