



## 3 QUESTIONS 2

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**on the Polish asset management sector**



### Q #1 *What is the structure of the asset management industry in Poland?*

The Polish sector includes key segments such as investment funds, insurance, and open pension funds. Our industry, like other countries, experienced volatility, especially in 2019 and the first half of 2020, with a decline largely due to the Covid-19 pandemic. However, investment funds managed by companies that report data to my organisation quickly recovered, showing growth for eleven consecutive months. In January, assets under management increased by PLN 5.2 billion (+1.6%) to PLN 325.6 billion.<sup>1</sup> It's important to note that the Polish investment fund market is less developed compared to other EU countries. Financial assets per capita in Poland are three times lower than the EU average. Defensive financial assets like deposits, which constitute about 50% of portfolios in Poland compared to about 30% in Europe, dominate among Polish households. The share of pension funds and life insurance are over three times lower than the EU figures, and investment funds only make up 6% compared to 10% in the European Union. Thus, the Polish investment fund market is at an early stage of development compared to Western European markets.

**“ *The Polish asset management sector will see significant growth, driven especially by the third pillar pension programs* ”**

The main distributors of investment funds in Poland are banking networks, with the largest assets under management being accumulated by companies owned by large banking and insurance groups. Therefore, the Polish asset management sector is consolidating around banks at the expense of independent Investment Fund Companies (TFI). However, it is expected that in the coming years, the Polish asset management sector will see significant growth, driven especially by the third pillar pension programs (Employee Capital Plans - PPK), whose assets are steadily increasing in volume. Assets under management in PPK rose by 70% year on year and exceeded PLN 19 billion in January.<sup>2</sup> Investment funds remain a key part of the asset management industry, underscoring the sector's potential for high growth, particularly in pension assets.

<sup>1</sup> This equates to around 1.2 billion and 75.6 billion euros respectively, using exchange rates from May 2024.

<sup>2</sup> This equates to around 4.4 billion euros.

## Q #2 Who are the investors of investment funds in the Polish market?

Generally speaking, the typical Polish individual investor is a person in their forties with higher education, who invests to save for retirement or diversify their income. The most recognizable savings products among Poles are bonds, savings accounts, and term deposits – known to two-fifths of Poles. Among pension products, the best known are Open Pension Funds. Investment funds are used by 4% of Poles, and the median amount invested in financial products is about 11,000 EUR. According to 2022 data, 56% of the assets of Polish households are bank deposits, and another 18% is cash in circulation. Assets in Open Pension Funds constitute 8% of Polish savings. Investment funds hold 6% of the assets of Polish households. Following are listed shares (5%) and bonds (4%).

“ According to 2022 data, 56% of the assets of Polish households are bank deposits, and another 18% is cash ”

## Q #3 Which issues on the EU regulatory agenda are most important for the Polish market?

In recent years, more and more decisions regarding the operating rules of investment funds have been made at the EU level. We see this change very clearly. The entire Capital Markets Union project presents a number of challenges for Poland. Initiatives such as DORA and FIDA introduce us to a new world related to the growing importance of technology in management. However, "here and now", the Retail Investment Strategy proposal will have the most significant impact on the future of the Polish investment fund market. This is a project that we feel potentially disadvantages smaller markets. For example, introducing cost-focused EU benchmarks may create additional pressure for smaller Polish firms and doesn't take into account other measures of 'value-for-money' which are just as relevant for investors. Participating in the work of EFAMA allows our voice to be heard when it comes to EU regulatory topics of significant importance for our members.

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