



The value of advice: a cornerstone of consumer empowerment and financial wellbeing

Consumers' access to financial advice is more critical than ever. Across the EU, pension and protection gaps remain wide while financial literacy is critically low. At the same time, the EU is seeking to channel more household savings into productive investments through the Savings and Investments Union (SIU). These ambitions will not succeed if people are left to navigate the market alone. **This is why consumers value advice: to connect financial products with their real-life needs, find the confidence to act and stay on track over the long term.**

1. Advice: a lifelong service, not a one-off sale

Advice in insurance is not a transaction but an ongoing relationship. When it comes to Insurance-Based Investment Products (IBIPs), for example, advice provides:

- **Professional expertise on investment and insurance.** Insurance distributors explain how IBIPs' two components, investment opportunities and insurance protection, work together. They guide consumers in balancing risks and returns while ensuring safeguards like financial guarantees and biometric cover are properly understood.
- **Assistance.** Distributors translate technical information into accessible language, guide consumers in understanding the benefits of investing and explain the potential risks of not acting on their financial needs.
- **Ongoing support across life events.** Distributors remain present long after a contract is signed, helping consumers adapt their plans when circumstances change – from marriage to retirement. This is particularly relevant for IBIPs, which typically have medium- to long-term duration and therefore benefit from ongoing support to ensure they continue to meet consumers' evolving needs.
- **Support when it matters most.** Distributors stand by consumers during claims, ensuring that they understand the process and receive the compensation they are entitled to in the event of a loss, sickness, accident, etc.

2. Why advice matters

Advice empowers citizens to overcome inertia, make informed financial decisions, plan for their futures and participate confidently in Europe's financial markets. It is a catalyst for financial inclusion and long-term security – an indispensable aspect for achieving the EU's wider objectives.

- **Advice builds understanding and confidence.** Financial decisions shape people's futures, so many look for reassurance before acting. Insurance distributors help consumers understand their options, explain how products work and provide the confidence needed to make informed decisions.



DID YOU KNOW?

45% of retail investors base their decisions on professional advice¹, while a global study shows that more than half of consumers actively seek out distributors before investing².

- **Advice turns intention into action.** Understanding alone is not enough - many households still postpone investing, as inertia is powerful. Distributors are the ones who encourage people to take the first step, translate goals into concrete plans and help them stay committed over time. Without this support, many consumers would simply leave their savings idle.
- **Advice strengthens resilience.** In today's climate of economic uncertainty, advice helps individuals set realistic expectations and stay focused on long-term goals. Distributors also guide consumers through emerging areas such as sustainable finance, helping them align investments with their values.
- **Advice caters for broader societal needs.** With ageing populations and public pension reforms, people are increasingly responsible for their own retirement savings. Advice supports this shift by fostering financial preparedness, increasing pension contributions and reducing the risk of insecurity later in life, benefiting consumers and society alike.

3. How advice improves consumer outcomes

Advice improves not only financial outcomes, but also consumers' overall sense of confidence, clarity and peace of mind in their financial lives.

- **Better financial outcomes.** Advised consumers are more likely to save regularly, invest and follow long-term plans, leading to higher retirement incomes and financial assets, as well as tax optimisation.



DID YOU KNOW?

- Advised consumers built up around **€55,000 more** in wealth over a decade than their non-advised peers³.
- People who receive advice are **more likely to save for private pension provision**, invest higher contributions and are more satisfied with the results⁴.

¹ European Commission, "Eurobarometer survey on retail financial services and products", 2022

² ReMark, "The Global Consumer Study 2022-2023", 2022

³ International Longevity Centre UK, "What it's worth – Revisiting the value of financial advice", 2019

⁴ Canada Life, "Beratung sorgt für Altersvorsorge", 2024

- **Products aligned with consumers' goals.** Thanks to their professional knowledge and training, insurance distributors identify the products that match each consumer's needs and objectives - whether it is protecting their family, building retirement income or investing sustainably.
- **Confidence and peace of mind.** Working with a professional distributor reassures consumers that they are on the right path: they have a plan, understand the risks covered and can rely on expert support when needed. Distributors also act as a sounding board in times of uncertainty, helping people avoid panic during market downturns or resist impulsive decisions.



DID YOU KNOW?

86% of advised consumers report greater peace of mind about their financial situation, while over 60% feel less anxious⁵.

- **Efficiency and ongoing support.** Advice saves consumers time and effort by guiding them through financial decisions and providing continuous follow-up throughout the product's lifetime.



DID YOU KNOW?

Three in four advised consumers report saving around **two hours a week** they would otherwise spend managing finances⁶.

4. Access and inclusion: advice must remain affordable for all

Advice only delivers value if consumers can access it. For many households with modest savings, paying upfront for professional guidance is simply unrealistic.

- **Advice enables inclusion.** In many European markets, the commission model is an integral part of the distribution system for IBIPs, where insurance distributors are remunerated by the product provider rather than directly by the client. This approach spreads costs across the market, allowing everyone, not just the wealthy, to access advice without paying out of their own pockets. A commission is charged only when a product is purchased, meaning consumers can compare offers and shop around before choosing.



DID YOU KNOW?

In Germany, the average cost of advice is around €360 (€180 per hour), while over half of retail investments are below €5,000. Only 0.3% of consumers would pay the typical hourly fee for advice – showing how crucial commission-based systems are for inclusion⁷.

- **Flexibility must be preserved.** The Insurance Distribution Directive (IDD) is a minimum-harmonisation framework designed to accommodate Europe's diverse insurance markets. The majority of Member States (MS) rely on commissions to ensure access; others use fee-based models. This flexibility reflects market realities and must be maintained to ensure inclusion and consumer choice. The IDD already allows MS to go further in restricting inducements if they consider it appropriate, and this balance should remain, as national authorities are best placed to assess the specific needs and characteristics of their markets.

⁵ Vanguard, "The emotional and time value of advice", 2025

⁶ Ibid

⁷ KPMG, "The future of advice", 2021

- **New measures should foster access, not limit it.** As technical work on the implementation of the Retail Investment Strategy (RIS) advance, the priority should be to enhance consumers' access to high-quality advice, not restrict it. Measures that make the payment of commissions overly complex or restrictive would risk limiting the access to advice and IBIPs in the market, contrary to the RIS and the broader SIU goals of boosting retail participation in the EU financial markets. On top of that, the light suitability assessment, as foreseen in RIS, should allow IBIPs to genuinely benefit from this regime and not put them at a disadvantage compared to other investment products.

5. High standards and consumer protection

Europe's insurance sector already operates under one of the most comprehensive consumer protection frameworks, ensuring that high-quality advice is provided to consumers when purchasing insurance.

- **A robust distribution regulatory framework:** The IDD contains extensive requirements that guarantee consumers receive IBIPs tailored to their needs and circumstances, including:
 - A duty to act honestly, fairly and professionally in the customer's best interest.
 - An obligation to carry out a demands and needs test, a suitability assessment (covering the consumer's financial situation, objectives, risk profile etc.), and a sustainability preferences assessment to align IBIPs with consumer's needs and objectives.
 - Comprehensive pre-contractual information obligations that ensure consumers are fully informed about the costs, benefits, risks and guarantees of insurance products.
 - Product Oversight and Governance (POG) rules requiring that insurance products are designed, tested and monitored around consumers' needs throughout their lifecycle.
 - Strict standards on professional knowledge and competence, including a minimum of 15 hours of annual continuous professional development across law, ethics, claims handling and customer needs.
- **A prudentially sound framework:** Under Solvency II, insurers are subject to rigorous prudential requirements on capital, governance and risk management. This ensures that insurance products are offered within a stable, risk-controlled environment.
- **Additional safeguards:** The RIS builds on this strong foundation by introducing further protections, including a reinforced POG framework, enhanced rules on conflicts of interest and greater transparency on costs and remuneration.

Advice empowers people to act, plan and invest with confidence. It bridges the gap between financial products and real consumer needs - and in doing so, it strengthens Europe's investments, growth and social resilience. With a solid EU framework already in place, the priority should be to maintain access and affordability, ensuring that all consumers can benefit from advice that is both high-quality and within reach.

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 Insurance Europe

 Rue du Champ de Mars 23
B-1050 Brussels
Belgium