



## ABBL Position paper: European Commission -Targeted consultation on options to enhance the suitability and appropriateness assessments

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### Background

On 21 February 2022, the European Commission published a targeted consultation on options to enhance the suitability and appropriateness assessments.

The consultation explores as to whether retail investors would benefit from a new type of suitability assessment that is designed on their personal situation and investment needs. The new approach might better support them on their investment journey and enable them to achieve their investment goals more effectively.

The ABBL appreciates the opportunity to share its members' views on the European Commission's consultation being part of the imminent review of the Retail Investment Strategy.

### Statement and why we think a single standardised questionnaire isn't a good idea

The ABBL doesn't support the proposition of a standardised retail investor assessment regime. We consider that suitability and appropriateness testing is a crucial step in the client service area so that only minor adjustments should be undertaken at this stage.

We simply do not believe that a single standardised questionnaire would do justice to the differences between the various types of retail investors. It would not allow questions to be adapted to efficiently capture information about the client's knowledge and experience, risk appetite and personal preferences.

It also depends on the type of client, the "standard" retail client would be happy with a standardised regime. But the more sophisticated a client is, the more the client wishes to have a tailor-made service at his disposal.

Several areas of the proposal would lead to negative consequences for clients and professionals:

- **Assimilation of the risk category:** by converging all client types together, the risk classification would be the same for all types of clients. This means the same risk assessment and exposure for them. An accurate and effective risk assessment should be linked to the specific investment risk level for a given client.



- **Costs aspect and respect of regulation:** there will be high implementation costs, which will again burden the market participants who must comply with the new set of regulations. Particularly in the current context, where new requirements to integrate client's suitability preferences must already be applied by 2 August 2022.
- **Standardisation of the investment:** the investment allocation would become more standardised and consequently reduce the investments options for savers and sources of funding for small and medium-sized enterprises.

On the data portability and data sharing points, we support the possibility of the client to choose where and by whom his investment is handled. To do so, the data sharing must be conducted with the appropriate customers authorisation, in strict compliance of GDPR, and result in a fair treatment among market participants.

Ultimately this desire of standardisation and simplification may lead to a less open investment architecture. It would deny many people access to certain types of investments that they would have access to through using a banks' service.