The ETF Savings Plan Market in Continental Europe

September 2023

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The first exchange-traded funds (ETFs) were launched on the market more than 30 years ago, thus beginning an unprecedented success story. The passively managed index funds revolutionised investment – not just for institutional investors, but also and above all for private investors. The stand-out advantages include the low costs, the ease of diversification and the high flexibility of ETFs for the accumulation of personal wealth.

It's no surprise that interest has grown significantly among private investors. By the end of 2023*, private investors in Continental Europe will have invested around EUR 200 billion in ETFs. EUR 135 billion of this figure is accounted for by the German market and EUR 65 billion by the rest of Continental Europe.

One key factor driving this trend was the launch of ETF savings plans in Germany in September 2010. For the first time, this enabled private investors to invest smaller amounts in ETFs both regularly and free of charge. The trend in regularly executed ETF savings plans took off in the years that followed. The number of ETF savings plans hit 500,000 in June 2017, then a million in May 2019, and by December 2020 there were more than two million ETF savings plan executions. This growth momentum entered a new phase with the debut of neobrokers who offer ETF savings plans for almost all ETFs starting from a savings rate of one euro.

By the end of 2023, 7.6 million ETF savings plans with a savings volume of around EUR 15 billion will be executed in Continental Europe each month.

However, the market for ETF savings plans in Continental Europe is still at a low level. Banks and brokers have only just begun offering ETF savings plans. We assume that more and more providers will enter the market in the years ahead and that there will be a similarly dynamic trend in Germany. The number of ETF savings plans in Germany has virtually doubled every year over the past four years.

By the end of 2028, we estimate that the number of ETF savings plans executed on a monthly basis on the Continental Europe market will rise to 32 million. The annual savings volume of these ETFs will then amount to EUR 64.3 billion. By 2028, a third of all ETF savings plans will be executed in Continental Europe, up from around 7% today.

By the end of 2028, the total volume invested in ETFs by private investors in Continental Europe will more than triple to over EUR 650 billion.

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*The data for the year 2023 are based on the status as of September 2023.

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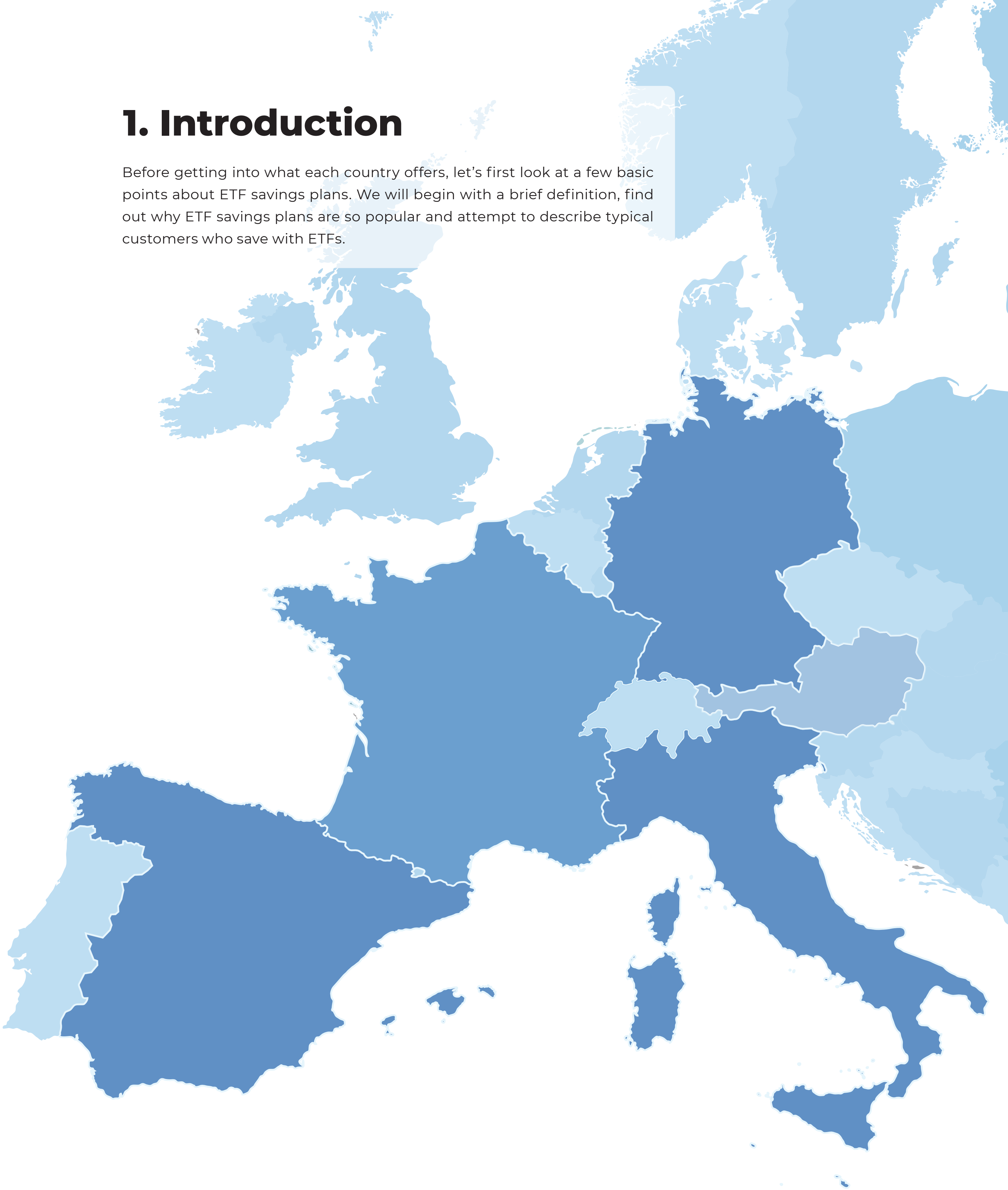
1. Introduction

Before getting into what each country offers, let's first look at a few basic points about ETF savings plans. We will begin with a brief definition, find out why ETF savings plans are so popular and attempt to describe typical customers who save with ETFs.



1.1 What is an ETF savings plan?

An ETF savings plan is a standing order to buy ETFs, which means regularly investing a specific amount in exchange-traded funds. Using an ETF savings plan, investors can save regularly and in small increments rather than investing a larger amount in one ETF all at once. ETF savings plans are good method for long-term wealth accumulation.

Many investors appreciate the wide range of funds available, the low costs and the option to build a broadly diversified portfolio with little administrative effort. In low-interest environments and at times of rising interest rates and high inflation alike, ETFs are often a core investment in a portfolio. Over a long-term investment horizon, for example, they are an efficient way of saving for retirement or other savings goals. Some banks even offer ETF savings plans starting from a savings rate of one euro. This significantly lowers the barriers to wealth accumulation and allows more and more savers to profit from the advantages of passive index funds.

The fact that investors use ETFs for long-term wealth accumulation is backed up by an analysis of the most popular ETFs used in ETF savings plans. ETFs that track broad indices such as the MSCI World, the MSCI Emerging Markets and their variants are especially popular (Table 1). A look at the most popular indices tells a similar story (Table 2). The analysis clearly shows that, above all, there is especially strong interest in ETFs that are suitable as a long-term basic investment. Brokers are also responding to this demand by gearing their range of ETFs eligible for savings plans towards these products.

Table 1: The most popular ETFs in an ETF savings plan

ISIN	ETF name	Eligible for savings plans (banks)
IE00B4L5Y983	iShares Core MSCI World UCITS ETF (Acc)	17
IE00BJ0KDQ92	Xtrackers MSCI World UCITS ETF (Acc)	14
IE00B1XNHC34	iShares Global Clean Energy UCITS ETF (Dist)	17
IE00B3RBWM25	Vanguard FTSE All-World UCITS ETF (Dist)	17
FR0010524777	Lyxor MSCI New Energy ESG Filtered UCITS ETF	15
IE00B6R52259	iShares MSCI ACWI UCITS ETF (Acc)	15
IE00B8GKDB10	Vanguard FTSE All-World High Dividend Yield UCITS ETF (Dist)	15
LU2572257124	Amundi MSCI World III UCITS ETF	–
LU0629459743	UBS (LUX) MSCI World Socially Responsible UCITS ETF (Dist)	15
IE00B5BMR087	iShares Core S&P 500 UCITS ETF (Acc)	15
IE00B4X9L533	HSBC MSCI World UCITS ETF (Dist)	13
FR0010315770	Lyxor MSCI World UCITS ETF (Dist)	14
DE000A0F5UF5	iShares NASDAQ-100 UCITS ETF (DE)	15
IE00BM67HT60	Xtrackers MSCI World Information Technology UCITS ETF	16
DE0005933931	iShares Core DAX UCITS ETF (Acc) (DE)	15
DE000A0F5UH1	iShares STOXX Global Select Dividend 100 UCITS ETF (DE)	15
IE00B1TXK627	iShares Global Water UCITS ETF (Dist)	16
IE00BK5BQT80	Vanguard FTSE All-World UCITS ETF (Acc)	15
IE00BKM4GZ66	iShares Core MSCI EM IMI UCITS ETF (Acc)	17
LU0274208692	Xtrackers MSCI World Swap UCITS ETF (Acc)	14

Source: extraETF Research

Table 2: The most popular indices in an ETF savings plan

Index	Region/country	Sector/strategy
MSCI World	Industrialised nations	
MSCI Emerging Markets	Emerging markets	
NASDAQ 100	USA	Technology
DAX	Germany	
S&P 500	USA	
FTSE All-World	Global	
MSCI All Country World (ACWI)	Global	
STOXX Europe 600	Europe	
MSCI World SRI	Industrialised nations (SRI)	
S&P Global Clean Energy	Global	Alternative energies
MSCI ACWI IMI New Energy ESG	Global (ESG)	Alternative energies
FTSE AW High Dividend Yield	Global	Dividends
STOXX Global Select Dividend 100	Global	Dividends
MSCI World Information Technology	Industrialised nations	Technology
S&P Global Water	Global	Water

Source: extraETF Research

1.2 Why are ETF savings plans so popular?

There are several reasons for the popularity of ETF savings plans. However, these have to be considered by the different types of users. There are many advantages for savers, above all in terms of simplicity, flexibility, costs and ultimately the return. But there are also several benefits for providers of ETF savings plans in terms of customer acquisition, customer retention, lower costs and earnings optimisation. The individual pros will be examined more closely below.

Benefits for savers

Unlike many other finance products, an ETF savings plan is a very straight-forward, low-cost and flexible instrument for long-term wealth accumulation. So it's no surprise that consumer protection groups almost unanimously recommend ETF savings plans as an ideal means of long-term wealth accumulation.

1. Simplicity
ETFs are low-cost financial instruments. With just a few products and a little effort, investors can build a broadly diversified portfolio that comprises multiple asset classes.

2. Costs
Given the low savings rates, ETF savings plans usually come with a standalone fee model. This is good for long-term saving.

3. Low barriers to entry
A large amount of capital is not necessary for wealth accumulation with ETFs. Just a few euro per month are enough to begin wealth accumulation with an ETF savings plan.

4. Flexibility
Another advantage is the high flexibility. Individual ETF savings plans can be changed, paused or closed entirely at any time. There are no fixed terms or rigid contract structures.

5. Avoiding errors
When saving regularly in particular, investors don't need to worry about the challenge of market timing. The effect of dollar cost averaging also applies in this context.

6. Compound interest effect
Long investment periods mean that compound interest quickly has an effect. The capital invested grows faster, particularly if the distributions received are directly reinvested.

7. Return
Long-term saving pays off, even when the capital markets are going through a rougher patch. To illustrate this, we have calculated an ETF savings plan based on the MSCI World Index. The calculation was performed using index data in euro including distributions but also taking taxes into account (net return).

Over an investment period of five years and with a monthly instalment of EUR 100 in the MSCI World Index, the EUR 6,000 paid in over that period would result in final wealth of EUR 7,231. This is a return of 20.5% in absolute terms or 7.39% per year (Table 3).

Over an investment period of ten years and with a monthly instalment of EUR 100 in the MSCI World Index, the EUR 12,000 paid in over that period would result in final wealth of EUR 19,165. This is a return of 59.7% in absolute terms or 8.83% per year (Table 4).

Table 3: ETF savings plan – Five years (2018 to 2022)

Year	Units purchased	Index at year-end	Total value at year-end	Total payments	Development due to index	Cumulative return	Return p.a.
2018	4.6354	242.41	€ 1,124.00	€ 1,200.00	€ -76.00	-6.4%	-14.4%
2019	4.1730	315.18	€ 2,776.00	€ 2,400.00	€ 376.00	15.7%	14.9%
2020	4.0039	335.13	€ 4,294.00	€ 3,600.00	€ 694.00	19.3%	11.8%
2021	3.0992	439.25	€ 6,989.00	€ 4,800.00	€ 2,189.00	45.6%	18.2%
2022	2.9633	383.13	€ 7,231.00	€ 6,000.00	€ 1,231.00	20.5%	7.4%
Total	**18.8747**	**383.13**	**€ 7,231.00**	**€ 6,000.00**	**€ 1,231.00**	**20.5%**	**7.4%**

Source: extraETF.com, internal calculations; index data: MSCI Inc.

Table 4: ETF savings plan – Ten years (2013 to 2022)

Year	Units purchased	Index at year-end	Total value at year-end	Total payments	Development due to index	Cumulative return	Return p.a.
2013	8.0402	160.93	€ 1,294.00	€ 1,200.00	€ 94.00	7.8%	16.3%
2014	6.9132	192.31	€ 2,876.00	€ 2,400.00	€ 476.00	19.8%	18.4%
2015	5.6308	212.35	€ 4,371.00	€ 3,600.00	€ 771.00	21.4%	12.9%
2016	5.6483	235.13	€ 6,168.00	€ 4,800.00	€ 1,368.00	28.5%	12.4%
2017	4.9156	252.80	€ 7,874.00	€ 6,000.00	€ 1,874.00	31.2%	10.6%
2018	4.6354	242.41	€ 8,674.00	€ 7,200.00	€ 1,474.00	20.5%	6.1%
2019	4.1730	315.18	€ 12,594.00	€ 8,400.00	€ 4,194.00	49.9%	11.1%
2020	4.0039	335.13	€ 14,733.00	€ 9,600.00	€ 5,133.00	53.5%	10.2%
2021	3.0992	439.25	€ 20,671.00	€ 10,800.00	€ 9,871.00	91.4%	13.3%
2022	2.9633	383.13	€ 19,165.00	€ 12,000.00	€ 7,165.00	59.7%	8.8%
Total	**50.0228**	**383.13**	**€ 19,165.00**	**€ 12,000.00**	**€ 7,165.00**	**59.7%**	**8.8%**

Source: extraETF.com, internal calculations; index data: MSCI Inc.

Benefits for providers of ETF savings plans

There are not just benefits for savers, but also for the providers of ETF savings plans as well as brokers and banks. These benefits lie firstly directly in the customer relationship (customer retention/acquisition) and secondly in the internal cost and earnings optimisation.

1. Customer acquisition

ETF savings plans are often where customers first come into contact with the capital market (see also 1.3). Over time, they thus become experienced and confident investors and consequently potential customers. Brokers should therefore use ETF savings plans as a strategic product for acquiring new customers.

2. Customer retention

ETF savings plans are used over prolonged periods. People who use savings plans are very loyal and unwilling to change to other brokers. ETFs are therefore the ideal customer retention instrument. ETF savings plans support every savings strategy, from wealth accumulation to pension schemes and retirement plans. This opens up major potential for brokers.

3. Higher relative commission

A broad offering leads to more transactions and thus higher income. In this context, this means higher relative income on ETF savings plans compared to one-off investments. Let us assume that an ETF savings plan with instalments of EUR 50 is subject to fees of 1.5%. By comparison, a one-off investment of EUR 1,500 (assuming fees of EUR 3.95 plus 0.25% of the investment amount as an example) costs just 0.51% of the investment amount.

4. Income from currency translation
If orders are submitted in a currency other than the domestic currency, there is the option to perform calculations on the basis of an exchange rate set by the executing bank. This can mean positive currency translation effects for banks.

5. Payment for order flows
The forwarding of bundled customer orders to a suitable market maker for execution can result in a reimbursement (payment for order flows). However, this will no longer be possible in the EU from 2026.

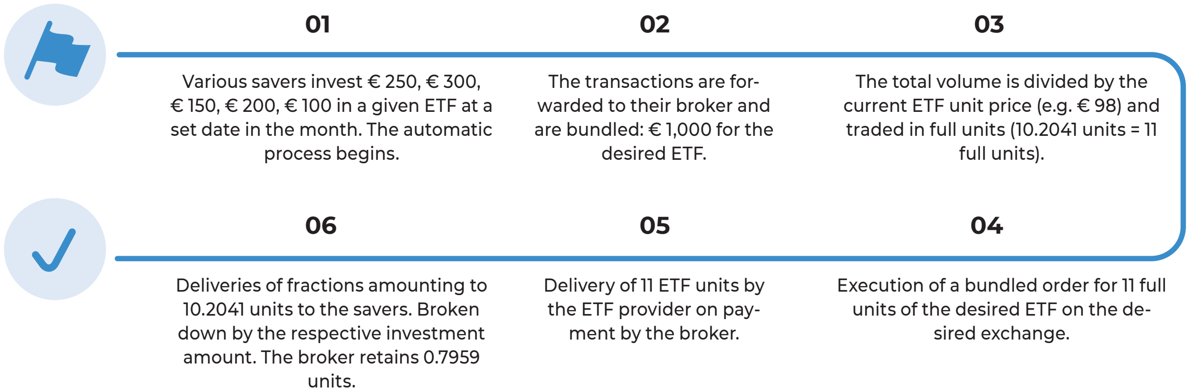
6. Optimisation of interest costs
If more and more savers become investors, they are not the only ones to benefit from the opportunities for higher return offered by ETFs compared to conventional interest rate products. At the same time, brokers can reduce their liquidity levels and exposures subject to reserve requirements, which also saves costs. During the low-interest phase, there were nonetheless the negative effects of penalty interest.

7. Reduced clearing costs
Trading in ETFs and ETF savings plans can also have positive effects for sales agents' costs. For example, costs can be reduced by channelling the order flow through preferred OTC or exchange partners rather than using clearing agents.

8. Efficient order and settlement processes (fractional trading)
There is the potential for value added for brokers through efficient order and settlement processes. Bundling savings plans reduces the execution costs for brokers as they do not have to perform and settle five individual transactions, but rather just one, which then has to be distributed internally across the respective customer accounts.

Here's a quick example to illustrate this (see also Figure 1): A broker has five savers who each use an ETF savings plan for a given ETF. They invest different amounts each month: EUR 250, EUR 300, EUR 150, EUR 200 and EUR 100. On the execution date, the broker has to purchase ETFs for a total amount of EUR 1,000. The unit value of the ETF is quoted at EUR 98 on the execution date. This means that the bank has to acquire 10.2041 units (EUR 1,000/EUR 98) to satisfy all savers. As the exchange only trades in whole units, the broker has to buy eleven units. The 10.2041 ETF units are then added to the savers' portfolios according to their savings plans. The bank is left with 0.7959 units.

Figure 1: Order and settlement process for an ETF savings plan



Source: BlackRock

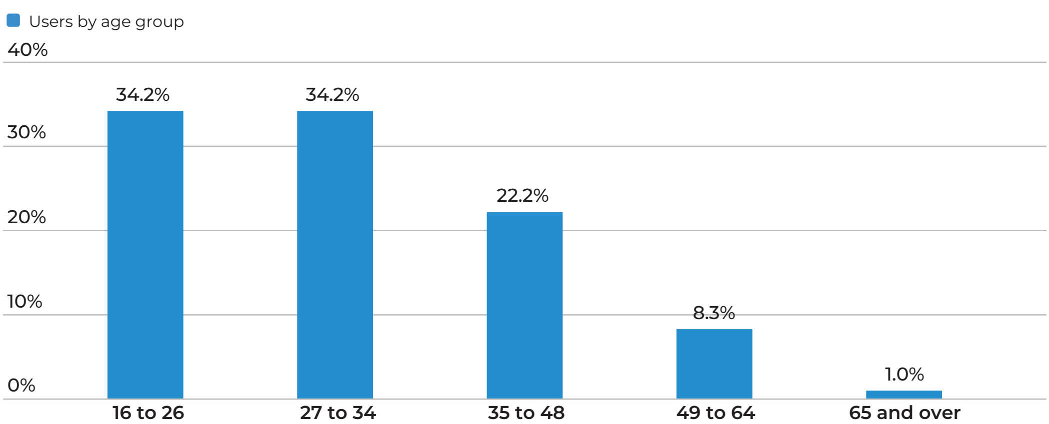
1.3 Who are the customers for ETF savings plans?

ETF savers generally have a lot in common. Securities saving plans are popular among younger investors in particular. They prefer to use online and neobrokers in their decision-making process. Once the savings plans are set up, they are usually not adjusted any further. In its report "Capital Market Communication for the New Investor Generation", the Deutsches Aktieninstitut therefore advises stock corporations and financial service providers to reach young people when they are setting up a savings plan, if not shortly before.

Young people use neobrokers for wealth accumulation

The core statements of the most extensive study "Hype or New Normal? Insights into the motives and behavior of a new generation of investors" by DIW Econ on the sociodemographic background of those who invest with neobrokers paint a clear picture. Approximately 70% of the more than 216,000 users of the neobroker Trade Republic were below the age of 35 in 2022 (Figure 2). Around 84% of them are men, 15% women, 1% diverse. Approximately half were investing on the capital market for the first time. The use of a neobroker is not necessarily dependent on the respective income situation. All income classes are represented, with 75% of users coming from the top half of German income distribution and 25% from the lower half.

Figure 2: Age structure of neobroker users



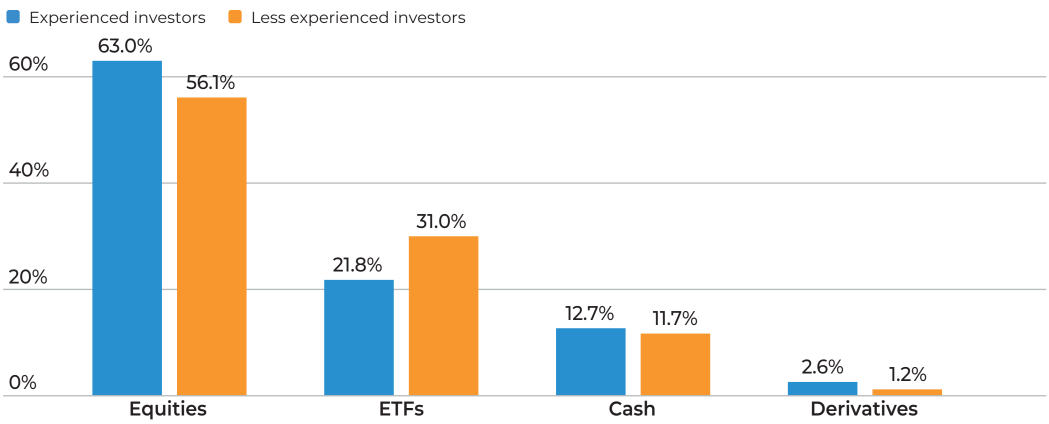
Source: DIW Econ

According to the survey, investors' motive for investing on the capital market was the lack of alternatives (77% agreement). Around 72% of users want their investments to make a long-term contribution to their retirement provision. 63% of users agreed with the statement "I rely on my own research for investments". This highlights the trend towards a self-determined approach.

"Inexperienced investors investing on the capital market for the first time invest more in ETFs than equities"

Within the asset classes – on average across all age groups – individual stocks (around 60%) are favoured more by investors than ETFs (26%). Derivatives account for 2%, with the remaining 12% in cash holdings. This shows that inexperienced investors investing on the capital market for the first time have a lower share of equities (56%) and a higher share of ETFs (31%). On average, experienced investors hold 63% equities and 22% ETFs (Figure 3).

Figure 3: Portfolio composition by level of experience



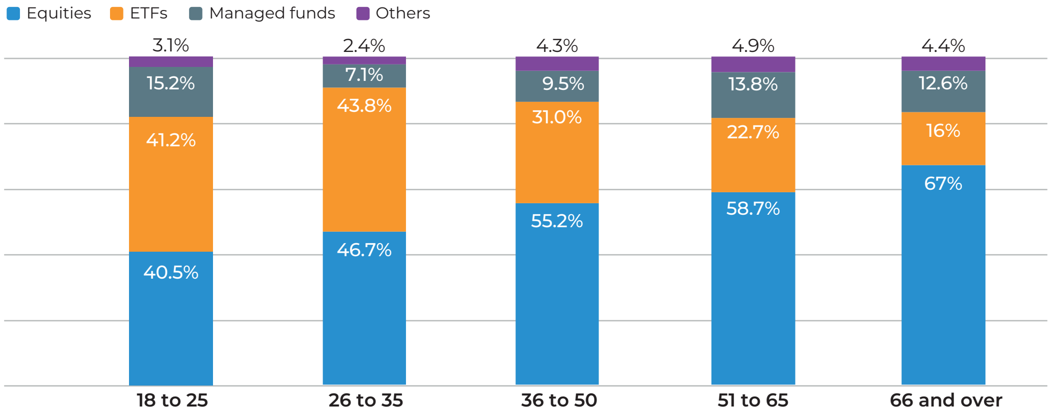
Source: DIW Econ

What's the situation with direct banks?

According to Consorsbank's "Generational Study 2023", at the end of 2022, the largest age group among securities account customers at 35.4% – more than a third – was best agers (51 to 65), followed by the 36 to 50 age group at 28.7%). Young investors are much less well represented: 5.3% are between 18 and 25, 15.2% are between 26 and 35. The difference compared to neobrokers is also very apparent here. While around 70% of neobroker investors are less than 35, this group accounts for only a little over 20% among brokers. Retirees (over the age of 66) represent 15.4% of Consorsbank's client base, but just 1% of Trade Republic's users.

There are clear differences in portfolio composition. This is most apparent in the preferences for ETFs and individual stocks. Younger people in particular prefer to invest in ETFs. Exchange-traded funds account for more than 40% of the portfolio volume of investors under 35. This breaks down as 43.8% in the 26 to 35 age group, slightly ahead of the 18 to 25 age group, where the volume of ETFs is 41.2%. By contrast, retirees hold just 16% ETFs. The over-66s resolutely prefer individual stocks. The portfolio volumes are two-thirds (67.0%) stocks and shares. By comparison, these account for just 40.5% among the 18 to 25 age group (Figure 4).

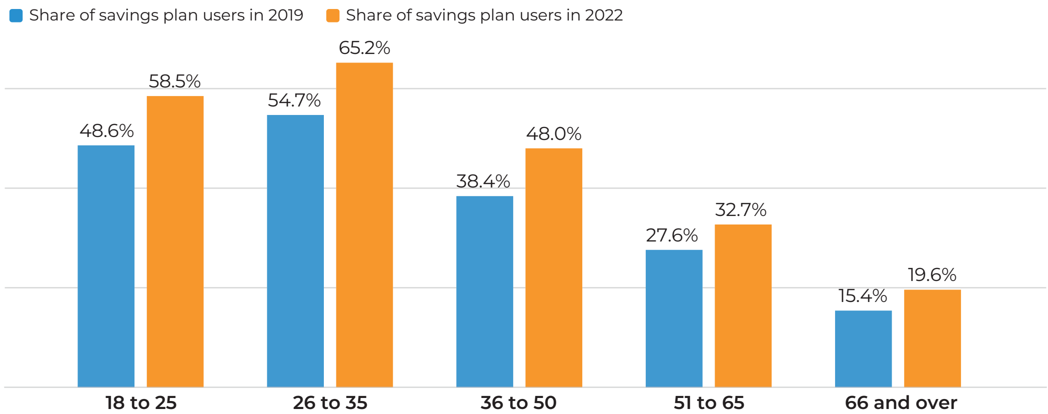
Figure 4: Portfolio composition of direct bank customers by age group



Source: Consorsbank

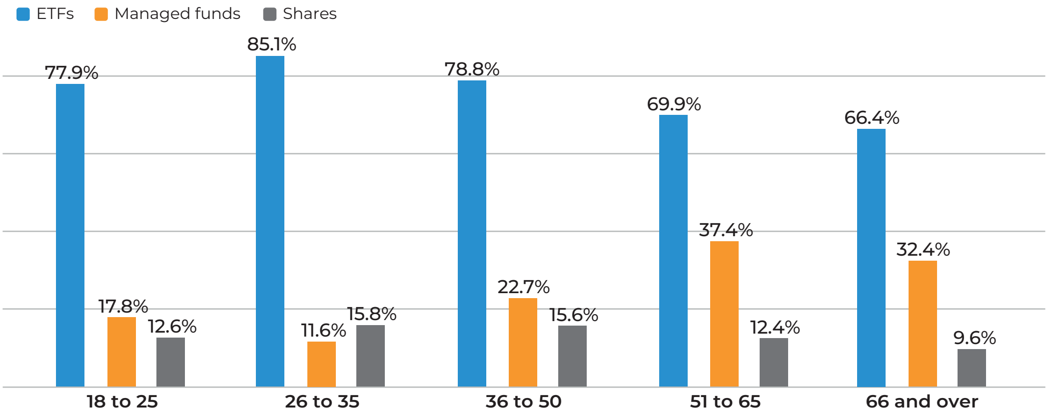
According to Consorsbank's "Generational Study 2023", the age structure among savings plan users is changing. More than half (58.5%) of the women and men aged between 18 and 25 use at least one savings plan (Figure 5). This rises to almost two thirds (65.2%) among the 26 to 35 age group. The share for those in the 36 to 50 age group is around half (48%). Meanwhile, the popularity of securities savings plans rose significantly across all age groups in 2022 as against the comparative year of 2019: by 9.9 percentage points in the 18 to 25 group, by 10.5 percentage points among people aged between 26 and 35 and by 9.6 percentage points among those aged 36 to 50.

Figure 5: Share of savings plan users by age group (brokers)



Source: Consorsbank

Figure 6: Share of savings plan users by type of security and age group (direct banks)



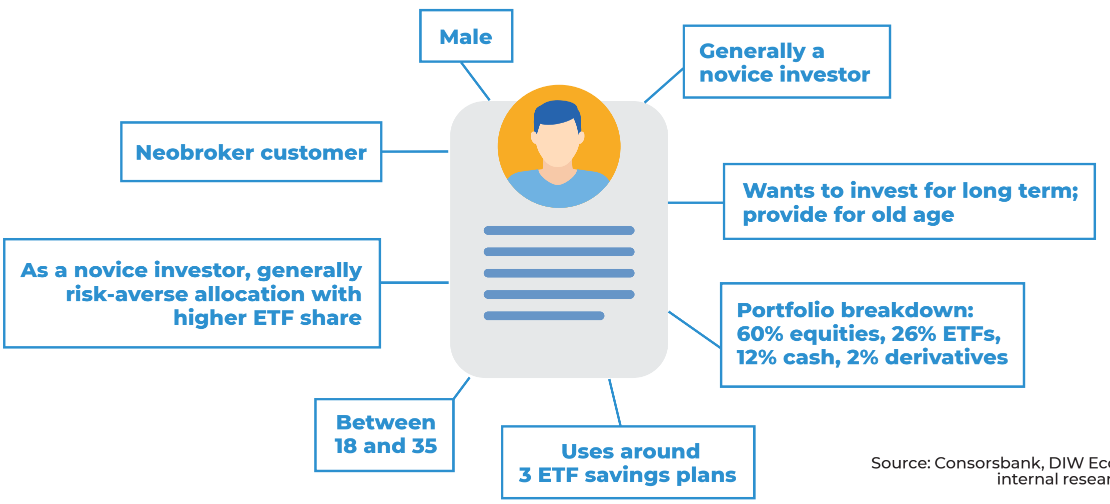
Source: Consorsbank

ETFs are by far the best-loved type of security among savings plan users (Figure 6). Across all the groups analysed, more than two thirds of investors who invest regularly do so with an ETF savings plan. Younger people in particular invest in ETFs. In the group aged 18 to 25, they account for the largest share of the portfolio volume at 41.2% on average. Among the oldest investors, those aged 66 and over, the share of ETFs is just 16%. The direct bank ING Deutschland (ING-DiBa) found a similar result. Their customers who use securities savings plans are aged 39 on average. At more than 60%, the commonest age group among those employed is 25 to 54.

As this shows, the fondness for savings plans diminishes with advancing age. Regular saving loses its appeal. This is understandable, as this group's time horizon grows shorter. Younger people therefore use savings plans for systematic wealth accumulation and to save for retirement.

In summary, the following statements can be made: Savings plan users tend to be young people aged between 18 and 35 (Figure 7). They use roughly four securities savings plans, three of which on average are ETF savings plans. In terms of portfolio structure, investments in individual stocks lead the way at 60%, followed by ETFs at 26% and cash holdings at 12%. Derivatives play a minor role at 2%. Novice investors' share of ETFs is nine percentage points higher than that of experienced investors (31% portfolio share compared to 22%). The average ETF savings plan instalment is approximately EUR 120, according to Consorsbank's "Generational Study". This is growing steadily across all age classes. It averages at EUR 99 among those aged 18 to 25 and is almost double this at EUR 199 among those over 66.

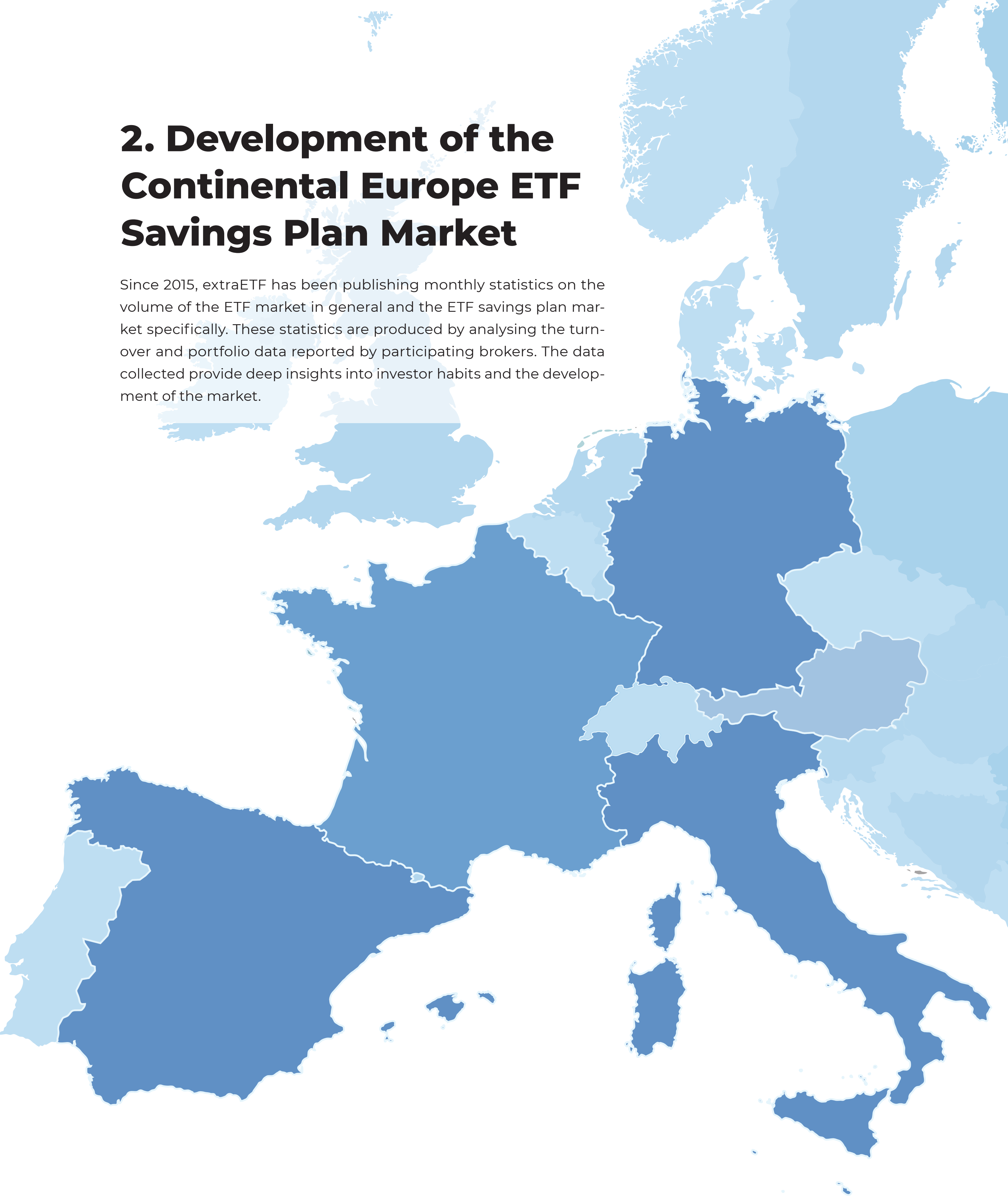
Figure 7: The typical savings plan user



Source: Consorsbank, DIW Econ, internal research

2. Development of the Continental Europe ETF Savings Plan Market

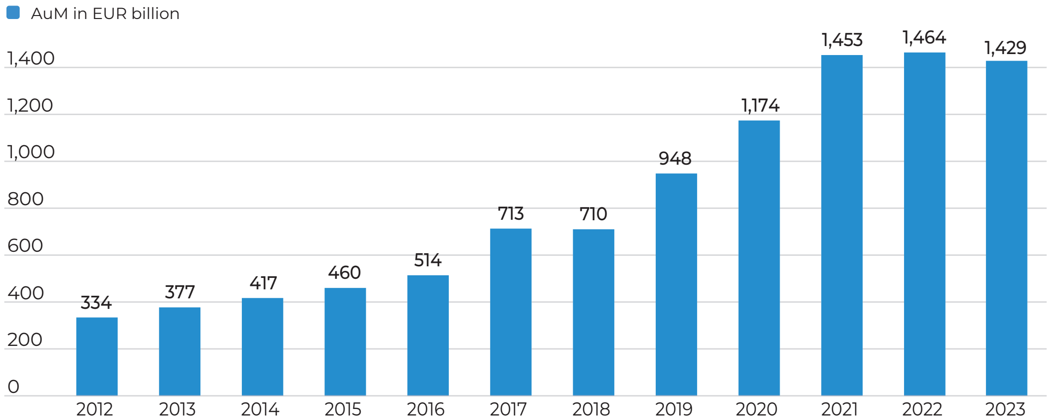
Since 2015, extraETF has been publishing monthly statistics on the volume of the ETF market in general and the ETF savings plan market specifically. These statistics are produced by analysing the turnover and portfolio data reported by participating brokers. The data collected provide deep insights into investor habits and the development of the market.



Development of the ETF and the ETF savings plan market in Continental Europe

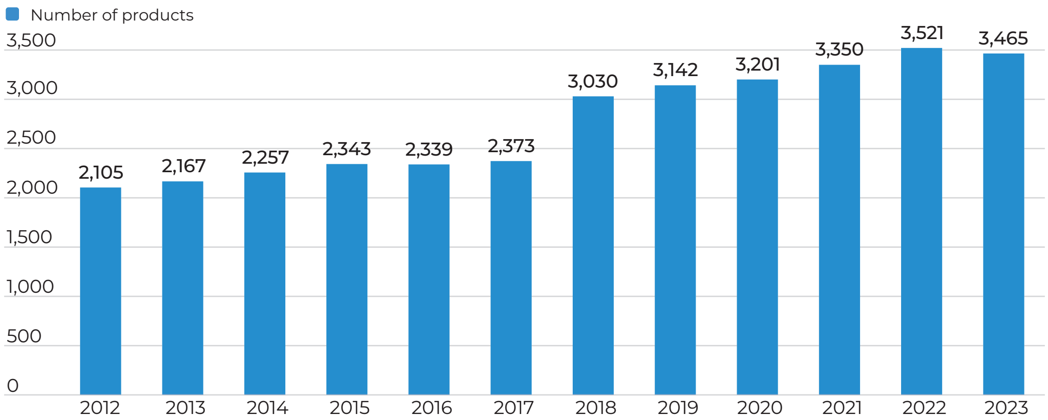
ETFs have established themselves as an essential investment for structured wealth accumulation. Starting from Germany as the biggest ETF market, this trend has spread dynamically throughout Continental Europe. In the period from 2012 to 2023, assets under management in ETFs in Continental Europe have more than quadrupled from EUR 334 billion to around EUR 1.4 trillion (Figure 8). The number of products available has also increased over the same period, from 2,257 to 3,465 ETFs (Figure 9).

Figure 8: ETF assets under management in Europe (market as a whole)



Source: BlackRock

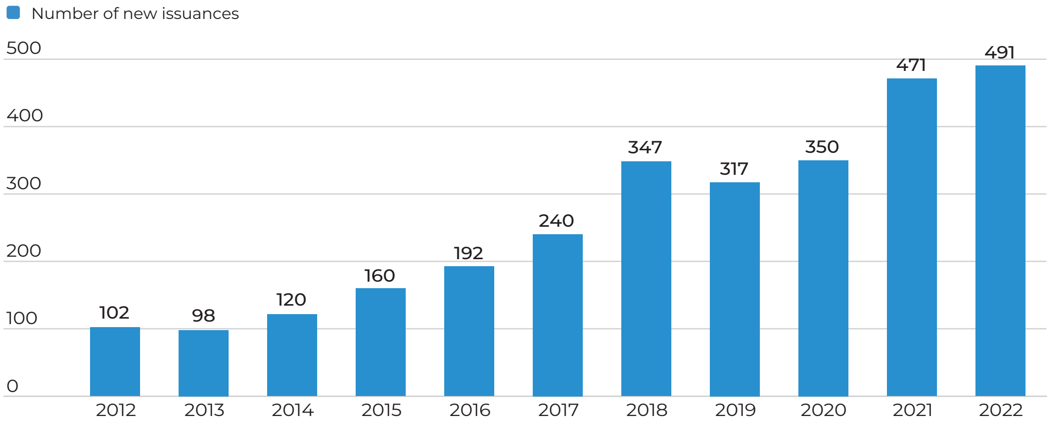
Figure 9: Development in number of ETFs in Europe (market as a whole)



Source: BlackRock

The industry is characterised by a high level of innovation. New products are constantly adding more regions, markets, sectors and (investment) issues. Thanks to ETFs, investors are able to cover the full world economy, actively investing in preferred national markets or along the value chain of specific industries. Within the space of five years, the number of new ETFs issued has more than doubled from 240 in 2017 to 491 in 2022 (Figure 10). From an investor's perspective, the growing product range means a large selection and new opportunities to optimise investment on the one hand, but also the challenge of keeping track on the other.

Figure 10: New ETF issuances per year



Source: extraETF Research

In line with the broad market growth, there has also been an increase in the number of product providers. The assets invested in ETFs are concentrated among a small number of companies (Table 5). One of the biggest is the US investment company BlackRock, which has a market share of 44.2% with its ETF brand iShares. In second place is Amundi with a market share of 12.7%. DWS, Deutsche Bank's asset manager, accounts for 9.9%.

Table 5: Market share of ETF providers in Europe (in USD billion)

Provider	Assets	Market share in %	Q1 inflows	YTD inflows
iShares	681.8	44.20	20.1	20.1
Amundi	195.5	12.70	3.1	3.1
DWS	153.3	9.90	4.0	4.0
UBS	94.4	6.10	4.1	4.1
Vanguard	89.3	5.80	0.2	0.2
Invesco	67.6	4.40	-0.1	-0.1
State Street	59.4	3.90	1.7	1.7
WisdomTree	29.6	1.90	2.3	2.3
HSBC	21.0	1.40	1.6	1.6
BNP Paribas	20.9	1.40	1.6	1.6
Others	129.4	8.30	4.0	4.0
Total	**1,542.20**	**100.00%**	**42.2**	**42.2**

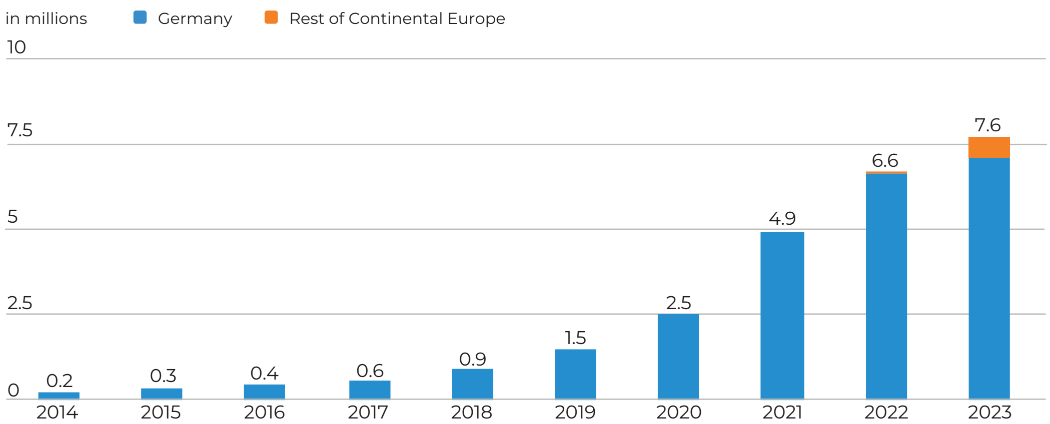
Source: BlackRock, Q1/2023

Providers were measured at the level of the respective parent company. References to the company names used in this report are merely intended to help explain the investment strategy and are not to be construed as investment advice or an investment recommendation for the company in question.

The high demand for ETFs is also reflected in the rising number of ETF savings plans. The strong growth momentum is firstly thanks to the low barriers to entry, with a product that is relatively easy to understand available at a low cost. In Germany, for example, brokers began offering ETF savings plans free of charge in 2010 (see Milestones, p. 20). Secondly, the COVID pandemic – in particular 2020 and 2021, when investors had more time to focus on their personal situation – gave a strong boost to the growth in ETF savings plans.

Spurred by these factors, the number of ETF savings plans grew from 158,000 contracts starting in 2014 to approximately 6.6 million contracts by the end of 2022. By the end of 2023, around 7.6 million ETF savings plans will be executed in Continental Europe. As the biggest ETF market, Germany alone will account for 7.1 million of these ETF savings plans (Figure 11). extraETF expects that the ETF savings plan market will continue to grow dynamically into 2028 (see also section 3). Each month, German investors save EUR 164 on average according to the brokers analysed by extraETF. The ETF savings plan rate is slightly higher in Continental Europe at EUR 175.

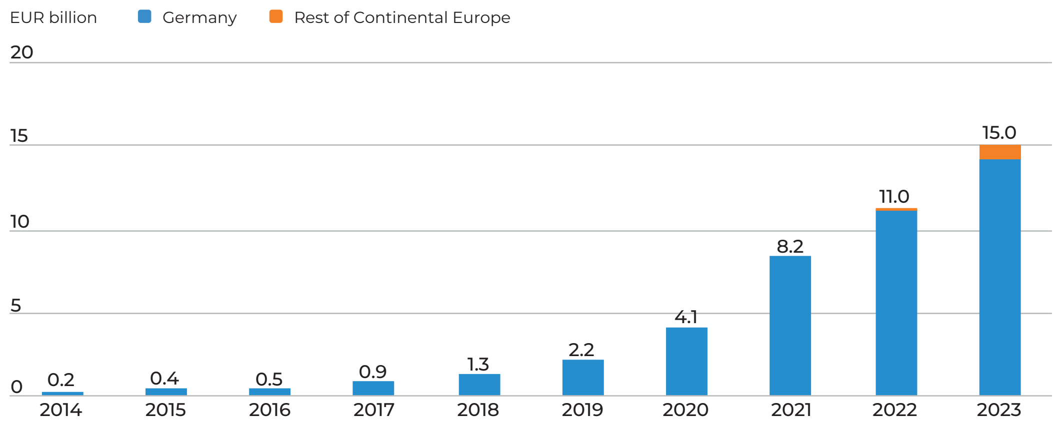
Figure 11: Number of ETF savings plans



Source: extraETF Research

By the end of the current year, the volume invested in ETF savings plans will amount to around EUR 15 billion (EUR 14 billion of which in Germany, EUR 1 billion in the other countries of Continental Europe) (Figure 12). Admittedly, the growth momentum in Germany – as Europe's leading and key market – has slowed slightly as a result of high inflation and rising interest rates. But the efforts to reform private pensions set out in the German government's coalition agreement will generally have a positive effect on demand for ETF savings plans. The initial results of the panel of experts are already pointing to this.

Figure 12: ETF savings volume



Source: extraETF Research

In summary, the development of the ETF savings plan market is characterised by strong growth momentum and is being stimulated by a number of factors. ETF providers are offering access to a product that is relatively easy to understand, affordable and has low barriers to entry. At the same time, brokers are frequently using ETFs free of charge as a strategic product to attract new customers. Spreading from Germany as the biggest ETF market, the other markets of Continental Europe will also experience growth in demand. Each country has its own investor culture and broker infrastructure that will be looked at more closely in the sections ahead.

Milestones

In the space of just a few years, starting from Germany, ETFs and ETF savings plans have spread dynamically in Europe – beginning with the first savings plans in autumn 2010, followed by further internationalisation and now cooperations between ETF providers and brokers.

Table 6: Milestones in Germany, France, Spain, Italy and Austria

Germany	Sept 10	DAB Bank and Maxblue offer ETF savings plans free of charge for the first time with Xtrackers
Germany	Oct 11	DAB Bank now offers 167 ETFs free of charge as ETF savings plans
Germany	Sept 13	DAB Bank and DWS report positive results
Germany	Aug 14	Private investors hold more than EUR 5 billion in ETFs for the first time
Germany	Nov 14	S Broker expands range of ETF savings plans
Germany	Nov 15	Private investors hold more than EUR 10 billion in ETFs for the first time
Germany	May 16	HypoVereinsbank offers ETF savings plans for the first time
Germany	Jun 17	More than 500,000 ETF savings plans for the first time
Germany	Jul 17	Consorsbank reports more than 100,000 ETF savings plan executions for the first time
Germany	Jan 18	extraETF.com reviews ETF savings plan offerings for the tenth time
Germany	Apr 18	Private investors hold more than EUR 20 billion in ETFs for the first time
Germany	Aug 18	Comdirect now offers 557 ETFs as ETF savings plans
Germany	May 19	More than 1 million ETF savings plans for the first time
Germany	Nov 19	Trade Republic offers zero-fee ETF savings plans
Germany	Jun 20	Launch of Scalable Capital broker
Austria	Nov 20	Trade Republic launches in Austria
Germany	Dec 20	More than 2 million ETF savings plans for the first time
Germany	Jan 21	Private investors hold more than EUR 50 billion in ETFs for the first time
Germany	Jan 21	More than 2 million ETF savings plans in Germany for the first time
Germany	Feb 21	ING offers all ETF savings plans free of charge
Germany	Feb 21	Trade Republic now offering 1,500 ETF savings plans free of charge
Germany	Apr 21	Price campaign by Flatex: 1,200 ETFs free of charge in savings plan
France	May 21	Trade Republic now also offering free ETF savings plans in France
Austria	May 21	DADAT introduces ETF savings plans with partner iShares
Italy	Jul 21	Directa offers 150 ETF savings plans with Amundi/Lyxor
Germany	Aug 21	More than 3 million ETF savings plans for the first time
Germany	Aug 21	Scalable Capital now offering 1,900 ETF savings plans free of charge
Spain	Oct 21	Trade Republic offers its free ETF investment plans in Spain, more than 1,700 to date
Germany	Dec 21	Private investors hold more than EUR 80 billion in ETFs for the first time
Italy	Dec 21	Trade Republic launches in Italy with free ETF savings plans
France	Mar 22	Scalable Capital launches in France and offers free ETF savings plans
Spain	Mar 22	Scalable Capital expands range in Spain with free ETF investment plans, more than 1,300 to date
Italy	Apr 22	Scalable Capital launches free ETF savings plans in Italy
Austria	May 22	Scalable Capital launches in Austria with 1,500 ETF savings plans
Spain	Jun 22	HeyTrade works with BlackRock to offer ETF investment plans
Italy	Nov 22	Fineco Bank expands range of free ETF savings plans with iShares
Germany	Dec 22	More than 3.8 million ETF savings plans in Germany
Germany	Jan 23	Scalable hits magic mark of 1 million savings plans
Italy	Jun 23	Directa extends ETF savings plans to 430 ETFs
Germany	May 23	Trade Republic passes 3 million ETF savings plans

Source: extraETF Research

2.1 Germany

Germany is by far the biggest market for ETF savings plans in Continental Europe. Almost every bank with significant securities business offers ETF savings plans. The plans offered by brokers differ significantly at times, which does not make it easy to choose a bank. The emergence of neobrokers has heightened competition among brokers significantly, and the good conditions have since led to strong market growth. 7.1 million ETF savings plans are now executed every month.

2.1.1 Providers

The huge popularity of ETFs has led to more and more brokers offering ETF savings plans. Specifically, investors in Germany can set up an ETF savings plan with a large number of brokers. Large high-street banks such as Targobank, Commerzbank, HypoVereinsbank and Postbank have now also begun offering ETF savings plans (Table 7). It is thus a highly competitive market where offering good terms and a comprehensive range of ETFs is a provider's best way of standing out from the crowd. As part of its ETF savings plan comparison, extraETF is continuously analysing the ranges and services offered by brokers and banks, and it publishes the results in clear comparisons on its website.

Table 7: Providers and ETF savings plan offerings

Provider	Number of ETFs	Special offer ETFs	Execution costs
Scalable Capital	2,076	2,076	€ 0.00
Trade Republic	1,893	1,893	€ 0.00
Consorsbank	1,704	410	1.50%
Flatex	1,388	1,388	€ 0.00
Finvesto	1,208	0	0.20%
DKB	1,002	161	€ 1.50
1822direkt	992	95	1.50% (min. € 1.50 €/max. € 14.90)
Comdirect	959	197	1.50%
Finanzen.net Zero	868	868	€ 0.00
ING	808	808	€ 0.00
S Broker	724	100	2.50%
Smartbroker (Plus)	642	24	0.20% (min. € 0.80)
HypoVereinsbank	633	0	1.50%
Maxblue	334	146	1.25%
Traders Place	319	319	€ 0.00
Bux	201	201	€ 0.00
Commerzbank	183	15	€ 2.50 + 0.25%
Justtrade	161	161	€ 0.00
Postbank	140	10	€ 0.90
Genobroker	112	29	€ 0.95
Onvista Bank	102	0	€ 1.00
Targobank	95	0	2.50% (min. € 1.50/max. € 3.00)
Vanguard Invest Direkt	51	51	€ 0.00

Source: extraETF Research

2.1.2 Costs

ETF investors are highly cost-conscious. This not only applies to the selection of ETFs, for which the ongoing costs are often only between 0.2% and 0.3% per year, but also to the choice of broker through which the ETF savings plan is handled. Neobrokers especially have greatly simplified saving with ETFs for private investors, offering ETF savings plans mostly free of charge and thereby spurring the spread of ETFs and ETF savings plans. The reasons for the good terms are firstly the specialised offering, in conjunction with which ETF savings plans are a tool for acquiring new customers. Secondly, neobrokers use a highly digital approach that enables automated and more efficient processes and thus greater cost reduction potential. The costs for executing ETF savings plans vary considerably. Fees range from EUR 0 to EUR 3.75 per execution with an underlying rate of EUR 150 (Table 8).

Table 8: Costs of an ETF savings plan execution

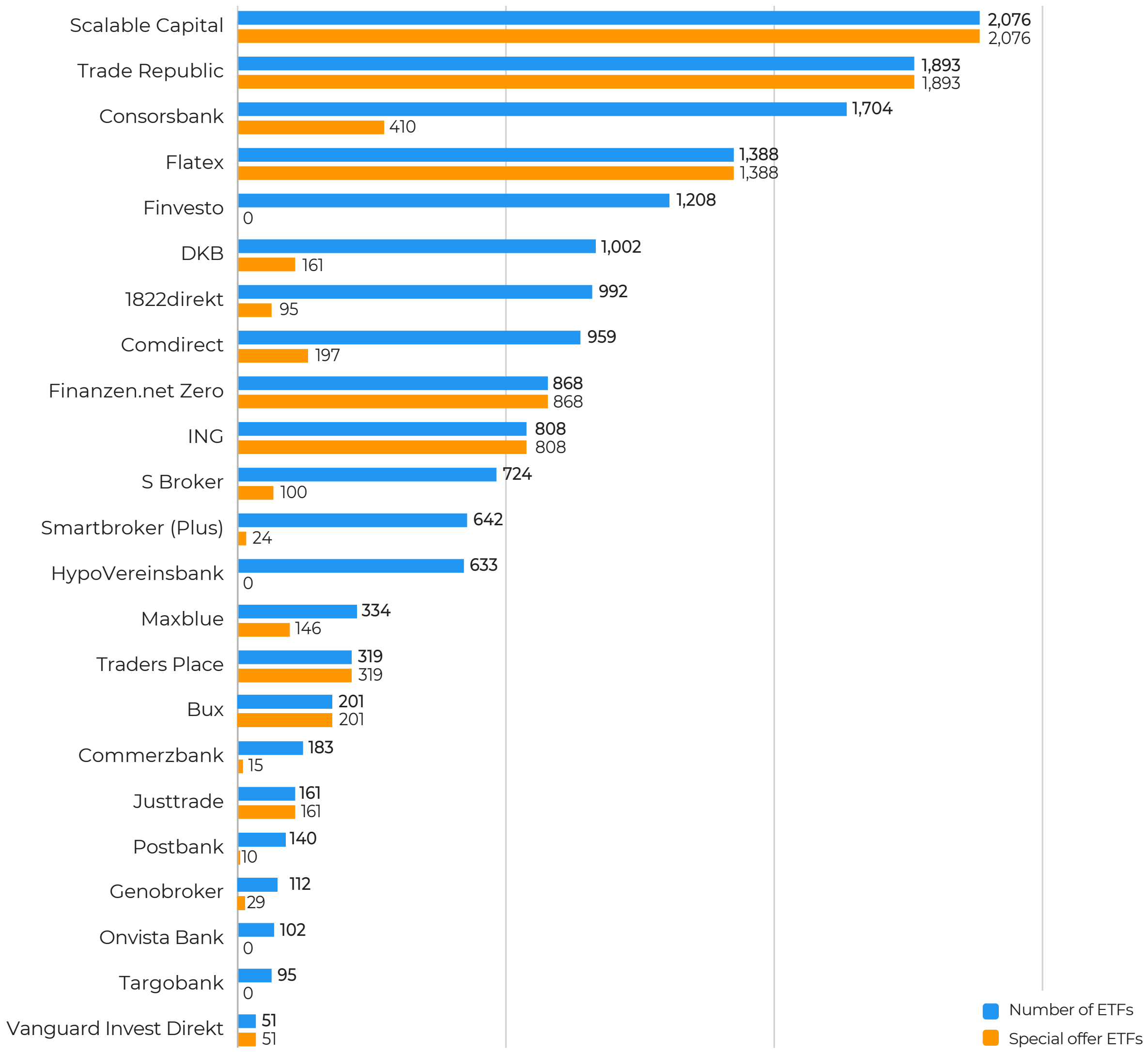
Provider	€ 50.00	€ 100.00	€ 150.00	€ 200.00	€ 250.00	€ 300.00	€ 500.00
Scalable Capital	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Trade Republic	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Bux	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Flatex	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
ING	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Finanzen.net Zero	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Justtrade	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Vanguard Invest Direkt	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Traders Place	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Finvesto	€ 0.10	€ 0.20	€ 0.30	€ 0.40	€ 0.50	€ 0.60	€ 1.00
Smartbroker	€ 0.80	€ 0.80	€ 0.80	€ 0.80	€ 0.80	€ 0.80	€ 0.80
Postbank	€ 0.90	€ 0.90	€ 0.90	€ 0.90	€ 0.90	€ 0.90	€ 0.90
Genobroker	€ 0.95	€ 0.95	€ 0.95	€ 0.95	€ 0.95	€ 0.95	€ 0.95
Onvista Bank	€ 0.00	€ 1.00	€ 1.00	€ 1.00	€ 1.00	€ 1.00	€ 1.00
DKB	€ 1.50	€ 1.50	€ 1.50	€ 1.50	€ 1.50	€ 1.50	€ 1.50
Maxblue	€ 0.63	€ 1.25	€ 1.88	€ 2.50	€ 3.13	€ 3.75	€ 6.25
Consorsbank	€ 0.75	€ 1.50	€ 2.25	€ 3.00	€ 3.75	€ 4.50	€ 7.50
Comdirect	€ 0.75	€ 1.50	€ 2.25	€ 3.00	€ 3.75	€ 4.50	€ 7.50
1822direkt	€ 1.50	€ 1.50	€ 2.25	€ 3.00	€ 3.75	€ 4.50	€ 7.50
HypoVereinsbank	€ 0.75	€ 1.50	€ 2.25	€ 3.00	€ 3.75	€ 4.50	€ 7.50
Commerzbank	€ 2.63	€ 2.75	€ 2.88	€ 3.00	€ 3.13	€ 3.25	€ 3.75
Targobank	€ 1.50	€ 2.50	€ 3.00	€ 3.00	€ 3.00	€ 3.00	€ 3.00
S Broker	€ 1.25	€ 2.50	€ 3.75	€ 5.00	€ 6.25	€ 7.50	€ 12.50

Source: extraETF Research

2.1.3 Offerings

Given the low cost structure for the processing of securities transactions, it's no wonder that neobrokers especially offer the biggest number of ETFs eligible for savings plans (Figure 13). The price model of these brokers is also particularly clear and transparent. Unlike many other brokers such as Consorsbank, DKB or Comdirect, who only offer ETFs at reduced rates in conjunction with sales campaigns, neobrokers offer all ETFs free of charge. There are also exceptions, like ING, who have realised that ETF savings plans are a valid instrument for turning customers who start off with an instant access savings account or a checking account into securities account customers as well. This also illustrates the upselling potential essential to brokers.

Figure 13: Number of ETFs offered



Source: extraETF Research

2.1.4 Service

Besides the cost, the service on offer also plays a key role for investors. There are several criteria for ETF savings plans (Table 9). For example, is it possible to choose different execution intervals such as monthly, bi-monthly, quarterly, semi-annually or annually? The number of execution days per months can also vary considerably. While some brokers offer a choice of multiple execution days, others limit these to just the first of the month. Other service options include the amount of the savings plan rate and the option of automatic index-linking. Some brokers offer ETF savings plans with instalments from just EUR 1 per month, while others require a minimum instalment of EUR 25. Meanwhile, some also place maximum limits on the savings plan rate. This can range from EUR 500 to EUR 50,000.

Table 9: Service on ETF savings plans

Brokers	Execution interval	Option for index-linking	Min./max. savings rate
Scalable Capital	Monthly, bi-monthly, quarterly, semi-annually, annually	Yes, up to 8%	€ 1 / € 5,000
Trade Republic	Weekly, fortnightly, monthly, quarterly	No	€ 1 / € 10,000
ING	Monthly, bi-monthly, quarterly	Yes, between 0% and 10%	€ 1 / € 1,000
Flatex	Monthly, quarterly, semi-annually, annually	No	€ 25 / –
Finanzen.net Zero	Monthly	No	€ 1 / –
Bux	Monthly	No	€ 10 / € 25,000
Justtrade	Monthly	No	€ 25 / € 5,000
Postbank	Monthly, bi-monthly, quarterly	Yes, between 5% and 10%	€ 25 / € 1,000
Consorsbank	Monthly, bi-monthly, quarterly, semi-annually	Yes, between 0% and 10%	€ 10 / € 10,000
DKB	Monthly, bi-monthly, quarterly	No	€ 50 / € 10,000
Maxblue	Monthly, bi-monthly, quarterly, semi-annually, annually	No	€ 25 / € 50,000
Comdirect	Weekly, fortnightly, monthly, bi-monthly, quarterly, semi-annually, annually	No	€ 25 / € 10,000
Finvesto	Monthly, quarterly, semi-annually, annually	Yes	€ 0.01 / –
Genobroker	Monthly, bi-monthly, quarterly, semi-annually, annually	Yes	€ 10 / –
1822direkt	Monthly	Yes, up to 10%	€ 25 / –
Onvista Bank	Monthly, quarterly	No	€ 50 / € 500
S Broker	Monthly, bi-monthly, quarterly, semi-annually, annually	No	€ 20 / –
HypoVereinsbank	Monthly, bi-monthly, quarterly, semi-annually, annually	Yes, up to 10%	€ 25 / –
Commerzbank	Monthly, bi-monthly, quarterly, semi-annually, annually	No	€ 25 / –
Targobank	Monthly, bi-monthly, quarterly, semi-annually, annually	No	€ 50 / € 500

Source: extraETF Research

2.1.5 Taxation

Something that has a major effect on the acceptance of ETFs and ETF savings plans is the taxation of capital gains and income from ETF investments.

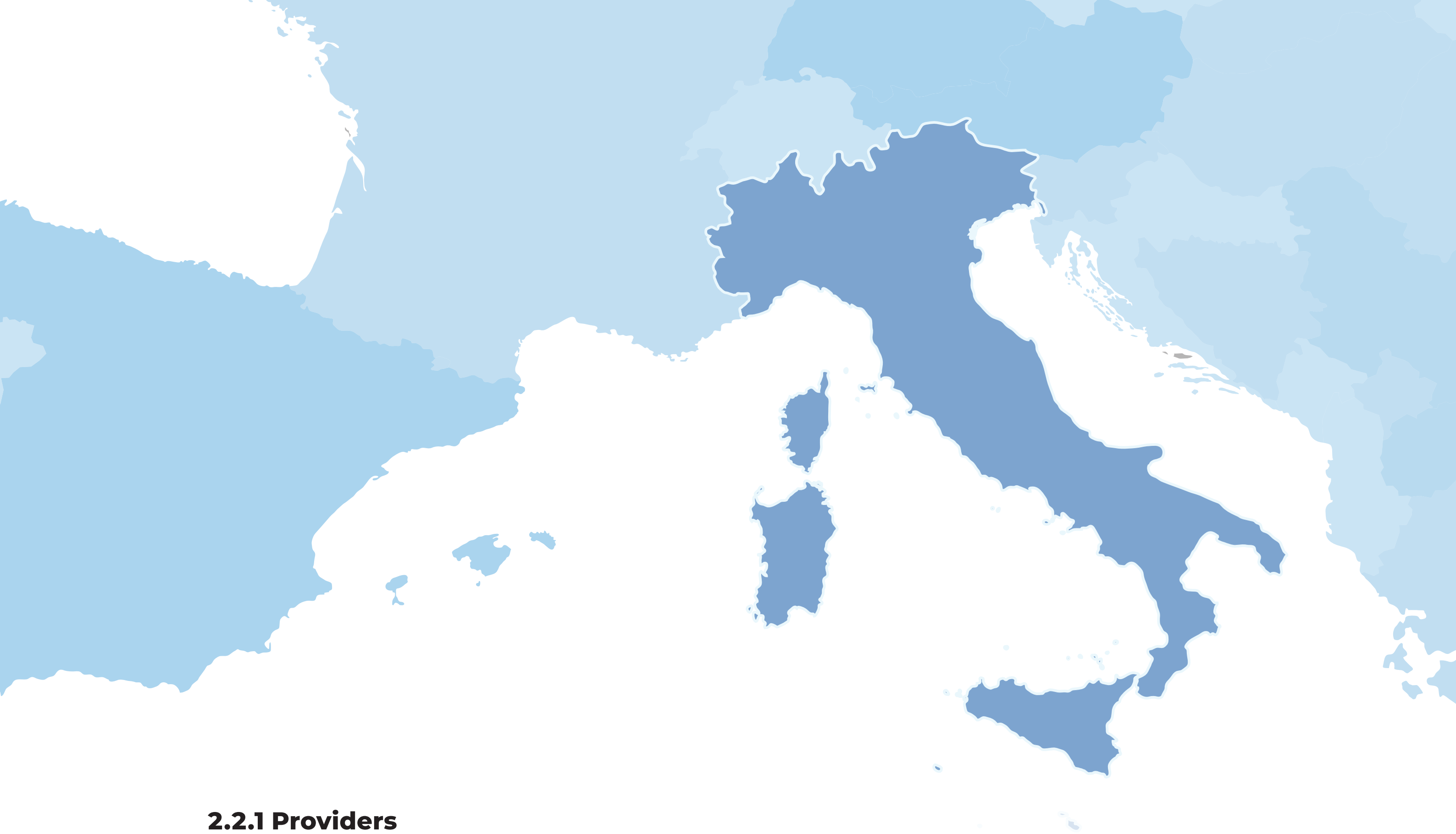
The investment tax reform of 2018 aimed to simplify taxation and harmonised the taxation of investment funds. Moving forward, certain domestic income is taxed at fund level. To compensate for this, and for the lost option of foreign withholding taxes, distributions, minimum allowances and capital gains are exempted pro rata at investor level. The amount of the partial exemption varies depending on the fund category. The ones most relevant to ETF investors are mixed funds with at least 25% equities (15%) and equity funds with at least 51% equities (30%). This means that, on an equities ETF, the income is only 70% taxable, while 30% is exempt.

Capital gains tax (definitive withholding tax) is incurred when securities are sold and in the event of distributions and dividends. The amount of the definitive withholding tax is 25% plus 5.5% solidarity surcharge, i.e. 26.375% in total. There may also be church tax on top of this.

Investors can also use the savers' allowance if they submit an exemption application to their custodian bank. This reduces their tax burden. The allowance can also be distributed across multiple institutions. From 2023, the savers' allowance is EUR 1,000 for those filing separately and EUR 2,000 for joint filings. If an exemption application is not submitted, investors can claim the taxes paid in their tax return, and the savers' allowance will then automatically be taken into account.

2.2 Italy

The ETF market for private investors is growing in Italy as well. The low costs play a key role, as PwC writes in its study, “ETFs 2027: A world of new possibilities”. In line with this trend, various brokers are also offering ETF savings plans in Italy. The pan-European neobrokers Scalable Capital, Trade Republic and Bux are operating on this market alongside the local brokers Fineco Bank and Directa SIM.



2.2.1 Providers

The Italian market received fresh stimulus from the market debut of the pan-European neobrokers Trade Republic, Scalable Capital and Bux (Table 10). Since entering the market, both Fineco Bank and Directa SIM have entered into new partnerships with ETF issuers to extend their ETF savings plan product range. Neobrokers use ETF savings plans to attract new customers and therefore typically offer ETF savings plans free of charge. User-friendly digital applications also make it easier for customers to take their first steps on the capital market.

Table 10: Providers and ETF savings plan offerings

Provider	Number of ETFs	Special offer ETFs	Execution costs
Trade Republic	2,191	2,191	€ 0.00
Fineco Bank	2,101	447	€ 2.95
Scalable Capital	1,517	1,517	€ 0.00
Directa SIM	436	436	€ 0.00
Bux	201	201	€ 0.00

Source: extraETF Research

2.2.2 Costs

The cost structure for ETF savings plans in Italy is straightforward and similar to that in Germany and on other European markets. Neobrokers such as Scalable Capital and Trade Republic offer all ETF savings plans free of charge (Table 11). The same goes for Directa SIM.

Fineco Bank's range is more varied as the broker's costs are calculated at between EUR 2.95 and EUR 19.85 per ETF savings plan. Up to ten ETF savings plans can be used for a package price of EUR 19.85.

Table 11: Costs of an ETF savings plan execution

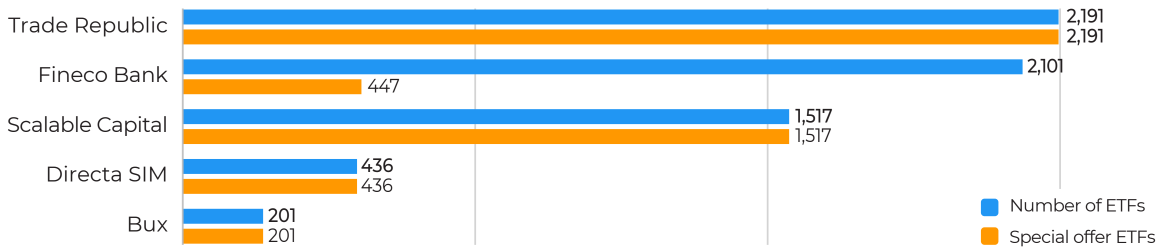
Provider	€ 50.00	€ 100.00	€ 150.00	€ 200.00	€ 250.00	€ 300.00	€ 500.00
Trade Republic	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Scalable Capital	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Directa SIM	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Bux	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Fineco Bank	€ 2.95	€ 2.95	€ 2.95	€ 2.95	€ 2.95	€ 2.95	€ 2.95

Source: extraETF Research

2.2.3 Offerings

The number of ETFs eligible for savings plans at Trade Republic and Fineco Bank is over 2,000 (Figure 14). The ETF savings plans of Trade Republic, Scalable Capital, Directa SIM and Bux are free of charge. And Fineco Bank also offers a considerable number of ETFs for ETF savings plans, though only around 450 of these ETFs can be used free of charge.

Figure 14: Number of ETFs offered



Source: extraETF Research

2.2.4 Service

The pan-European brokers Trade Republic, Scalable Capital and Bux offer the same savings plan modifications in Italy as on their other national markets (Table 12). Fineco and Directa SIM offer savers just two or one option respectively for the execution interval. It is not possible to index-link the savings rate. In addition, they do not allow customers to buy fractions, which complicates trading considerably. Neobrokers offer some additional services, such as assistance in preparing tax returns. Brokers enter into cooperations with companies that operate in the tax sector, such as well-known consultancies.

Table 12: Service on ETF savings plans

Brokers	Execution interval	Option for index-linking	Min./max. savings rate
Scalable Capital	Monthly, bi-monthly, quarterly, semi-annually, annually	Yes, up to 8%	€ 1 / € 5,000
Trade Republic	Weekly, fortnightly, monthly, quarterly	No	€ 1 / € 10,000
Bux	Monthly	No	€ 10 / € 25,000
Fineco	Fortnightly, monthly	No	Whole units only
Directa SIM	Monthly	No	Whole units only

Source: extraETF Research

2.2.5 Taxation

Given the nature of the instrument, the tax regulations for ETFs in Italy were established within the framework of the existing national regime for the taxation of undertakings for collective investment in transferable securities (UCITS). One first distinction that has to be made is that of the financial intermediary with whom the customer holds the ETF. Holding ETFs through a financial intermediary based in Italy gives the tax payer the option to manage the tax aspects directly in two ways: the managed savings regulation or by opting for the declarative regulation, which allows autonomous management of the tax return.

The advantages of the managed savings regulation are of a purely administrative nature. The intermediary, as the party required to deduct tax, handles the tax formalities on the customer's behalf. By contrast, the declarative regulation entails greater bureaucratic effort for customers, but at the same time offers advantages in terms of tax optimisation, such as the option of the more efficient offsetting of capital losses against capital gains.

Holding ETFs through a non-resident financial intermediary compels customers to choose the declarative procedure. This means that customers, with the assistance of a tax advisor, have to declare their gains and losses in their tax return. As outlined above, the declarative system leads to greater tax optimisation as there is no risk of paying taxes even if you have capital losses.

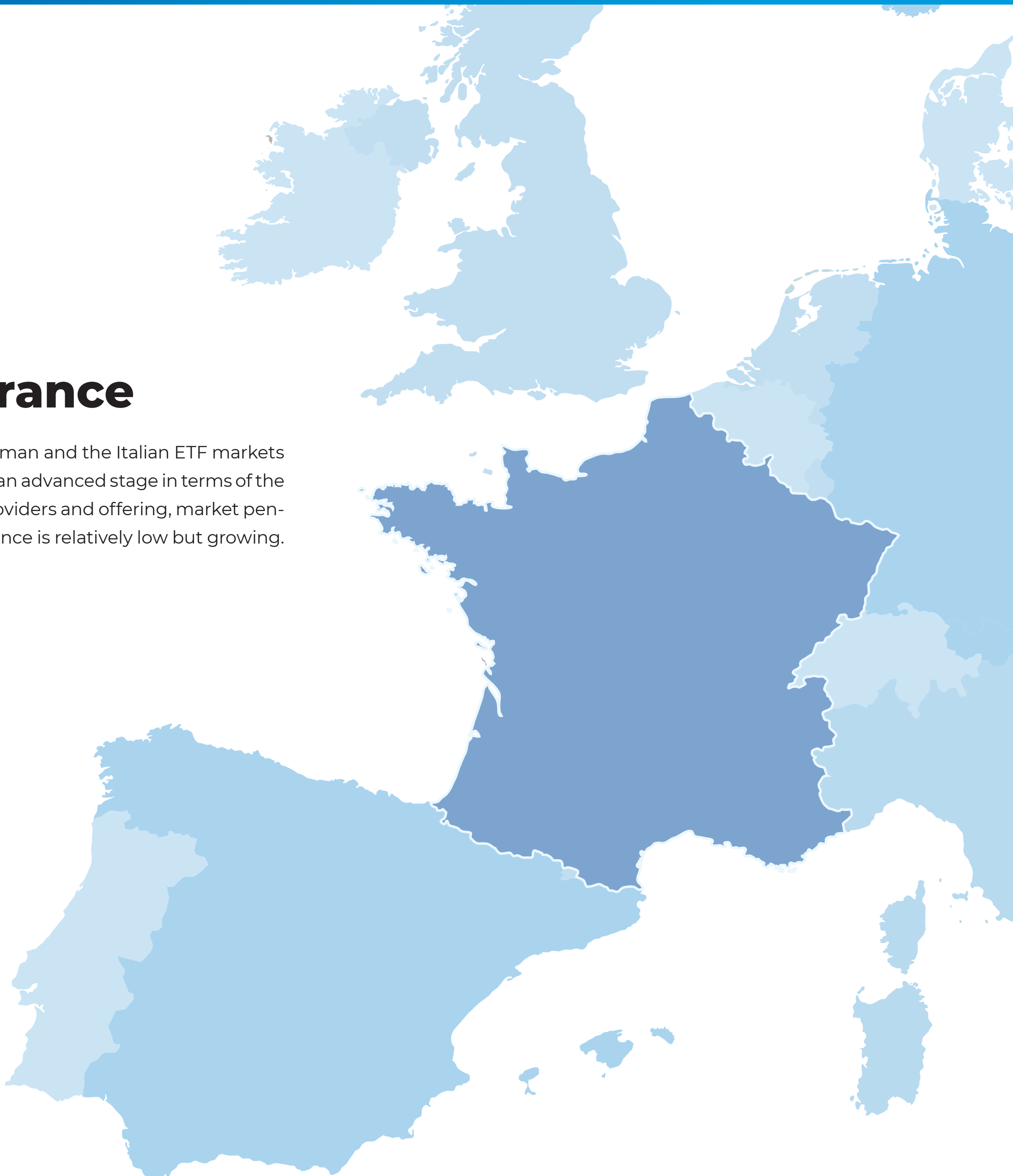
Gains on disposals or periodic income from ETFs are taxed at 26%. ETFs that invest in Italian government securities and qualifying foreign government securities and their supranational institutions are taxed at a reduced rate of 12.50%.

One key concern is the matter of capital losses. This is because Italian legislation makes a difference between investment income and other income. Investment income is defined as income that is certain to occur but of uncertain amount, while lawmakers have defined other income as uncertain in terms of both occurrence and amount.

Legislation does not allow the offsetting of capital losses and gains from transactions between instruments that belong to different income categories. It is therefore not possible to offset capital gains, interest or dividends from ETFs (investment income) against capital losses from ETFs (other income). Capital losses from ETFs can be offset against capital gains from transactions with equities and ETCs (other income).

2.3 France

While the German and the Italian ETF markets are already at an advanced stage in terms of the number of providers and offering, market penetration in France is relatively low but growing.



2.3.1 Providers

Although various investment wrappers are available to French investors, which are described in more detail under 2.3.5, we will focus for the purpose of this study, on ETF Savings Plans in traditional brokerage accounts (Compte-Titre Ordinaire - CTO). There are three neobrokers offering ETF savings plans in CTO (in traditional brokerage accounts) to date (Table 13).

Table 13: Providers and ETF savings plan offerings

Provider	Number of ETFs	Special offer ETFs	Execution costs
Trade Republic	2,081	2,081	€ 0.00
Scalable Capital	1,626	1,626	€ 0.00
Bux	201	201	€ 0.00

Source: extraETF Research

2.3.2 Costs

The neobrokers Trade Republic, Scalable Capital and Bux have entered the French market. All three brokers offer ETF savings plans free of charge regardless of the invested amount (Table 14). Thanks to set execution dates, the brokers benefit from consolidating their orders on the exchanges, which significantly reduces their settlement costs.

Table 14: Costs of an ETF savings plan execution

Provider	€ 50.00	€ 100.00	€ 150.00	€ 200.00	€ 250.00	€ 300.00	€ 500.00
Trade Republic	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Scalable Capital	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Bux	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00

Source: extraETF Research

2.3.3 Offerings

There are considerable differences between the various brokers' offerings. Trade Republic and Scalable Capital, the neobrokers based in Germany, are currently well in the lead with around 2,100 and 1,600 ETF savings plans respectively (Figure 15).

Figure 15: Number of ETFs offered

Source: extraETF Research

2.3.4 Service

Scalable Capital and Trade Republic are operating on the French market within the familiar parameters (Table 15). Unlike its competitors, Scalable Capital offers the option of index-linking. Bux even allows a maximum savings rate of up to EUR 25,000 per month.

Table 15: Service on ETF savings plans

Brokers	Execution interval	Option for index-linking	Min./max. savings rate
Scalable Capital	Monthly, bi-monthly, quarterly, semi-annually, annually	Yes, up to 8%	€ 1 / € 5,000
Trade Republic	Weekly, fortnightly, monthly, quarterly	No	€ 1 / € 10,000
Bux	Monthly	No	€ 10 / € 25,000

Source: extraETF Research

2.3.5 Wrappers available to French investors

French investors have the option to invest in ETFs through different investment wrappers, which have different tax treatments:

- **Traditional Brokerage account (Compte Titre Ordinaire – CTO)**
- **Plan d'Epargne en Actions (PEA)**
- **Life-insurance (Assurance-vie)**
- **Plan d'Epargne Retraite (PER)**

As of today, ETF savings plans can be put in place in most wrappers: CTO, life-insurance, and PER.

Though savings plans in PEAs could theoretically be possible, it isn't an effective option as of today as local players do not offer ETF fractional dealing into CTO and PEA wrappers (only life-insurance and PER) and foreign players don't currently offer PEA wrapper (only CTO).

Compte-Titre Ordinaire is a traditional brokerage account. Life insurance offers flexibility in investment options, from guaranteed euro products to Unit Linked products. Unit-Linked products can comprise equities, bonds, mutual funds, ETFs and other financial investments. Plan d'Epargne Retraite is a retirement wrapper, available since 1 October 2019, which is gradually replacing already existing retirement wrappers.

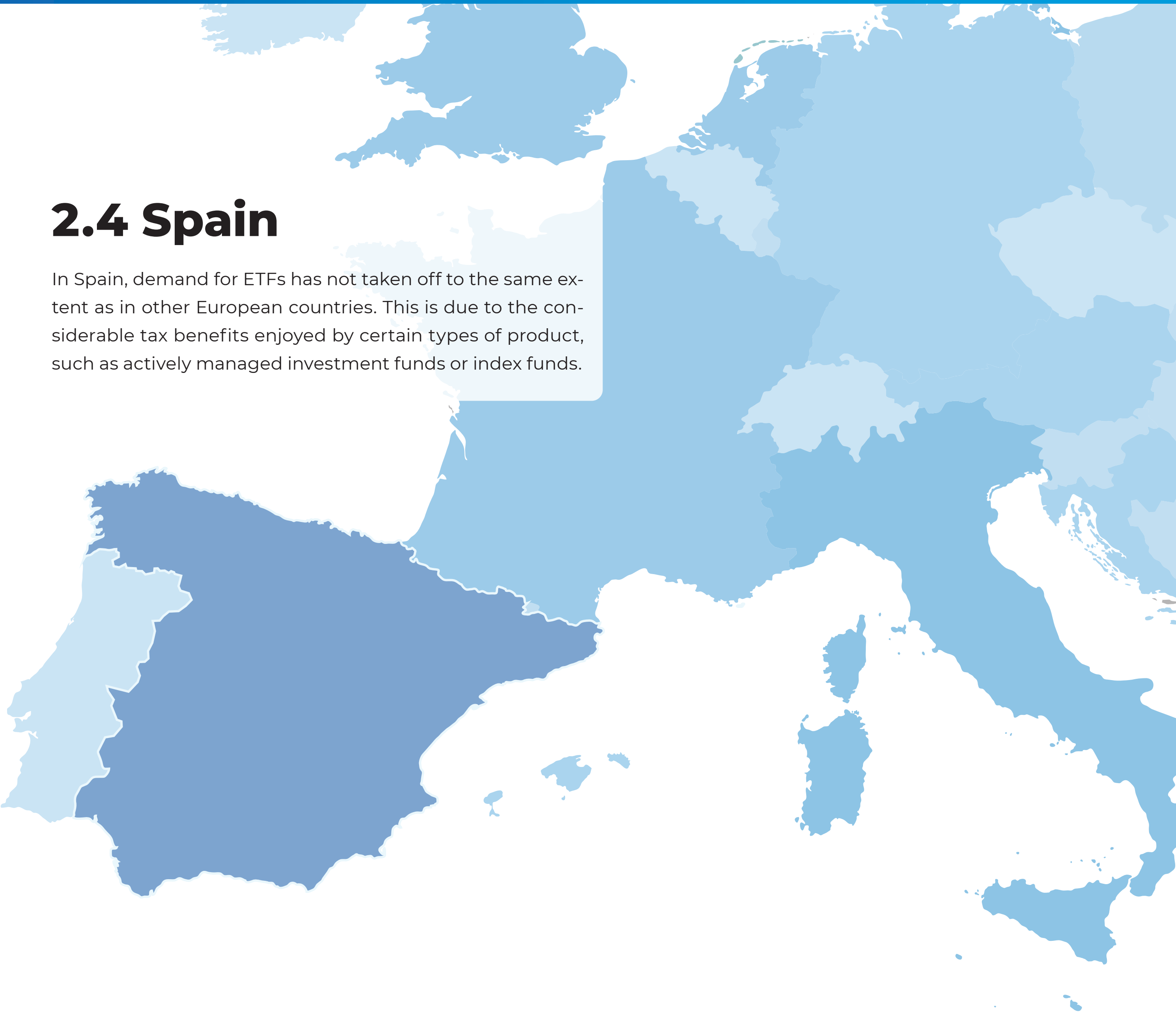
Taxation

ETF taxation in France depends on the wrapper through which the investment is made. Given the disparity of regimes, investment flows in the French market are heavily driven by tax considerations.

As such, indirectly, ETF and ETF savings plans adoption is subordinated to its availability in a given wrapper and the tax regime of said wrapper.

2.4 Spain

In Spain, demand for ETFs has not taken off to the same extent as in other European countries. This is due to the considerable tax benefits enjoyed by certain types of product, such as actively managed investment funds or index funds.



2.4.1 Providers

As in France, there are fewer providers operating on the Spanish market (Table 16). In terms of offerings, there is a big gap between the brokers based in Germany, Trade Republic and Scalable Capital, and the two more local providers Bux (France, Italy, Spain) and HeyTrade. The latter offer only a small selection of ETFs or ETFs in conjunction with savings plans. HeyTrade, for example, has three ETFs/ETF savings plans in its portfolio.

The product range of local providers for ETF savings plans in Spain is still highly limited, which means big market opportunities. German neobrokers such Scalable Capital and Trade Republic offer the biggest range on the market.

Table 16: Providers and ETF savings plan offerings

Provider	Number of ETFs	Special offer ETFs	Execution costs
Trade Republic	1,787	1,787	€ 0.00
Scalable Capital	1,390	1,390	€ 0.00
Bux	201	201	€ 0.00
HeyTrade	3	3	€ 0.00

Source: extraETF Research

2.4.2 Costs

The brokers operating in Spain offer savings plans free of charge (Table 17). The difference between the various offering lies in the number of ETFs that each broker offers in conjunction with an ETF savings plan.

Table 17: Costs of an ETF savings plan execution

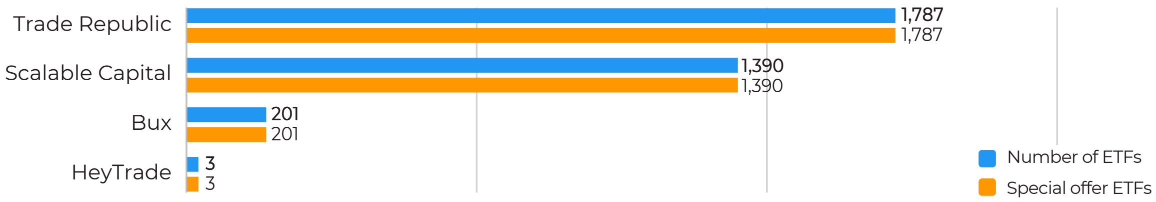
Provider	€ 50.00	€ 100.00	€ 150.00	€ 200.00	€ 250.00	€ 300.00	€ 500.00
Trade Republic	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Scalable Capital	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Bux	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
HeyTrade	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00

Source: extraETF Research

2.4.3 Offerings

On the Spanish market as well, there are considerable differences in the number of ETFs offered for ETF savings plans. The neobrokers Trade Republic and Scalable Capital have the biggest product range (Figure 16). To date, the local provider HeyTrade offers only a very limited range of ETF savings plans.

Figure 16: Number of ETFs offered



Source: extraETF Research

2.4.4 Service

Scalable Capital, Trade Republic and Bux offer the same range of services in Spain as on their other national markets (Table 18). Investors who wish to take out an ETF savings plan with HeyTrade have to select a savings plan rate of at least EUR 100. They can also only acquire whole units.

Table 18: Service on ETF savings plans

Brokers	Execution interval	Option for index-linking	Min./max. savings rate
Scalable Capital	Monthly, bi-monthly, quarterly, semi-annually, annually	Yes, up to 8.0%	€ 1 / € 5,000
Trade Republic	Weekly, fortnightly, monthly, quarterly	No	€ 1 / € 10,000
Bux	Monthly	No	€ 10 / € 25,000
HeyTrade	Monthly	No	Min. € 100 / Whole units only

Source: extraETF Research

2.4.5 Taxation

The tax regime for exchange-traded funds in Spain is largely influenced by the matter of the transfer. This process consists of the assets of a fund being transferred directly to another, thereby altering the investment. This transfer is tax-free.

ETFs are now taxed as equities: Every transaction is shown in the tax return as interest income. However, the law has provided for transitional arrangements that allow the application of the above treatment to ETFs listed abroad that were purchased before 1 January 2022, provided that the transfer was to a fund and not another ETF.

There are two types of income that can only be offset within the respective category:

Income from movable property:
This includes interest income on bank balances and dividends.

Capital gains and losses:
This includes income from the sale of equities, funds, ETFs or SICAVs.

Losses from ETFs can only be offset against gains from another investment in the same category (capital gains and losses). If the final total of both categories is negative, capital gains and losses can be offset up to a maximum of 25%.

Regardless of the period in which they are realised, gains and losses from the purchase or sale of Spanish or foreign ETFs are included in the tax base as capital gains at a progressive rate of 19% to 26%.

2.5 Austria

ETFs are becoming increasingly popular among Austrian investors. One in three people already invests in this product, according to the Austrian Financial Market Authority. Although Austria is the smallest country among the markets being looked at, it is the second-biggest market for ETF savings plans in Continental Europe. In addition to a handful of local brokers, various providers from Germany operate in Austria as well. Investors can therefore choose the ETF savings plan provider who is best for them from a wide selection.

2.5.1 Providers

The Austrian market has a smaller number of brokers than the German market. Momentum on the Austrian market has gathered since the debut of the first neobroker, Trade Republic, in 2019. This is partly due to the expansion of several German providers into Austria (Table 19). While the domestic banks offer ETF savings plans, they are unable to match the German neobrokers in a direct comparison. One advantage that brokers from Germany do not yet have is technologically integrated tax processing under Austrian tax law. However, German market participants typically offer tax reporting that facilitates filing with the tax office. Those who like to keep things simpler are better off with Austrian providers, despite the higher fees.

Table 19: Providers and ETF savings plan offerings

Provider	Number of ETFs	Special offer ETFs	Execution costs
Trade Republic	1,901	1,901	€ 0.00
Scalable Capital	1,533	1,533	€ 0.00
Flatex AT	1,144	258	€ 1.50
Finanzen.net Zero	741	741	€ 0.00
Easybank	150	78	€ 2 + 0.275%
DADAT	86	32	€ 0.75 + 0.175%
Raiffeisen	20	–	1.90% (+ trading location fee)
Bank Direkt	19	–	1.90% (+ trading location fee)
Bawag	13	–	€ 2 + 0.275%
Erste Bank & George	12	–	2.50%

Source: extraETF Research

2.5.2 Costs

The cost structures on Austrian ETF market are a very mixed bag (Table 20). The costs charged can extend from no-charge savings plan executions to 2.5% of savings rate, or even a combination of a fixed amount and a pro rata fee. For an instalment of EUR 150, a savings plan execution can therefore cost up to EUR 3.75.

Table 20: Costs of an ETF savings plan execution

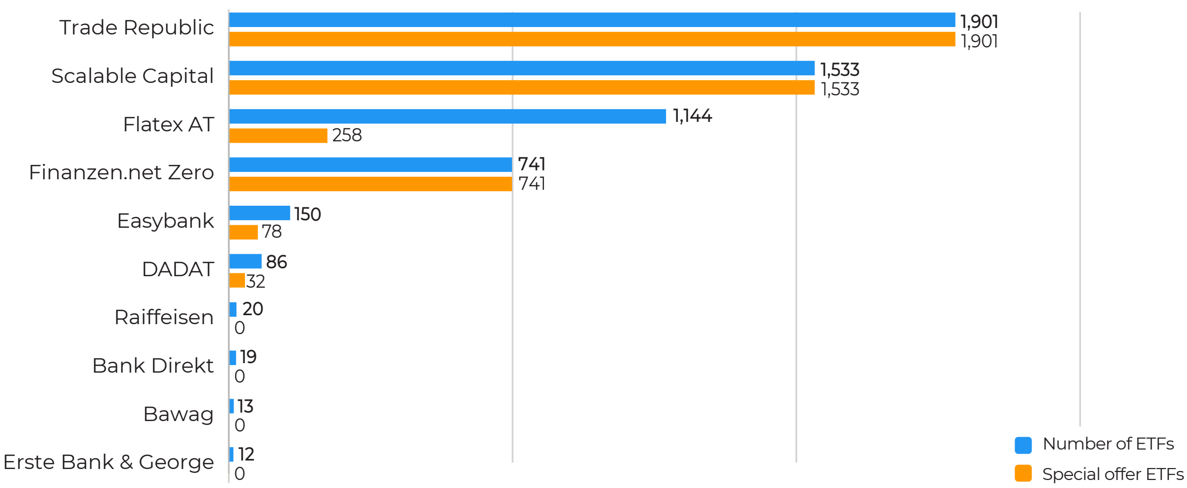
Provider	€ 50.00	€ 100.00	€ 150.00	€ 200.00	€ 250.00	€ 300.00	€ 500.00
Trade Republic	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Scalable Capital	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Finanzen.net Zero	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
DADAT	€ 0.84	€ 0.93	€ 1.01	€ 1.10	€ 1.19	€ 1.28	€ 1.63
Flatex AT	€ 1.50	€ 1.50	€ 1.50	€ 1.50	€ 1.50	€ 1.50	€ 1.50
Easybank	€ 2.14	€ 2.28	€ 2.41	€ 2.55	€ 2.69	€ 2.83	€ 3.38
Bawag	€ 2.14	€ 2.28	€ 2.41	€ 2.55	€ 2.69	€ 2.83	€ 3.38
Raiffeisen	€ 0.95	€ 1.90	€ 2.85	€ 3.80	€ 4.75	€ 5.70	€ 9.50
Bank Direkt	€ 0.95	€ 1.90	€ 2.85	€ 3.80	€ 4.75	€ 5.70	€ 9.50
Erste Bank & George	€ 1.25	€ 2.50	€ 3.75	€ 5.00	€ 6.25	€ 7.50	€ 12.50

Source: extraETF Research

2.5.3 Offerings

The number of products likewise varies widely between providers (Figure 17). One stand-out is the large range offered by the neobrokers Trade Republic and Scalable Capital, as well as the broker Flatex AT, who all have more than 1,000 ETFs in their portfolio. By contrast, other brokers frequently offer fewer than 100 products. Besides the free providers like Trade Republic, Scalable Capital and Finanzen.net Zero (where the ETF range is the same as the special offer range), special offer ETFs are also available from Flatex AT, DADAT and Easybank.

Figure 17: Number of ETFs offered



Source: extraETF Research

2.5.4 Service

The range of services offered by providers in Austria is quite diverse (Table 21). The brokers that operate throughout Europe often have a low barrier to entry. This is illustrated by the amount of the minimum savings rate. ETF savings plans are available from as little as EUR 1 from Scalable Capital and Trade Republic. However, with local providers such as Flatex AT, the minimum savings rate starts at EUR 25 or EUR 30 (DADAT) and goes as far as EUR 100 (Bawag, Bank Direkt). There are significant differences in execution intervals as well.

Table 21: Service on ETF savings plans

Brokers	Execution interval	Option for index-linking	Min./max. savings rate
Scalable Capital	Monthly, bi-monthly, quarterly, semi-annually, annually	Yes, up to 8.0%	€ 1 / € 5,000
Trade Republic	Weekly, fortnightly, monthly, quarterly	No	€ 1 / € 10,000
Flatex AT	Monthly, quarterly, semi-annually, annually	No	€ 25 / –
Finanzen.net Zero	Monthly	No	€ 1 / –
Easybank	Monthly, quarterly	No	€ 50 / –
DADAT	Monthly, quarterly	No	€ 30 / –
Raiffeisen	Monthly	Yes	€ 100 / –
Bank Direkt	Monthly, quarterly, semi-annually, annually	–	€ 100 / –
Bawag	Monthly	–	€ 50 / € 1,000
Erste Bank & George	Monthly, bi-monthly, quarterly, semi-annually, annually	–	€ 50 / –

Source: extraETF Research

2.5.5 Taxation

Brokers from neighbouring countries are highly prized by Austrian investors. Competition among brokers in Germany is much more intense, which leads to lower costs. No small number of Austrians therefore keep their securities accounts with a bank in another country. Furthermore, brokers from Germany are active on the Austrian market.

As foreign brokers, in most cases (with Flatex being an exception), do not offer automatic tax settlement, the customers themselves must ensure that their investment income is taxed correctly. This can be quite complicated. While most foreign brokers offer special tax reporting that facilitates tax returns, this nonetheless means more work compared to local brokers. It must therefore be carefully weighed up whether the lower fees make up for the effort of filling in your own tax return. If not, customers are better off with a local broker.

In terms of taxation, as most ETFs are not Austrian products subject to special regulations, investment income and distributions from ETFs are generally subject to capital gains tax. This is currently 27.5%.

2.6 Other countries

Our study has focused on the countries of Germany, Italy, France, Spain and Austria. However, ETF savings plans are already available in other European countries as well. This section takes this into account by taking a look at these offerings.

2.6.1 Other brokers in Continental Europe

ABN Amro
ABN Amro Bank also already offers ETF savings plans. Under the self-investing model, investors can choose the provider right for them from a range of ETFs.

Bux
The neobroker Bux likewise operates in the Netherlands. The same conditions apply to ETF savings plans there as in other European countries.

Nordnet
The broker Nordnet, which operates in the Nordic countries, already has ETF savings plans in its portfolio. ETF savings plans can be set up there for a monthly service fee of EUR 2.50. Four ETFs can be used simultaneously per ETF savings plan. Nordnet offers ETFs from the providers Xtrackers, iShares, XAct, Amundi, WisdomTree and VanEck.

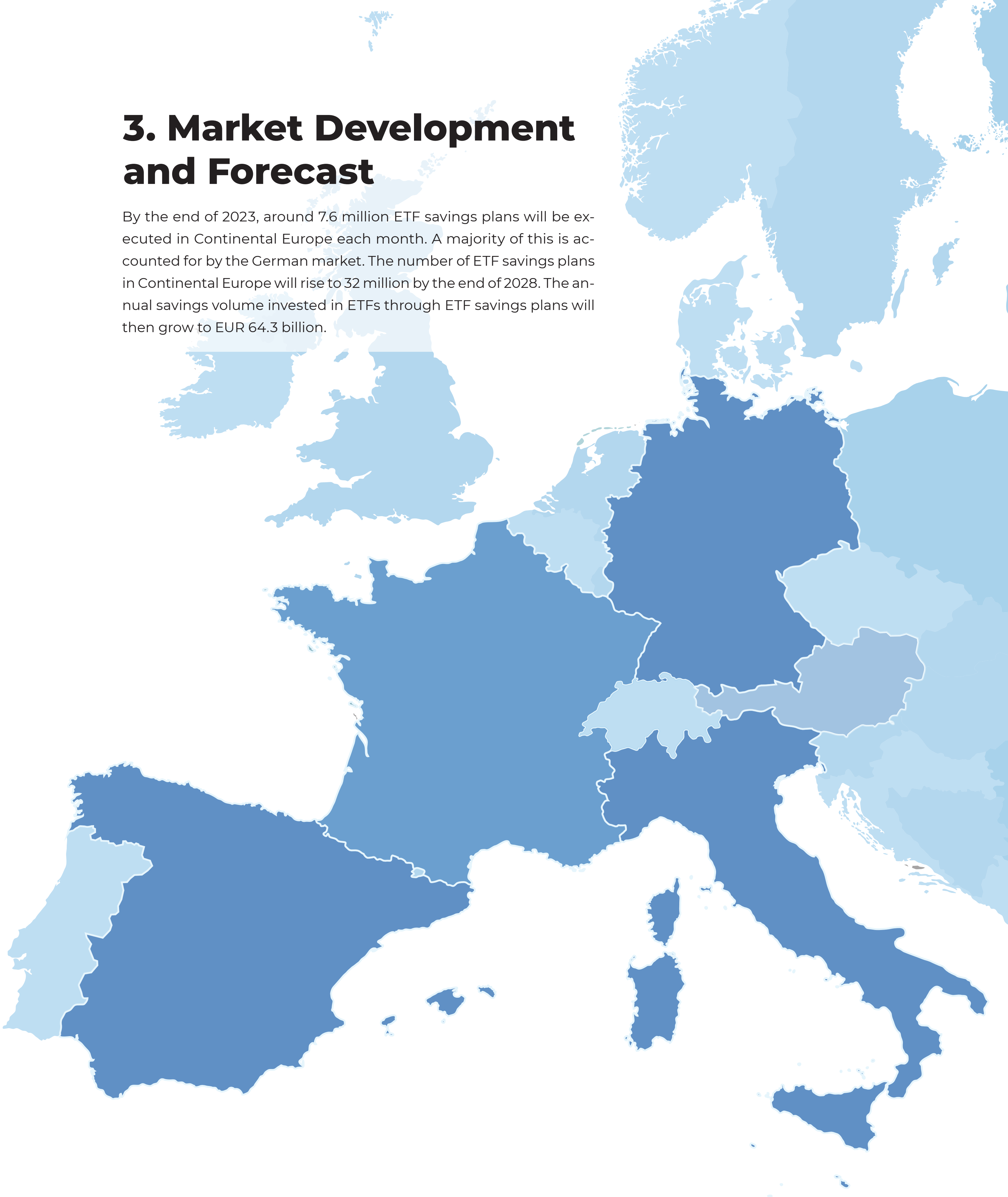
Saxo Bank
Saxo Bank offers ETF savings plans in conjunction with Autoinvest. Executions are free of charge, though an account management fee is charged according to the chosen account model (Green, Blue or Black).

Scalable Capital
Besides the countries already discussed, the neobroker Scalable Capital operates in the Netherlands as well. The same conditions apply to ETF savings plans there as in other European countries.

Trade Republic
In addition to Germany, Italy, Spain, France and Austria, the neobroker Trade Republic also operates in Belgium, Greece, Ireland, Luxembourg, the Netherlands, Portugal, Slovakia, Slovenia, Finland and Estonia. The same conditions apply to ETF savings plans there as in other European countries.

3. Market Development and Forecast

By the end of 2023, around 7.6 million ETF savings plans will be executed in Continental Europe each month. A majority of this is accounted for by the German market. The number of ETF savings plans in Continental Europe will rise to 32 million by the end of 2028. The annual savings volume invested in ETFs through ETF savings plans will then grow to EUR 64.3 billion.



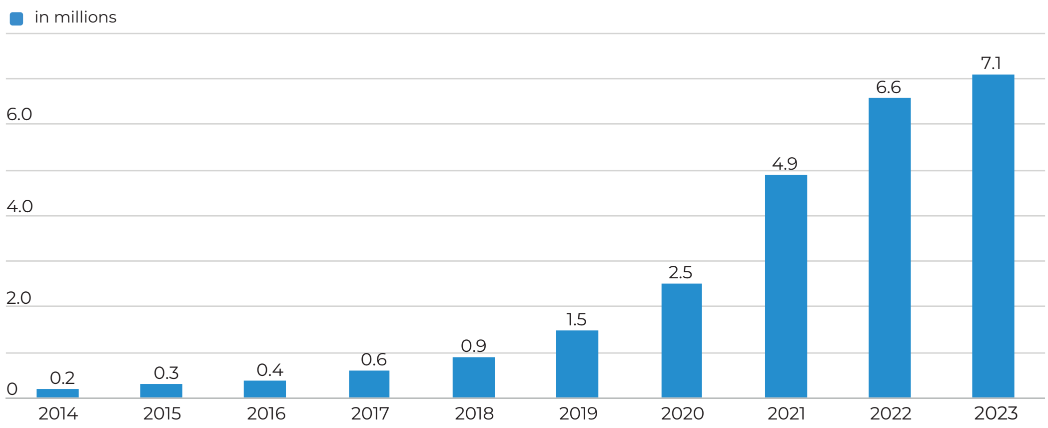
Market Development and Forecast

3.1 The ETF savings plan market in Continental Europe

Since 2015, extraETF.com has been publishing monthly statistics on the ETF market volume in Germany. These statistics are produced by analysing the turnover and portfolio data reported by participating brokers. The analysis is based on data from major institutions and thus provides deep insights into the habits of private investors regarding ETFs. The following banks provide the data used in preparing the ETF market statistics.

Unfortunately, the major neobrokers Trade Republic and Scalable Capital, as well as various other banks, do not provide any data for the statistics. Communications by the companies on this matter also tend to be sparse. However, taking the most recently communicated data as a basis, the German ETF savings plan market presumably has the following volume today (Figure 18).

Figure 18: The ETF savings plan market in Germany



Source: extraETF Research

This chart impressively shows how dynamically the number of ETF savings plans has risen in Germany in the last few years. While just around 200,000 ETF savings plans were executed in December 2014, the number of savings plan executions was already an impressive 6.6 million by the end of December 2022. These figures also take into account estimated data for the neobrokers Scalable Capital and Trade Republic or other banks that do not provide any data for the official statistics. By the end of 2023, the number of ETF savings plans will rise to 7.1 million.

As the number of ETF savings plans grows, so too does the volume invested in ETFs through ETF savings plans. While only around EUR 200 million was invested through ETF savings plans in the whole of 2014, the savings volume in 2022 was already EUR 11 billion. In 2023 this figure will rise to EUR 15 billion. The average savings plan instalment in Germany is currently EUR 164.

As extraETF does not gather regular data for the Continental Europe market at this time, we have attempted to calculate the current status of the ETF savings plan market for Continental Europe on the basis of individual reporting date disclosures, press reports and various interviews with market participants. On this basis, we forecast that around 7.6 million ETF savings plans will be executed per month in Continental Europe at the end of 2023. An amount of around EUR 15 billion is invested in ETFs through these savings plans per year (Table 22). The assets invested by private investors in ETFs amounts to EUR 200 billion as at the end of the year, EUR 135 billion of which is accounted for by the German market and EUR 65 billion by the rest of Continental Europe.

Table 22: The ETF savings plan market at the end of 2023

	2014	2023
Savings plans (millions)	0.2	7.6
Savings volume (EUR billion)	0.2	15.0
Investment volume (EUR billion)	7.5	200

Source: extraETF Research

3.2 Five-year forecast for Continental Europe

The big question now is how the market for ETF savings plans in Continental Europe will develop over the next few years. We published a five-year forecast for the German market in March 2022. In it, we predicted consistently strong growth on the German market of around 33% per year.

Among other things, we assumed in this forecast that interest rates would remain at a low level. Also, consumer confidence among private investors was very high at that time. These factors have since led to a noticeable slowdown in new contracts for ETF savings plans. The ban on payment for order flow (PFOF) that has now been resolved, which is already effective in some European countries and is due to be introduced in Germany as well by 2026, is weighing on the supply of ETF savings plans. This is because a large number of banks use the reimbursements from the executing venues to refinance their low-cost or free offerings.

At this time it is difficult to assess how this ban will affect ETF savings plans specifically and how brokers will then adapt their pricing models. If they increase their fees, it can be assumed that the growth of the market for ETF savings plans will slow significantly. It remains to be seen whether lawmakers are doing consumers a favour. We are therefore reducing our forecast for the market growth anticipated for Germany from 33% to 25% per year.

In the countries of Continental Europe, the expansion of the offering of ETF savings plans is only just beginning. In particular, neobrokers such as Trade Republic, Scalable Capital or Bux are using their low-cost offerings to attract new customers and their marketing is therefore geared towards them. Furthermore, signs are already emerging that more and more brokers are adding ETF savings plans to their product range. These measures lay the foundation for future market growth in Continental Europe.

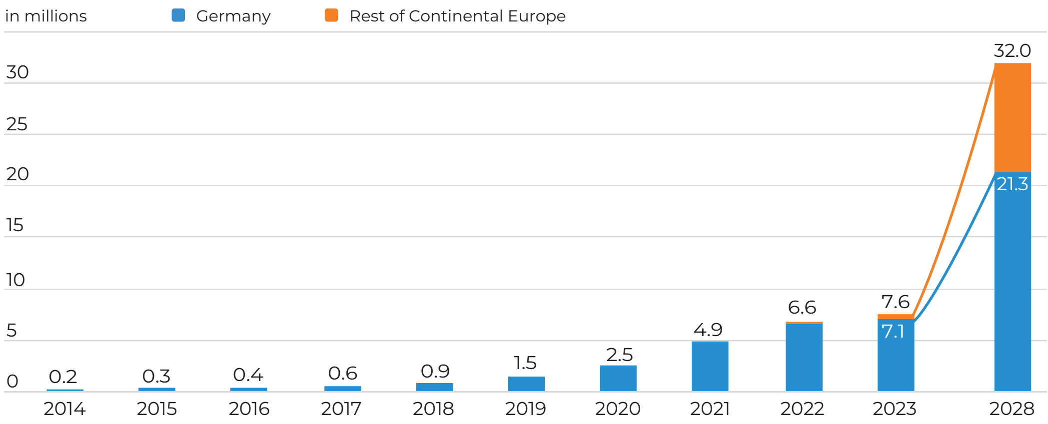
Taking these factors into account, we forecast that the Continental Europe ETF savings plan market will experience strong growth over the next five years. The number of ETF savings plans in Continental Europe will therefore climb from 7.6 million in 2023 to around 32 million in 2028. This means that around EUR 64.3 billion will be newly invested in ETFs through ETF savings plans alone in 2028. The total volume invested in ETFs will then have increased to more than EUR 650 billion (Table 23).

Table 23: Forecast for Continental Europe

	2014	2023	2028
Savings plans (millions)	0.2	7.6	32.0
Savings volume (EUR billion)	0.2	15.0	64.3
Investment volume (EUR billion)	7.5	200	650

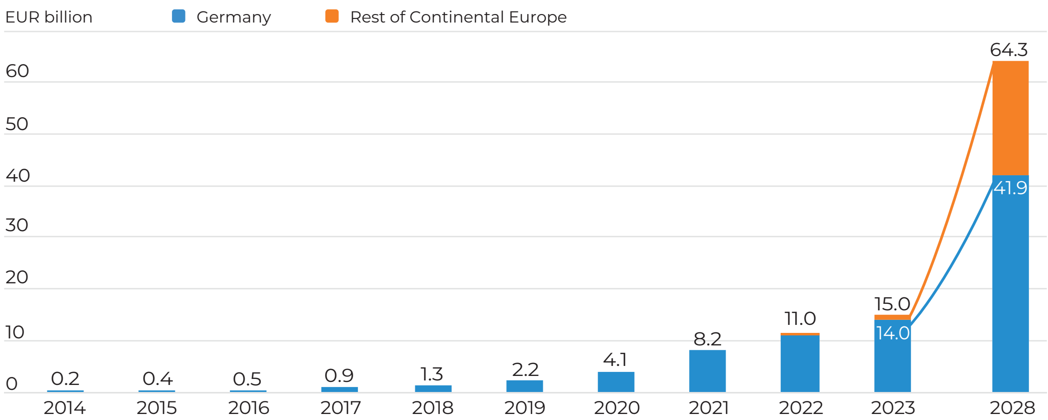
Source: extraETF Research

Figure 19: Forecast number of ETF savings plans



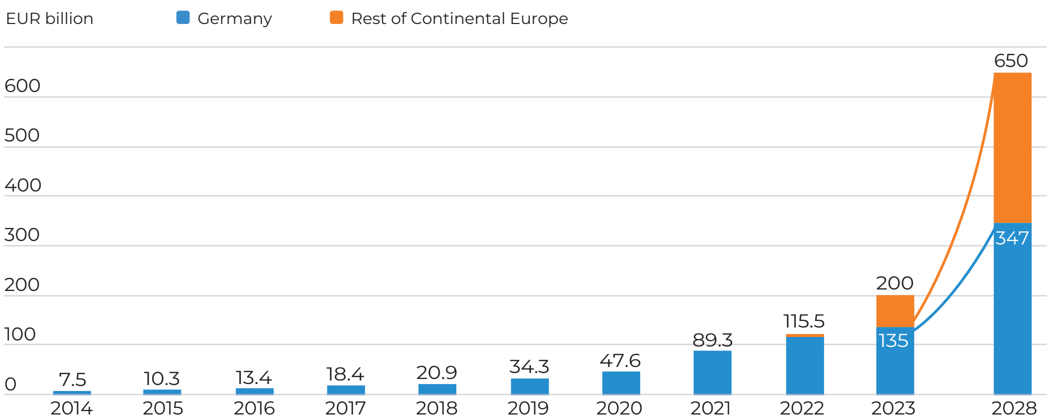
Source: extraETF Research

Figure 20: Forecast ETF savings volume



Source: extraETF Research

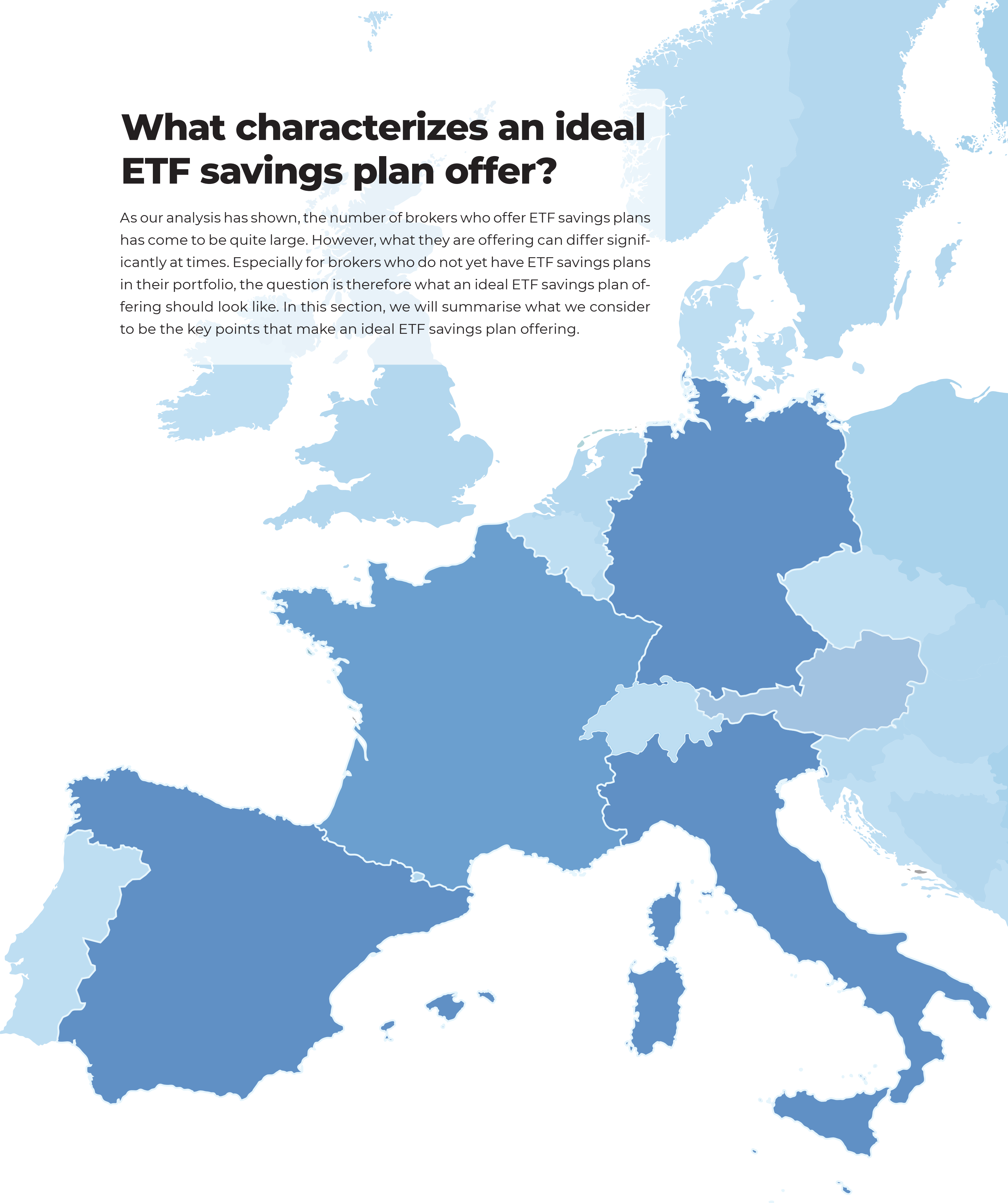
Figure 21: Forecast ETF investment volume



Source: extraETF Research

What characterizes an ideal ETF savings plan offer?

As our analysis has shown, the number of brokers who offer ETF savings plans has come to be quite large. However, what they are offering can differ significantly at times. Especially for brokers who do not yet have ETF savings plans in their portfolio, the question is therefore what an ideal ETF savings plan offering should look like. In this section, we will summarise what we consider to be the key points that make an ideal ETF savings plan offering.



What is an ideal ETF savings plan?

4.1 Costs

The costs of execution are the crucial criterion when it comes to selecting an ETF savings plan. The lower the costs, the more can be invested in the chosen ETF. Investors and comparison sites therefore pay particular attention to this.

Since the debut of neobrokers, who usually offer ETF savings plans free of charge, price structures have come under considerable pressure. Neobrokers see ETF savings plans as an instrument for customer acquisition and a good way to retain customers in the long term. To date, some brokers have been offering usually temporary special offers, though this can make it very difficult for investors to maintain an overview of the actual costs. Customers have to first find out whether the chosen ETF is a special offer ETF and they also have to keep checking with the special offer is still valid.

RECOMMENDATION:
In our opinion, a broker getting into the ETF savings plans business for the first time should also think about offering ETF savings plans for free. An alternative would be an easily communicated price model, such as EUR 0.50 or 0.20% per savings plan execution.

4.2 Offering

With around 3,500 ETFs in Continental Europe, the range of ETFs for investors is huge. And new ETFs are being added all the time. This year alone, around 500 new ETFs have been issued so far. Against this backdrop, the question is what an ideal ETF offering for an ETF savings plan should be.

Number of ETFs

In the interests of successful and long-term wealth accumulation, as broadly diversified an ETF portfolio as possible is the key to investment success. Around two to five ETFs are necessary and practical for this. For investors, it therefore tends to be advantageous to be able to choose from a larger product range. Neobrokers such as Scalable Capital and Trade Republic offer more than 2,000 ETFs at times. It is an open question whether such a large number is necessary. At the very least, this ensures top spots for providers in rankings on comparison sites, which helps them to attract new customers.

The right product selection

A large selection of ETFs is not necessarily an advantage, and a smaller number of products is not necessarily a disadvantage. What counts is the “right” products. In line with the approach of a diversified portfolio, broadly positioned global ETFs are a must-have. It’s worthwhile looking at the rankings on the relevant financial portals or exchanges’ turnover charts. An ETF savings plan offering without the most popular ETFs is not going to have the best results.

RECOMMENDATION:
Having as broad a range as possible of ETFs for your ETF savings plans is not what matters. What matters is a range that covers investors’ key requirements. That includes a reasonable mix of relevant (e.g. global ETFs) and especially popular ETFs (e.g. dividend ETFs, sustainability ETFs or themed ETFs). Furthermore, products from ETF providers that are especially popular among private investors, such as Amundi, DWS, Invesco, iShares or Vanguard, are a must-have.

4.3 Service

Service covers various points relating to the use of ETF savings plans. The various restrictions on savings plans such as the minimum savings rate, the execution rhythm and the ability to trade in fractions are taken into account.

Minimum savings rate

Many brokers offer ETF savings plans starting from a savings rate of one euro. Lower savings rates reduce the barrier to entry for investors who are investing money on the capital market for the first time. Young people who do not yet have extensive financial means also benefit from a low minimum savings rate. In order to automatically adjust the amounts paid in every month in line with inflation, it makes sense to offer index-linking for savings plan rates. These can be increased by a set percentage each year, e.g. 5%. This is advantageous for both investors and brokers as it accelerates wealth accumulation.

Execution rhythm

A big plus point is the ability to choose between different execution intervals (weekly, fortnightly, monthly, quarterly, etc.). This way, the savings plan can be flexibly adapted to the investor’s personal needs.

Fractions

Handling ETF fractions is an essential requirement for executing ETF savings plans. Some brokers do not offer this option at this time, which is highly impractical for investors. As the savings rate on ETFs is fixed, it is not always possible to acquire whole ETF units. This can result in an amount being left in the clearing account because it is not enough to buy a whole unit. In a worst-case scenario, purchases are then only executed when there is enough capital in the account. Selling fractions can also entail hurdles in some cases. While it is possible to sell fractions with all brokers, some have to be issued an additional order, at times even in written form.

RECOMMENDATION:
We therefore recommend offering an ETF savings plan with the following service parameters: Minimum savings rate from EUR 10 or less, execution interval at least monthly, even bi-monthly and quarterly as well. Option to index-link the savings rate by a certain percentage rate per year. And most importantly: Execution in fractions of ETF units is absolutely essential.

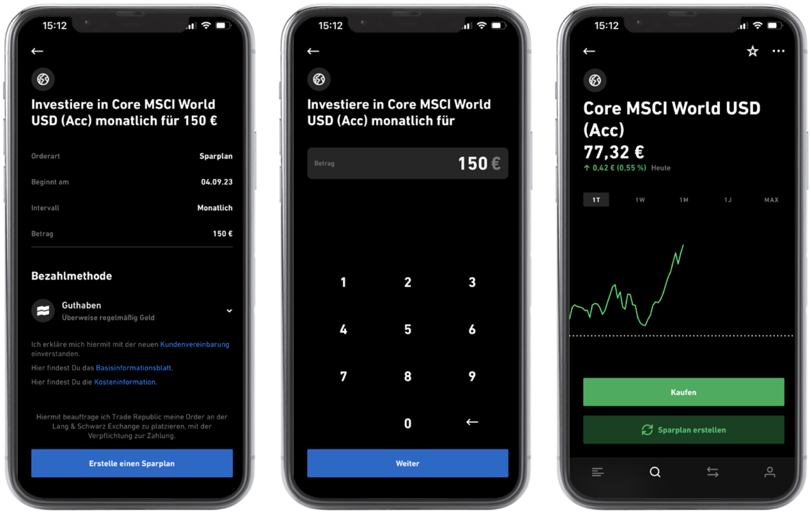
4.4 Usability

In Continental Europe there are around 485 million smartphone users, equivalent to market penetration of more than two thirds. In Germany alone, 88% of people over the age of 14 have a smartphone. Use of the Internet has also increasingly shifted to mobile devices.

This development is crucial for brokers as well. Investors mostly take their first steps on the capital market using trading apps on mobile phones. According to the study “Hype or New Normal? Insights into the motives and behavior of a new generation of investors” by DIW Econ, young users rate low fees as especially relevant, followed by simple availability on apps. Other high-ranking criteria are easy-to-use interfaces online or on apps as well as a wide range of financial products (Figures 22/23).

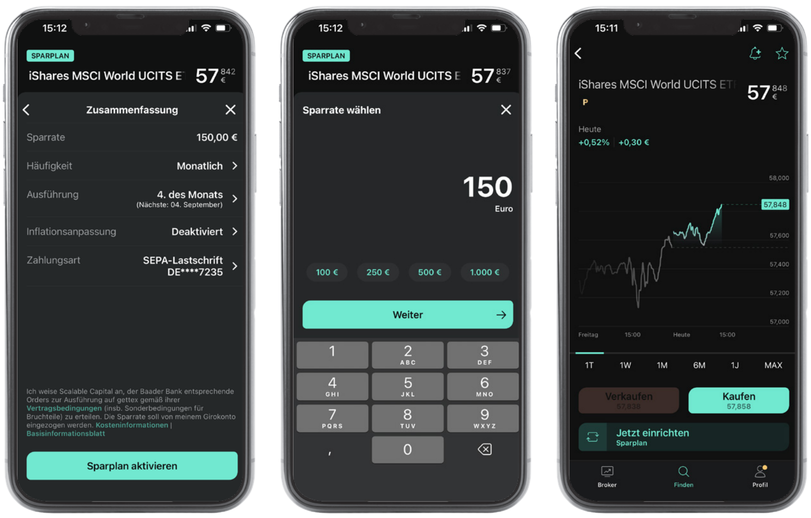
It is also an advantage to be able to trade and check your account anywhere and at any time. Push notifications keep users informed about their investments very regularly, as the authors of the DIW study write. This is also in line with the media usage habits of young investors in particular. Information is received mainly digitally.

Figure 22: Trade Republic user interface



Apps:
State-of-the-art trading apps are essential for an ideal range. Being able to trade anywhere and at any time is indispensable. Leading neobrokers allow users to conveniently set up ETF savings plans in just a few steps.

Figure 23: Scalable Capital user interface



5. Sources

5.1 Figures

5.1 Tables

6. Contacts

Do you have questions about the study or would you like to speak to us about introducing ETF savings plans at your company? Please do not hesitate to contact us at any time.

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