

OEE NEWS

THE OEE RELEASES ITS ANNUAL CALL FOR TENDERS

The OEE's Scientific Committee met on March 17, 2016, to discuss the work completed over the past year and to take a look at our ongoing projects. Members shared their views on current topics and issues in savings that could be possible subjects for future research.

Three research topics were selected for this year's Call for Tenders:

Theme 1: Questionnaires MIFID and consulting practice in investment

Theme 2: The Union of Capital Markets

Theme 3: Changes in the mode of distribution of savings products and loans

For more information: See the details of the Call for Tenders on [our website](#). The deadline for submissions is May 15, 2016.

The minutes of the Scientific Committee meeting are also available on [our website](#) (access limited to OEE members). For access, please sign in and then click "SCIENTIFIC COMMITTEE MEETINGS".

INSIDE OEE



The OEE published its first edition of 'Inside OEE'. This review presents both descriptive and normative work carried out by OEE members and by the OEE team. These articles result from our continuous monitoring of market trends, the practical experience of our members and from studies commissioned by both European and international institutions.

For more information: Read [the first edition of 'Inside OEE'](#)

LESSONS FROM RESEARCH ON SAVINGS:

Should we encourage individuals to hold shares directly?

The OEE publishes a set of topical research sheets that bring together the results of our research on a specific theme and presents and analyses particular issues

AGENDA

MAY 2016:

- **New edition of the OEE's Overview of Savings in Europe**
- **Publication of the 2nd édition of 'Inside OEE'**

JUNE 2016:

- **June 1:**
OEE ANNUAL BOARD MEETING
- **June 14:**
CONFERENCE (French only)
AGISSONS D'URGENCE POUR LA CROISSANCE
Conference organised by ANSA, with the participation of Emmanuel Macron, France's Minister of Economy, Industry and Digital Data
For more information: [Visit ANSA's website](#) (French only)

THE OEE

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Contact:

Tel: +33 (0) 1 43 12 58 00

Email: contact@oee.fr

associated with that theme.

Our latest research synthesis that covers the issues faced by individual shareholders has just been completed. It includes the results of a study by Jean-Noël Barrot, Ron Kaniel and David Sraer entitled “Are retail traders compensated for providing liquidity?” in addition to "Household structure and household wealth: Evidence from Germany, France, Spain, Italy and Portugal" by Mikkel Barslund, Ales Chmelar and Florence Legros.

For more information: See our [Research Summaries](#)

OEE CURRENT RESEARCH

• NEW COLLECTIVE ARRANGEMENTS FOR PENSION RISK SHARING

Bas Werker (Tilburg University), Ling-Ni Boon (Tilburg University, Paris Dauphine) and Marie Brière (Paris Dauphine)



Occupational pension institutions are facing challenges arising from the recent financial crisis, as well as economic and demographic trends that compel many European countries to reform their pension system, by, for instance, relaxing the guarantees offered in their defined benefit (DB) pension schemes. The general trend of turning away from DB schemes implies a shift of risk from plan sponsors to plan participants. To replace the conventional schemes, proposed innovative plans include “collective defined contribution funds” (Netherlands), “defined ambition funds” (UK), and “personal pensions with risk sharing” (Netherlands).

Longevity risk sharing within each plan is crucial to the financial security of retirees, and is non-trivial given the slow development of a longevity securities market. What the above mentioned pension design proposals have in common is that they propose a longevity risk sharing mechanism among individuals. One conceivable arrangement, referred to as group self-annuitization, shares the risk among the pool of plan participants. Alternatively, insurance products such as annuities serve as another means to mitigate longevity risk. The research project investigates the implications of the availability of these new schemes on individual welfare. In particular, the authors compare (1) a collective arrangement that shares longevity risk between participants, with (2) an arrangement that transfers longevity risk to a for-profit third party (e.g., an insurance company) by purchasing an annuity.

• RESIDENTIAL REAL ESTATE INVESTMENT

Philippe Bertrand (University of Aix-Marseille) and Jean-Luc Prigent (University of Cergy-Pontoise)



Residential real estate is perhaps the most commonly held investment asset in the world. Some academic research suggests home ownership investment has high returns with low risk. However, an important issue is the importance of the Beta-risk to real estate. Will the beta-risk trend continue to rise or not, due to real estate's increasing integration with capital markets? Additionally, even if we can consider that the risk of a real asset is well documented by its market beta in the CAPM and its factor betas in the APM, the determination of those risk parameters is not straightforward since it is difficult to make a regression analysis of illiquid real assets against traded asset returns such as main stock indices, for example. The research will provide outputs at two main levels:

1) An econometric study of real estate total return index series for three European countries (France, Germany and United Kingdom) including standard statistical indicators, beta factors, performance measures and comparison with other asset classes such as bonds, stocks and money market.

2) An analysis of the optimal mixed asset portfolio for households to measure the contribution of real estate to diversification and performances (both a static mean-variance optimization framework and a more dynamic allocation model).

- **HOW DO SAVERS REACT TO BREACHES IN THE LAW OF ONE PRICE?**

Augustin Landier (Toulouse School of Economics) and Sébastien Pouget (Toulouse School of Economics)



This is a behavioral finance study. How do investors react when they are offered financial products that differ only by their interest rate? Cognitive bias can lead investors to make different choices other than the rational choice which would consist of choosing the product with the highest return. Thus, in France, several regulated savings accounts offer different interest rates and compete with guaranteed life insurance contracts that

may offer alternatives to bank savings products. Specifically, researchers will analyze how the first subscription date to a product and the date of last contact with a financial advisor can influence the choices. This study could lead, in particular, to recommendations on savings taxation.

- **FINANCIAL LITERACY: A KEY TOOL TO IMPROVE PEOPLE'S LIFE CYCLE**

Project led by CEPR at the University of Turin

The project "Financial Literacy: A Key Tool to Improve People's Life Cycle" (FinKit) focuses on actions to improve Economic-Financial Literacy; in particular, specific tools (booklets, videos, games) will be developed to increase the capacity of practitioners, such as trainers/coaches/volunteers, program developers, policy makers, local development agencies and financial players to successfully transfer EFL knowledge.



FinKit, funded by the European Commission through the Erasmus + program, started in November 2015 and will last two years. The study will be carried out by a network of European institutions including: CeRP-Collegio Carlo Alberto (leading institution), the OEE and INSEAD OEE Data Services, the Spanish Confederation of Education Centres, the Polytechnic Institute of Setúbal (Portugal) and the Ufficio Pio of the Compagnia di San Paolo (Italy).

For more information: [See FinKit's dedicated website](#)

- **STUDY ON ACCESS TO COMPREHENSIVE FINANCIAL GUIDANCE FOR CONSUMERS**

Study led by the OEE for the Financial Service User Group (FSUG) and the European Commission

A study on “access to comprehensive financial guidance for consumers” (FISMA/2015/071/D3/ST/OP) is a project led by the OEE with the support of PFRC (University of Bristol), IFF (Germany), NIBUD (NL) and individual experts from Denmark and Australia. Financial guidance is hereby understood as generic advice that includes a life-cycle approach without recommendation to buy any specific savings product. The objective of the study is twofold:

- Identify best practices from a survey in seven countries: Belgium, Denmark, France, Germany, Netherlands, UK and Australia.
- Recommend consumer incentives to promote financial guidance.

RECENT CONFERENCES

QUALITY OF FINANCIAL ADVICE: A SHARED VISION?

Regulation, automation & prospects in France and Europe



*Conference organized by EFPA, Thursday
31 March, 2016*

The European Financial Planning Association (EFPA), organized a conference on financial advice in Europe and France. The conference inspired insightful exchanges between professionals from the financial advice sector, regulation representatives and consumers.

For more information: [Read the conference summary](#) (French only)



INTERMEDIATION IN FAMILY ECONOMICS

Conference organised by the OEE on Thursday 17 March, 2016

The OEE organised a conference on intermediation in family economics. Robert Gary-Bobo, researcher at ENSAE, presented the conclusions of his study on this subject, which followed discussions with Patrice Ponmaret, Honorary President of the Chambre Nationale des Conseillers en Gestion de Patrimoine (National Chamber of Wealth Management Consultants) and Bertrand Maury, a notary who specializes in the implementation of wealth management strategies.

One of the main subjects to emerge was the difficulty faced in France in finding an economic model for reverse mortgages that would allow banks to offer such credits to the largest population segment and that are economically advantageous.

For more information: See [Robert Gary-Bobo's and study](#)

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