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## The future of Europe's competitiveness depends on a strong European financial industry: two recent AFG surveys highlight this crucial challenge

At its European conference held in Brussels on February 5, the AFG presented two exclusive studies to policymakers and economic leaders. The message is clear: **without a robust European asset management industry, there can be no sustainable competitiveness for Europe.**

The AFG therefore calls for ambitious measures to deploy long-term savings in the EU, invest them in our businesses, and, consequently, strengthen its economic sovereignty. **The Savings and Investment Union**, along with the announced **competitiveness and simplification** agendas both of which AFG welcomes must address this challenge.

Philippe Setbon, Chair of AFG, underscores the urgency of the situation: *"The European Union faces unprecedented challenges economic, environmental, technological, demographic, and geopolitical. Asset management is a key lever in this transformation. By facilitating investment within the EU, harmonizing regulations, and encouraging long-term savings, we can drive growth and innovation. Our future depends on it."*

### 1. AFG Study: "Asset management fuels the European Economy"

This study highlights the crucial role of asset management in financing the European economy and warns of growing threats to the industry.

- **European asset managers are key players in financing the EU economy:** On average, they allocate 15 percentage points more to EU investments than their non-European counterparts. This trend is also evident in the financing of European SMEs.
- **A concerning trend:** The share of European asset managers in EU-domiciled equity funds has declined from 68% to 56%, leading to a redirection of European savings outside Europe. This weakens the EU's ability to finance its own companies- particularly SMEs - and its long-term growth.
- **France: A cornerstone of Europe's asset management industry:**
  - France accounts for **30% of the EU market**, managing **€4.6 trillion** in assets.
  - **74% of these investments remain in the EU**, supporting the local economy.
  - Out of **€1.07 trillion** invested in equities, **60% finance EU-based companies.**
  - In fixed income, **€1.75 trillion** support public and private financing in Europe, with **81% allocated to EU issuers.**



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- **93% of clients are based in Europe**, with 77% of assets managed for French clients and 16% for clients in other EU member states.

## 2. Joint study by AFG and the European Savings Observatory: Encouraging long-term household savings

This study underscores the need to promote long-term savings among European households:

- **Europeans invest too little in equities:** Only 6% of assets are directly held in stocks, rising to 21% when including investments via funds.
- **Countries with private pension funds** have higher financial savings rates and more dynamic corporate financing.
- **Successful initiatives in Sweden and France** (e.g., the PER retirement savings plan) provide a model to follow.
- **Low financial literacy limits investment culture**, hindering the development of businesses that rely on financial markets for growth and innovation.

### AFG's Call to action: Strengthening the EU's financial competitiveness

In light of these findings, AFG supports the European institutions' renewed focus on financial competitiveness and proposes concrete solutions:

- **Develop long-term financial savings:** Establish an **"INVEST-EU" label** for national savings products, coupled with **tax incentives** to stimulate investment within Europe.
- **Simplify regulations** (RIS, FIDA) to make European investments more attractive and enhance the competitiveness of the EU's financial industry, while ensuring consistency in the sustainable finance framework (notably CSRD and SFDR).
- **Boost financial literacy** to raise awareness among savers about the economic impact of their investment choices.
- **Better align the entire financial ecosystem supporting the Savings and Investment Union**, by including "non regulated" but essential players (such as data providers, particularly non-financial data, rating agencies and index providers) for the proper functioning of European financial markets.
- **Introduce "competitiveness tests"** for all new legislative initiatives to ensure they foster a stronger European financial industry.

### Access the full studies here:

- **[AFG study - How does asset management finance the European Union? - Feb 2025](#)**
- **[AFG / OEE report – Households' long-term savings and stock market participation in Europe – Feb 2025](#)**



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### About AFG

For 60 years, the AFG has united asset management professionals, serving the actors of savings and the economy. It is the collective voice of its members, including portfolio management companies, entrepreneurial firms, and subsidiaries of banking or insurance groups, both French and international. In France, asset management involves over 700 management companies, with €4.7 trillion in assets under management.

The AFG is dedicated to the growth of asset management, contributing to the emergence of beneficial solutions for all ecosystem stakeholders, and committed to promoting the industry's influence in France, Europe, and beyond. The AFG is invested in the future.



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