

## **Recommendation of the *Comité consultatif du secteur financier* (CCSF – Consultative Committee for the Financial Sector) on the implications of the revision of the PEPP Regulation**

### **Background**

On 20 November 2025, as part of its Savings and Investment Union agenda, the European Commission published a “pensions” package aimed at promoting supplementary pension products.

This package contains two draft revisions of : (i) the Institutions for Occupational Retirement Provision (IORP) Directive and (ii) the Regulation on pan-European pension products (PEPP), as well as a recommendation aimed at improving information for policyholders regarding supplementary pensions and encouraging the development of occupational pensions.

The PEPP, introduced by the 2019 regulation, has not been a commercial success. Although the European Commission initially estimated the potential value of the PEPP market at EUR 700 billion for the 2020-30 period,<sup>1</sup> only two PEPP providers were registered in the European Union in 2024.

To boost the uptake of the PEPP, **the Commission proposes to ease the regulatory constraints on this product. The Commission proposes the creation of two separate products:** (i) the ***Basic PEPP***, designed as a retail product based on competition between providers in terms of fees, and (ii) the ***Tailored PEPP*** with a broader investment universe.

The Basic PEPP, which is central to the Commission’s proposal, is designed to be a low-cost product that can be purchased online. To reduce costs, the Commission proposes to remove some of the requirements relating to the duty to provide advice and, consequently, to the protection of savers when purchasing a Basic PEPP.

**The Commission’s proposal removes the personalised recommendation and several requirements under the “Level 1 duty to provide advice” for the basic PEPP.** The Basic PEPP distributor would no longer be required to collect the following information from savers prior to subscription:

- their financial knowledge and experience
- their financial situation and investment objectives
- Their ability to withstand loss and their risk tolerance

Savers would still be able to seek advice. However, even in that case, the PEPP distributor would not be required to obtain information about the saver’s knowledge and experience.

**Following the meeting of the *Observatoire des produits d’épargne financière* (OPEF - Financial Savings Products Observatory) on 10 March 2026, the CCSF considered revising the PEPP Regulation and, after discussing the matter at its plenary meeting on 14 April 2026, the CCSF adopted the following Opinion:**

The Committee reiterates the importance of promoting retirement savings in Europe, which helps to finance the economy in the long term.

The Committee stresses the importance of maintaining a mandatory duty to provide advice to all PEPP subscribers, which must also be consistent over time with the saver's long-term financial objectives and changes in their personal and professional circumstances. The duty to provide advice is essential for:

- the protection of savers, particularly in the case of products with long-term financial consequences such as PEPPs (I);
- the development of retirement savings products through financial education for savers and the diversification of their investments (II).

The Committee also considers that focusing on the 'price signal' is not in itself sufficient to foster long-term saving.

Under the initial version of the PEPP, a strict cap on fees should have encouraged savers to opt for this low-cost product. Today, with the Basic PEPP, the aim is, on the contrary, to remove the intermediary between the saver and the product by relaxing the advisory requirements.

The CCSF has addressed the issue of advice to savers on several occasions, notably in a recommendation dated 11 April 2023 concerning the Retail Investment Strategy (RIS).

**I. Maintaining a mandatory duty to provide advice for all PEPP subscribers is essential to ensure the protection of savers**

Retirement savings products are among the most complex savings products, with financial implications that have a very long-term impact.

**French and European savers are largely unfamiliar with the PEPP.** Despite the Commission's intention to propose a simplified "basic" PEPP, this product remains specialised and complex. For example, the Commission proposes replacing the capital guarantee of the basic PEPP with the introduction of a life-cycle strategy. The removal of requirements to collect information on savers' financial knowledge and experience is particularly problematic in the context of this new product, even in its basic version.

**Understanding how investments work is essential not only for savers to choose the most suitable risk profile, but also to understand the fees and returns associated with their policy and to commit to it in the long term.** The complexity of the PEPP, even in its basic form, is further compounded by the challenges of European portability specific to these contracts

**The long-term lock-in associated with the PEPP** must also be considered in the context of savers' financial situation and their investment objectives. Removing the requirement for PEPP providers to collect this data could result in the product failing to meet savers' specific needs.

Maintaining a duty to provide advice (by collecting information on the client's financial situation, investment objectives and ability to withstand losses) is therefore essential to ensure that the product is suitable for the needs of savers. Advice also helps savers understand the tax framework associated with the product, particularly when compared with other available products.

Maintaining the duty to provide advice for the basic PEPP is especially important given that savers opting for the basic PEPP are also likely to have less financial knowledge or experience than those subscribing to a sophisticated PEPP.

Furthermore, the option for savers to seek advice (if the PEPP provider does not provide it) is not a suitable alternative, as it could easily be circumvented in practice and would in no way take into account their knowledge and experience.

The duty to provide advice at the time of taking out a policy contributes to savers' financial literacy, particularly if this advice is provided regularly and consistently over time

As stated by the CCSF in its 2023 Opinion on the Retail Investment Strategy (RIS), “any provision that would lead to the removal or reduction of this support would send a negative signal, particularly for small savers. In particular, it is essential to be able to ensure that costs are shared so that all savers can be adequately supported”.

The “basic” PEPP cannot therefore be regarded as a simple product.

Lastly, the creation of a basic PEPP distributed with significantly lighter advisory requirements compared to other pension or long-term savings products would **distort competition**, since, for products that are comparable in terms of time horizon and purpose (building up retirement savings), the obligations placed on distributors would not be uniform.

Such regulatory asymmetry undermines the level playing field: it encourages competition based on the lowest service standard rather than the quality of support, whilst making it harder for savers to compare options. In the long run, this could undermine confidence and clarity regarding product offerings.

## **II. Maintaining a duty to provide advice could also facilitate the development of the PEPP and help savers diversify their investments in line with their needs**

### **1. Financial literacy**

Despite their high savings rate,<sup>ii</sup> Europeans now favour liquid, low-risk savings products, as explained in the Draghi report.<sup>iii</sup>

The explanatory memorandum to Directive on retail investor protection rules (2023/0167) also notes that “the level of financial literacy in the EU is too low. For too many people, the financial system can seem complex and impenetrable. People often lack the confidence, knowledge and skills to manage their everyday finances and to take important financial decisions, such as saving to buy a house or preparing for retirement”.

**As savers often have limited financial knowledge, the quality of the advice they receive is of the utmost importance.** The advice must be tailored to the investor’s circumstances – financial and otherwise – as disclosed by them. This requires the adviser to be able to: i) have a thorough understanding of the client’s financial and personal situation, and ii) propose solutions that meet their needs. **Maintaining a high standard of advice contributes to savers’ financial literacy.**

**In France, the PER was conceived from the outset as a “recommended” product, and the Green Industry Act’s strengthening of the duty to provide advice to PER subscribers has contributed to the development of this product.** The duty to provide advice now applies throughout the life of the contract, in particular to anticipate changes in the risk profile. Advice is therefore provided again in the event of (i) a change in the saver’s financial circumstances; (ii) if the policy is deemed “dormant” (with no transactions for several years or only scheduled transactions); (iii) a significant transaction on the policy (deposits, redemptions or arbitrage).

Since 2024, the total value of PERs has risen steadily (up 20% year-on-year as of September 2025), as has the number of policyholders, which stood at 12.7 million in September 2025.

### **2. Returns and diversification**

**The duty to provide advice often helps to diversify savers' asset portfolios by presenting them with investment solutions that they are unaware of and that are suited to their investment profile.** As noted by the CCSF in its recommendation of 11 April 2023 on the Retail Investment Strategy (RIS), **advice for savers is essential to providing them with the best possible support in developing a dynamic portfolio diversification strategy.** The primary objective of the Retail Investment Strategy set out by the European authorities is to diversify savings. This involves guiding savers towards an asset allocation that includes products with varying levels of risk, depending on their profile, needs, expectations and sustainability preferences

In December 2021, the *Autorité des marchés financiers* (AMF – the Financial Markets Authority) published a study entitled “Stimulating the diversification of long-term savings in equities”, in which it states that “diversifying investors' savings in financial markets must be achieved in line with their situation, profile and objectives. If an investor has a long horizon and makes a regular investment with patience and perseverance, it increases its chances of achieving its financial goals”. Several studies have also shown that, all other things being equal, investors who receive advice tend to allocate a higher proportion of their portfolio to equities (Liu et al., 2018, in the case of Germany<sup>iv</sup>).

**Consequently, removing the requirement for Basic PEPP distributors to gather information on savers' financial situation, investment objectives, ability to withstand losses and their risk tolerance could run counter to the objective of ensuring that their investments are tailored to their individual situation and needs.**

**In conclusion, the CCSF recommends that the "Level 1 duty to provide advice" requirements for the basic PEPP should not be removed and that the following information should therefore continue to be obtained from savers prior to subscription:**

- **their financial knowledge and experience;**
- **their financial situation and investment objectives;**
- **Their ability to withstand loss and their tolerance.**

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<sup>i</sup> Commission Staff Working Document, Impact Assessment, SWD (2017) 243 final of 29 June 2017, Annex 4, Section A

<sup>ii</sup> According to the ECB (Speech by Christine Lagarde, President of the ECB, at the 34th European Banking Congress), Europeans were saving 13% of their gross disposable income in 2023, compared with 8% in the United States.

<sup>iii</sup> [The Draghi report on EU competitiveness](#)

<sup>iv</sup> Liu, F. et al. (2018), “Professional financial advice, self-control and saving behavior”, *International Journal of Consumer Studies*, Vol. 43/1, pp. 23-34, <https://doi.org/10.1111/ijcs.12480>.