

Savings and investment accounts: the wrapper is easy – the system is not

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Europe doesn't lack savings. It lacks conversion. Households save a lot but too much of that money sits in low-yield places that preserve nominal value while quietly losing purchasing power year after year. At the same time, Europe's investment priorities – innovation, transition, productivity, security – need larger pools of patient capital than bank balance sheets alone can reliably supply.

That's the case for savings and investment accounts (SIAs). In September 2025, the European Commission issued a [Recommendation](#) setting out a 'blueprint' for SIAs, inviting Member States to introduce them where they currently don't exist and to strengthen them where they do.

That instrument chosen is telling. With taxation largely in national hands, EU action here is less about formal harmonisation and more about setting down a shared blueprint that nudges Member States towards converging design features. In the Commission's framing, this includes a wide array of providers (including cross-border ones), simplicity, flexibility (including the ability to transfer portfolios without excessive frictions), broad investment opportunities and simplified tax processes. The Commission has also signalled that it will monitor take-up as implementation progresses.



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SIAs are a straightforward ‘wrapper’ that can make investing easier to access, more routine and more commonplace. But the wrapper is just the surface. The tougher issue is whether they become true mass-market infrastructure for long-term investing or simply a subsidised route into complexity.

The real policy question isn’t whether SIAs sound good in theory. It’s whether they are built to shift behaviour at scale without fragmenting the single market or skewing outcomes.

The three-part design test – simple, flexible, stable

Looking across countries where account-based models have genuinely taken off, the same three features repeatedly show up.

Simplicity isn’t a branding line. It means systematically stripping out friction across the entire chain. This includes the individual opening the account, the operator administering it, the provider offering eligible products, and the tax authority receiving clean reporting. If simplicity is achieved only at the front end while complexity is pushed onto operators and providers, scale collapses.

Once compliance becomes too onerous, providers sensibly opt out. That isn’t theoretical: [evidence](#) from the UK ISA experience shows that take-up depends heavily on keeping rules stable and operationally simple for operators and providers. When complexity rises or rules keep changing, participation on the supply side narrows – product choice shrinks, and the wrapper risks becoming a niche tool rather than mass-market infrastructure.

Simplicity also means clarity on costs, risks and what the account is for. People engage when they understand the purpose and the mechanics without needing to acquire specialist knowledge. Simplicity, however, shouldn’t be confused with a presumption that the product layer must be cheap from day one. A system meant to reach first-time investors at scale requires providers to build distribution capacity, digital journeys, service models, and – in many cases – hybrid support. These are fixed costs that must be financed, and providers won’t expand their offering into an SIU-aligned wrapper if the starting assumption is margin suppression. Competitive pressure should do the heavy lifting on costs once participation is high enough and consumers can switch easily. Starting from a narrative that treats margins as the core problem, before the market has even been built, risks being self-defeating by discouraging entry, innovation and investment in the customer journey. The more the account tries to do everything at once, the more difficult it becomes to explain, harder to deliver and easier to ignore.

Flexibility matters because individuals and households don’t save with one horizon. They save for unexpected shocks, life events and long-term goals, often simultaneously. A rigid design forces them into a single use case and narrows uptake. Flexibility can include allowing more than one account, for instance, to separate different saving and investment goals. It also includes being able to switch providers without punitive tax consequences. Switching isn’t just a nice-to-have feature – it’s a competition mechanism. If people can easily move, providers must then compete on fees, service and outcomes to maintain customer loyalty.

Stability is the undervalued condition. Retail investing isn't only a price choice. It's a trust choice. If the rules keep changing, individuals will rationally reject the promise of long-term benefit and either avoid investing or stick to cash-like options. And that's why the strongest incentive is credibility – people need to feel the rules won't be rewritten halfway through.

There's no built-in conflict between simplicity, flexibility and incentives. The conflict shows up when incentives are delivered through complexity.

Tax incentives – the amplifier, not the foundation

Tax treatment matters. But tax incentives should be understood as an amplifier of good design, not the foundation. A generous tax advantage attached to complex, high-cost or poorly performing products will deliver poor outcomes and, eventually, political backlash. Europe already has many examples of subsidised retail products that produce disappointing real outcomes for savers. That experience is a warning. If the state subsidises complexity, citizens will pay the price while intermediaries collect the margin.

Fiscal capacity is also a constraint that cannot be ignored. Member States differ sharply in how much room they have to lose revenue, and the countries that would benefit most from broader retail participation often have the least scope to fund generous tax relief. This is another reason the core SIA design must be able to scale with limited fiscal costs. Where tax incentives are used, they should be fiscally manageable and predictable, for example through contribution caps, clear eligibility rules, and targeted or time-limited relief rather than open-ended subsidies.

This is why the tax debate, while unavoidable, is often the wrong starting point. If the wrapper is hard to use, if switching is penalised, or if eligible products are constrained by intricate rules, then tax relief will mostly subsidise those who would have invested anyway. It won't bring new cohorts into productive investing.

The primary value proposition of SIAs is thus not 'more tax advantage'. The value proposition is friction removal and norm-setting. The ultimate goal is to make investment behaviour feel as routine as putting money into a savings account each month.

Behaviour is the bottleneck – and the bottleneck is predictable

Even when tax-advantaged accounts exist for decades, broad-based equity participation doesn't automatically follow. Uptake can rise while the profile of who invests remains largely unchanged. This matters because the goal is not a tool for the already converted. It's a pathway for first-time and less confident investors to sensibly enter the market.

Three behavioural barriers routinely block that pathway.

First, **misperceived thresholds**. Many individuals believe they need large sums before investing makes sense. This belief stops participation at the very beginning.

Second, **risk framing asymmetry**. Investing is presented with stark, worst-case warnings, while cash products rarely present the long-term risk of savings being eroded by inflation. The result is a distorted narrative – investing feels like gambling, while cash feels safe.

Third, **decision paralysis**. Digital account journeys often include too many steps, too many choices and too many points where people drop out. This isn't a failure of motivation; it's how humans respond to complexity coupled with uncertainty.

If SIAs are meant to shift behaviour at scale, how they're designed must respond directly to these bottlenecks. This means fewer decisions at the outset, simpler journeys and structures that allow people to start small, learn by doing, and become more confident and sophisticated over time.

Distribution, defaults and support – where scaling is won or lost

The wrapper doesn't solve the customer journey. The decisive layer is distribution. It's where the account sits, how it's opened, how choices are presented and what support exists for those who are willing to take the plunge but are still unsure.

Scaling requires reducing the number of decisions that a first-time investor must make on day one. 'Ready-made' diversified options, built around clear risk bands, can reduce paralysis while remaining compatible with investor protection frameworks. This isn't a substitute for advice, it's rather a practical bridge between full advice and pure self-direction.

Access also matters. Digital channels are essential for scale, but an exclusively digital design risks excluding less confident households. Hybrid models, meaning digital access with optional human support, are likely to be the pragmatic approach across diverse Member States.

Financial education is the missing layer in most European designs. Not as a general aspiration but as practical, repeated engagement that makes investing understandable for first-time participants and gives them the confidence to start small. When participation has increased in the past, it has often been supported by public-facing campaigns and simple narratives that normalise ownership, akin to the UK's ['Tell Sid'](#) moment around privatisation. Europe doesn't need to replicate this, but it should recognise the fiscal logic.

For fiscally constrained Member States, where privatisation or broader public-asset monetisation is occurring, linking part of the proceeds to an SIU drive that funds financial education and onboarding infrastructure could turn one-off revenues into a longer-term participation dividend.

Interoperability – the single market credibility test

If Europe wants a savings and investment union, these accounts must work across borders. People move, so savings should be able to easily move with them. Yet portability is difficult because tax incentives are national and eligibility is often tied to residence.

That is precisely why interoperability must be treated as a design requirement, not a future aspiration. Portability can take different forms, such as continued contributions after moving, portfolio transfers without punitive consequences, or account status recognition across borders. But the principle is the same: moving country shouldn't mean financial penalties or administrative dead ends.

Without interoperability, SIAs risk reinforcing fragmentation. That means 27 wrappers, 27 rulebooks and 27 sets of frictions that prevent scaling up.

What success should look like

Success shouldn't be measured by how many accounts are opened. The indicators that matter are sustained contributions, active investment within the account, lower costs through competition, more diversified portfolios, broader participation across income groups, and smoother journeys with fewer drop-offs.

SIAs can be a practical lever for Europe's investment agenda – but only if they're treated as mass-market infrastructure. Simple for individuals, workable for providers, light for administrators, stable over time, and interoperable across borders.

Otherwise, Europe risks the worst of all worlds: subsidised complexity, weak outcomes for savers and yet another layer of fragmentation within the single market.