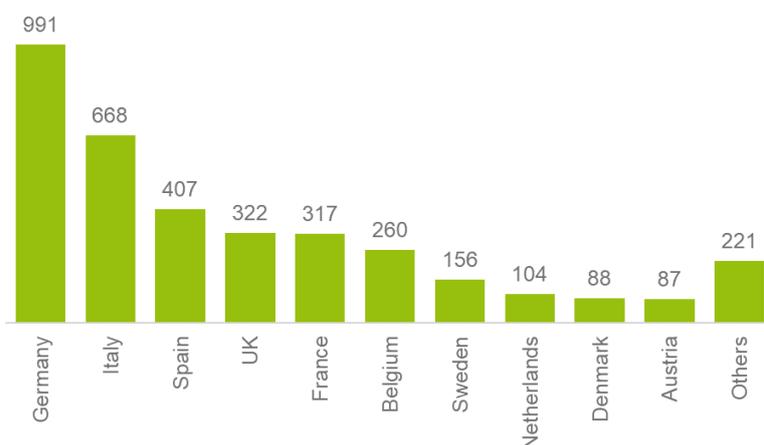


BVI: Germany is Europe’s largest fund market for private investors

- **Distribution channels: banks clearly ahead of unit-linked insurances**
- **More than half of fund sales through external distributors**

Frankfurt – 25 September 2023. In Germany, private investors held investment funds worth almost EUR 1 trillion at the end of March 2023. This corresponds to 27 percent of the fund holdings of all private households in the EU and the United Kingdom (total EUR 3,621 billion). Germany is by far the largest retail fund market, ahead of Italy (EUR 668 billion) and Spain (EUR 407 billion). The three countries account for more than half of private investors' fund assets. The UK and France each account for direct fund holdings of around EUR 320 billion. This is reported by the German Investment Funds Association BVI in the latest issue of its [‘Snapshot series’](#).

Funds held by private investors
AuM as at 31 March 2023, in EUR billion



Source: European Central Bank, Office for National Statistics

Both investors and fund companies benefit from a broadly diversified distribution landscape in Germany. This is shown by a recent BVI survey. The three pillars of the banking system – savings banks, cooperative banks and private banks – together account for 59 percent of total retail business. This includes both banks with a

branch network and direct banks/online brokers, which play a major role in the distribution of ETFs, for instance.



As at the end of 2022
Source: BVI survey, GDV

Unit-linked life insurance plans are the second-largest sales channel for retail funds, with a share of around 12 percent. According to the German Insurance Association (GDV), unit-linked plans managed over EUR 150 billion for their investors at the end of 2022. Almost every tenth euro invested in funds is channelled through financial advisors outside the banking and insurance sector. These include, on the one hand, sales organisations such as DVAG and, on the other hand, independent financial advisers.

For many foreign managers, funds of funds offered by providers with a strong footprint in Germany represent a simple way of accessing the German market. While companies with their own distribution network or established cooperation partners rarely make use of them, they account for a share of well over 10 percent for some foreign providers. Direct sales, on the other hand, play virtually no role.

In the political discussion, it is often assumed that too close an integration of distributors and fund companies leads to fewer choices for investors: Advisors are suspected to mainly recommend in-house products, and these might not necessarily fit the investors' preferences and investment goals. However, BVI's survey shows that

less than half of all retail fund sales are made by affiliated companies. In fact, for two-thirds of the survey participants at least 80 percent are distributed through external distributors. Accordingly, there is strong competition between fund companies for the consideration of their products, e.g. in investment advice at banks and savings banks.