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General comments of the European Financial Congress[1] developed in collaboration with the Committee on Financial Sciences of the Polish Academy of Sciences[2] in relation to the European Insurance and Occupational Pensions Authority's Consultation Paper[3] on the creation of a standardised Pan-European Personal Pension product (PEPP)

There are doubts about the reasonableness of the proposed introduction of a Pan-European Personal Pension product and there is concern about the possible effects of such a move.

a) Cross-border marketing of a pan-European pension product may be a threat to a country which is responsible for its own fiscal stability, including the discharge of its public pension system obligations, and which is responsible for the stability of its own financial system. If the scale of sales were to be large, that may give rise to outflows from the national capital market, which may adversely affect the conditions of access to capital for local small and medium-sized enterprises. Were, however, sales of the PEPP product to be made on a very small scale, it would not be worthwhile to introduce such a product, much less to develop new regulations as the basis for introducing it.

b) Cross-border sales and advanced technological solutions may give rise to the dominance of the market by suppliers from specific countries (know-how advantage, taking advantage of minor cost or even tax differences). Thus, the introduction of a pan-European pension product will privilege suppliers from the strongest countries, e.g. the United Kingdom, the Netherlands, Germany or France. In addition, products which are standardised at the European level may not be sufficiently adapted to the needs of local consumers.

c) Local suppliers of pension products voice concerns that the option to migrate to a PEPP product threatens the liquidation of local PPPs (*Personal Pension Plans*).

Among other things, the rules of fair competition between pan-European and local distributors of pension products may be violated. Therefore, local firms are not interested in actively supporting the development of the PEPP.

d) If new, as yet unidentified, capital market players are allowed to offer PEPP products, there will be a danger that new entities may be established solely for that purpose. Consumers will not be able to tell them from insurers or other suppliers of financial services.

e) It may be difficult to introduce uniform PEPP regulations due to the use of various currencies on the EU market. It is impossible to guarantee a minimum return of 0% in GBP, EUR and PLN at the same time.

f) Transfer of funds as part of cross-border sales only for the sake of tax benefits is a threat. Given the existing diversity of tax systems in place in EU member states, you cannot expect such systems to become completely unified. Therefore, it is necessary to introduce mechanisms to prevent the practice of transfer of funds for tax purposes only.

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[1] European Financial Congress (EFC – www.efcongress.com). The purpose of the regular debates held within the EFC is to ensure the financial security of the European Union and Poland.

[2] The Committee on Financial Sciences of the Polish Academy of Sciences is composed of the most eminent research workers in financial sciences in Poland and represents the entire scientific community in the discipline. Prof. Jan Monkiewicz was the coordinator of the project on the part of the Committee on Financial Sciences of the Polish Academy of Sciences.

[3] https://eiopa.europa.eu/Publications/Consultations/EIOPA-CP-15-006-Consultation-paper-Standardised-Pan-European-Personal-Pension-product.pdf