



ICI VIEWPOINTS

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Improve Cross-Border European Asset Management—with This One Weird Trick?

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In the 2010s, a digital media trend emerged promoting so-called life hacks: simple actions that claimed to deliver dramatic results. These were often accompanied by clickbait headlines promising transformation with “one weird trick” (use this one simple hack to pay off your mortgage in five years!) While sometimes grounded in logic, the claims were usually greatly overblown to attract attention.

This mentality, seeking simple, sweeping fixes to complex problems, has also crept into EU policymaking around cross-border asset management. Over the past decade, various initiatives launched under the Capital Markets Union (CMU), such as PRIIPs KID, ELTIF, and PEPP, were each introduced with great fanfare. Each was touted as a breakthrough that would finally unlock household savings and integrate the European market. But like many viral hacks, their impact never quite lived up to the promise.

The Latest Big Idea

With the launch of the Savings and Investment Union (SIU), a new quick fix has emerged for curing fragmentation for the European asset management industry: shifting supervisory responsibilities from national competent authorities (NCAs) to the European Securities and Markets Authority (ESMA). The appeal is understandable. Centralising licensing and authorisations sounds efficient and even transformative. But in practice, it wouldn't resolve the structural causes of market fragmentation or improve supervisory outcomes.

That's because investor protection and distribution rules are embedded in national legal systems. These can't simply be transferred to an EU authority without far-reaching treaty changes. As the experience of the Single Supervisory Mechanism in banking shows, centralisation alone does not guarantee integration.

Put plainly: it's not who supervises that matters most—it's how supervision is done, and whether the rules applied across jurisdictions are coherent, proportionate, and consistent.

The Real Path Forward

There is no silver bullet for building a truly integrated and globally competitive European asset management market. But that doesn't mean meaningful progress is out of reach. Rather than chasing one dramatic reform, policymakers should focus on a series of practical, targeted measures that, taken together, can deliver systemic change.

That's why ICI has put forward an Action Plan: a pragmatic, scalable roadmap designed to reduce cross-border frictions, strengthen EU market competitiveness, and deliver better outcomes for European investors and the broader economy.

A Smarter Way to Build Integration: ICI's Action Plan

Our plan consists of seven interlocking elements:

- Streamline reporting obligations and reduce regulatory burden: Targeted changes to UCITS, MiFID, and PRIIPs could simplify the asset management regime and deliver immediate benefits.
- Recalibrate regulation to support both growth and investor protection: All financial services rules should undergo rigorous, post-adoption impact assessments that evaluate their cumulative effect.
- Annually assess national gold-plating practices: Identify where Member States have layered extra requirements on EU rules and evaluate whether they hinder the internal market.
- Develop a framework to assess the EU-wide impact of national divergences: Empirical tools should be used to determine whether bespoke local rules improve protection or introduce unnecessary friction.
- Establish structured coordination mechanisms for NCAs: Enable more consistent supervision across Member States—advancing the Single Market without treaty change.
- Foster global market integration: Enhance the EU's competitiveness and resilience by ensuring investors can access global diversification opportunities.
- Build a European culture of investing: Develop simple, accessible savings and investment accounts that empower households to participate in capital markets.

Conclusion: One Big Idea After All?

If adopted, these measures would remove key operational and supervisory barriers to cross-border fund activity. They would allow investment funds to scale more efficiently, enhancing Europe's ability to channel savings into productive investment.

This approach may lack the headline-grabbing simplicity of "one weird trick," but its cumulative impact would be far more powerful. And in the end, that might be the one big idea Europe really needs.