As a result of various post-2008 economic, monetary and financial movements and decisions, we are now experiencing in most of Western economies a situation of unprecedented ultra-low nominal interest rates and a persistent flat yield curve. In many parts of the Eurozone, the key benchmark rate for long-term private and institutional savers, the nominal 5-10 year government bonds rates, are actually zero (if not negative), with no change in sight.

The fact that nominal long-term interest rates on safe assets are zero has significant effects on financial markets and balance sheets of financial actors, and insurance companies in particular as they directly face the consequences of unconventional monetary policies on their long-term investment decisions, as large buyers of sovereign and corporate bonds (which make usually more than 80% of their asset allocation in Europe).

This new financial and market environment also has implications for savers that face a challenge between rising costs over the longer term (in housing and health in particular) and virtually zero returns on safe assets.

In particular, low long-term interest rates and the new regulatory environment create new challenges in order to provide long-term savings solutions. In the current economic and financial context, it becomes indeed difficult to jointly provide guarantees, return and liquidity to savers as done in the last decades.

This raises new questions for supervisors and regulators, who have to secure financial protection as well as financial stability, and ensure that consumers have access to products that respond to their needs and that are sustainable from an economic standpoint. The number of apparently incompatible policy objectives having to be reached facing the current market and economic conditions is clearly high, thus demanding a clear vision of priorities to ease the adaptation process of the long-term saving, banking and insurance industry.

While facing similar macro challenges, the situation in the US and on main European markets remain however quite heterogeneous, as local long-term saving products have different features in terms of liquidity, guarantees and tax incentives. In turn, while the level of mutualisation and intergenerational sharing has long been very different between continental Europe and UK/US markets, we observe growing individual exposure to market risk and economic cycle.

This context and related challenges require a joint approach between banks, insurers and supervisors/regulators in order to ensure that savers have access to long-term saving products with clear added value, while not putting financial stability at risk. Finding a new balance will require collective efforts and creativity, which we hope this Conference will contribute to.
9:00am-9:45am Registration and welcome coffee

9.45am Introduction: The nature of issues around the ‘Future of Savings’ in Western economies
- François Villeroy de Galhau, Governor of Banque de France

10:00am – 11:15am Setting the scene: What is the economic and financial situation we are living in?
Moderator: Ralph Koijen, New York University

The objective of the panel is to explain:
- What is new in the current market and economic environment, with a focus on long-term nominal yields, and the functioning of sovereign and corporate bond markets where insurers and pension funds were usually the largest institutional investors?
- What is changing for financial markets and actors now and in the long-run (given the long-term maturity of ECB purchases)?
- Benoit Mojon, Director, Monetary Policy Research, Banque de France
- Hélène Rey, Professor of Economics, London Business School
- John Muellbauer, Professor of Economics, Oxford

10 minutes opening presentation, followed by a discussion among panellists and with the audience

11.15am- 11:30am coffee break

11.30am – 12.45pm What are the practical challenges this environment raises for long-term savings and insurance? Chair: Felix Hufeld, Bafin

The objective of the panel is to explain in simple terms
- How is the insurance “offer” evolving in front of the new market and economic conditions and the preexisting regulatory incentives (prudential and accounting rules in particular)?
- Is this “offer” still corresponding to the customers’ “demand” and needs? If not, how could one characterize the nature of the gap between the two?
- What are the new questions, attention points and potential risks this gap raise for supervisors?
- Ralph Koijen, Professor of Finance, NYU Stern
- Christian Thimann, Group Head of Regulation, Sustainability and Insurance Foresight, AXA
- Felix Hufeld, President, BaFin

10 minutes presentation followed by questions from the audience


1pm – 2.30pm Lunch break
2.30pm-3.15pm A view from the US
Chair: Marc-Olivier Strauss-Kahn, Banque de France
The objective of this panel is to look in detail at the situation faced by US households who are jointly ageing and saving too little, thus risking to be poor or near-poor during their retirement.
- How are US households investing their 401k? Is their asset allocation suited to match their long-term needs?
- How could the US retirement system be redesigned with more robust individual savings?
- What lessons can be learned for other Western countries, and potentially Europe?
  • Teresa Ghilarducci, Professor of Economics, New School for Social Research
  • Phil Waldeck, Senior Vice President, Head of Investment & Pension Solutions, Prudential US
  15 minutes presentation followed by discussion and questions from the audience

3.15pm – 4.15pm A view from Europe
Chair: Christian Thimann, AXA
This session will provide insights on practical ways to move forward in terms of long-term saving insurance products.
- How to best adapt long-term savings products to the economic context and long-term needs of savers?
- What could be said in particular when looking at French life insurance products? At UK retirement solutions?
  • Christian Gollier, Professor of Economics, Toulouse School of Economics
  • André Masson, Professor of Economics, Paris School of Economics
  • Mark Rebuck, Global Life Director, Aviva
  15 minutes presentation followed by discussion and questions from the audience

4:15 pm- 4.30 pm coffee break

4.30pm-5.45pm Roundtable: A practitioner and policymaking perspective
Moderator: Edouard Fernandez-Bollo, ACPR
Joining regulators and practitioners, questions to be addressed during the roundtable could include
- How can we collectively give more value to long-term savers, while preserving the financial stability objectives?
- How can regulation further support the needed structural transition towards added-value long-term savings solutions?
- Are there changes to be made substantially or at the margins on current European prudential and accounting frameworks?
- Are there interesting examples of long-term saving products in non-European countries to be further studied and potentially “imported” to European markets?
  • Levin Holle, Head of Financial Markets Policy Department, German Federal Ministry of Finance
  • Corso Bavagnoli, Head of the Financial Affairs Division, French Treasury
  • Alf Neumann, Member of the Board of Management, Allianz Leben
  • Denis Duverne, AXA Chairman and Vice-President of the European Financial Roundtable
  • Romain Paserot, Deputy Secretary General, IAIS
  5-8 minutes opening statement, followed by a discussion among panellists

5.45pm - 6:00pm Conclusion and next steps
  • Robert Ophèle, Deputy Governor, Banque de France