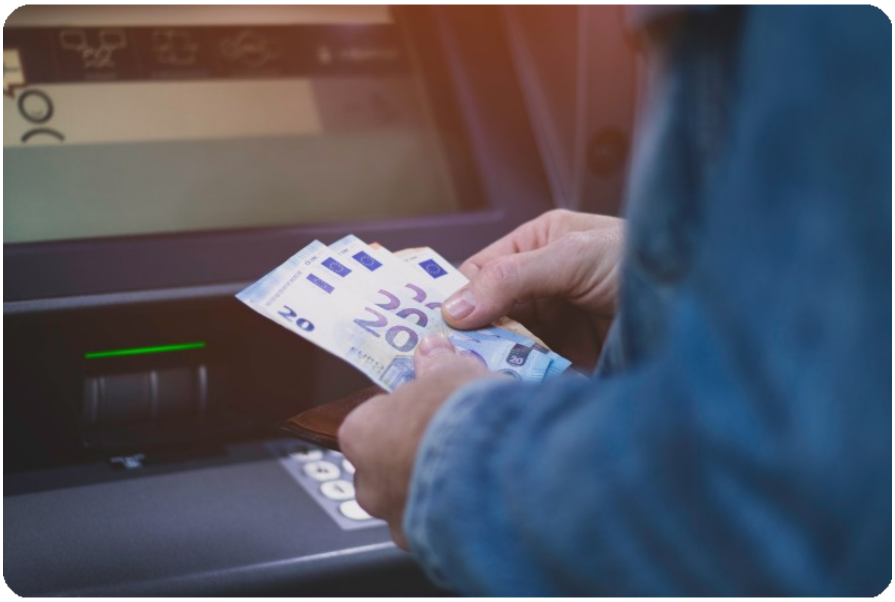
Article | 9 September 2026

Europe’s investment gap: why millions of savers remain on the sidelines

Europe is still largely a continent of savers, though a gradual shift is underway. Nearly three-quarters of households have savings, and around 4 in 10 Europeans already invest. Among savers, 30% are considering investing in the future, while half are already investors. Younger generations show notably greater openness to investing



Our survey results show that Europeans are open to investing, but are held back by risk aversion, a lack of knowledge and concerns around taxation

Contrary to popular belief, Europeans have only recently turned into the super-savers they are often portrayed as. But another widespread assumption holds true: A much smaller portion of their financial assets is held in investments compared to US households. Policymakers want to turn saving-savvy Europeans into investors. The reasons for this are twofold: on the one hand, getting Europeans to invest would unlock significant capital that their economies could put to use. On the other, Europeans are missing out on a lot of potential wealth by saving too much and investing rather little. For the eurozone alone, our calculations show that shifting just five percentage points of household financial assets from deposits to investment funds would have made households €1.17 trillion richer over the 2002-2025 period. Given this, it is important to understand, if most households have the ability to save, why do so many stop there?

According to our survey, the answer lies in a combination of barriers. Some consumers are concerned about risk. Others feel they lack the necessary knowledge. Many believe they do not have sufficient resources available to invest. And a significant minority view taxation as an obstacle that reduces the attractiveness of investing altogether. It would appear that Europe is not uninterested in investing, but often uncertain about it.

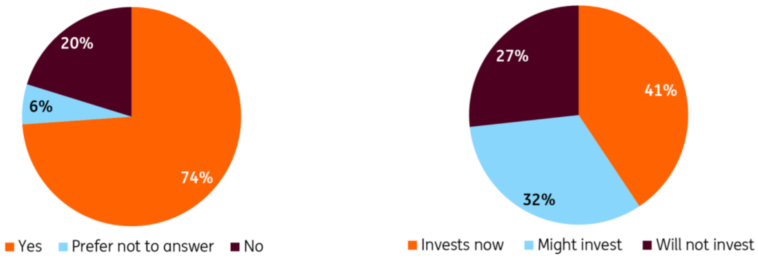
From saving to investing: focusing on those who might consider it

The distinction between saving and investing is more important than it may initially appear.

Saving is generally associated with security. Money remains accessible, risks appear limited, and outcomes are predictable. Investing requires a different mindset. It asks consumers to exchange certainty today for the possibility of higher returns in the future. However, people tend to place greater weight on potential losses than equivalent gains. Our survey results suggest that this dynamic continues to influence financial decision-making across Europe.

Most Europeans save, but only a minority invests

“Does your household have any savings?” and “Do you currently invest yourself in shares, bonds, investment funds or ETFs?”



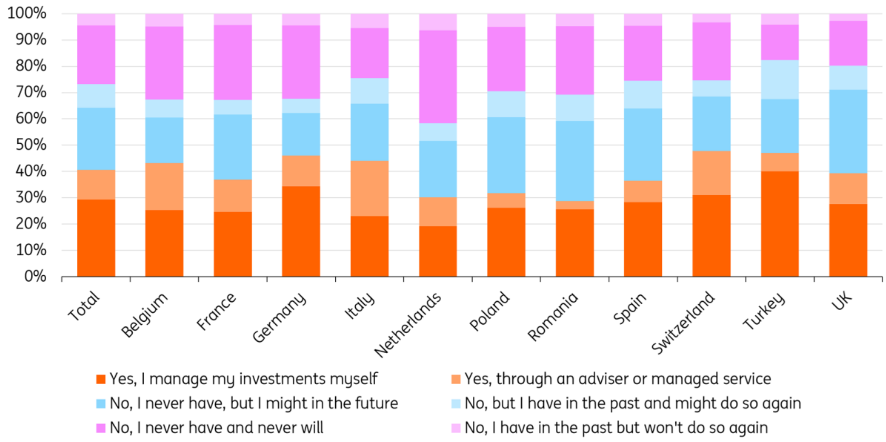
Source: ING Consumer Research

While 74% of respondents report having savings, only 41% currently invest. The result is a sizeable investment gap. Perhaps more importantly, it reveals a substantial pool of consumers who have accumulated financial resources but remain outside investment markets. Among those respondents with savings, around half of them currently invest. But another 31% of them say they might do so in the future.

Across all respondents, the share of potential investors is almost as large as the share of current investors. Approximately one third of respondents say they do not currently invest but could imagine doing so in the future, with numbers ranging from less than a quarter in Germany and Belgium to around 40% in Poland, Romania, Spain and the UK.

The Swiss, Germans, Italians and Belgians are Europe's leading investors

Investment participation by country



Source: ING Consumer Research

Note: Our survey results show higher percentages that say they currently invest than various available measures. This might partly be attributable to the fact that our survey is online-based – active internet users are more likely to follow the recent trend of trading through mobile apps. In addition to this, there might be methodological differences: Other measures might only count equity investors while our survey includes bondholders. And our results are expressed as a percentage of the adult population, not the total.

For policymakers, financial institutions and consumer organisations, this distinction matters. Potential investors differ clearly from convinced non-investors. Their hesitation appears to reflect barriers that may be overcome rather than a rejection of investing as a concept.

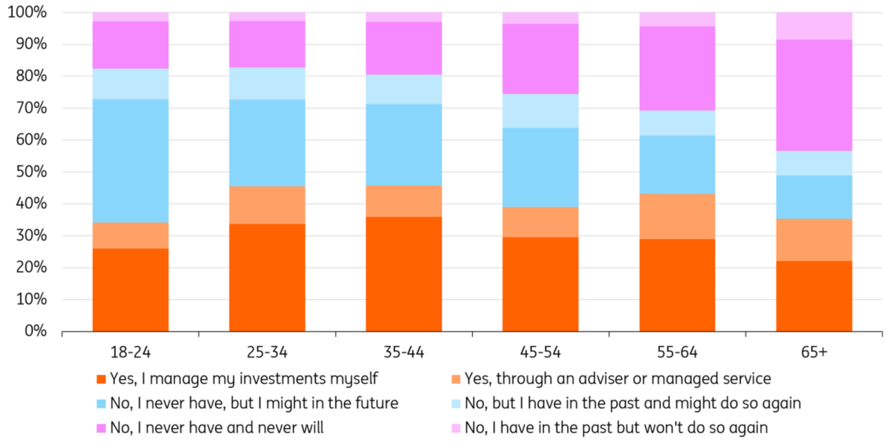
The survey suggests that European consumers can broadly be divided into three groups.

The first group consists of current investors. These respondents are generally more confident in their understanding of investments, more comfortable with risk and more likely to have higher incomes and levels of education. Among this group, concerns tend to focus less on whether to invest and more on practical considerations such as costs and taxation. These two aspects are among only a few that current investors consider more of a barrier than potential and non-investors.

The second group consists of potential investors. This segment may be the most interesting for Europe's stated ambition of getting households to invest more. These individuals do not currently invest, but they have not ruled it out. They are often younger than average: Firstly, respondents aged 25 to 44 display some of the highest levels of investment participation already. Secondly, younger adults that do not invest today are the most likely to say they may invest in the future. This suggests a considerable amount of latent demand among younger Europeans and a corresponding uptick in future overall investment participation.

Untapped potential among the youngest

Investment participation by age group



Source: ING Consumer Research

The third group consists of non-investors who say they do not intend to invest. In addition to typically being older, this group is generally characterised by lower confidence, greater risk aversion and a stronger perception that investing is not relevant or appropriate for their circumstances. In many cases, they feel that they do not have the money necessary to start investing in the first place – 62% of non-investors say that the statement "My household has too little savings to invest" applies to them. For those that feel hindered by this aspect, there is fairly little that can be done short of putting more money in their pocket. This group will therefore not be the focus of our analysis.

The differences between these groups reveal an important insight. The challenge is not simply persuading non-investors to become investors. Rather, it is about focusing on the large group of consumers that remains stuck between intention and action. Given the importance for the economy and Europe's stated objective of getting more households to invest, we'll be looking into what is holding people back.

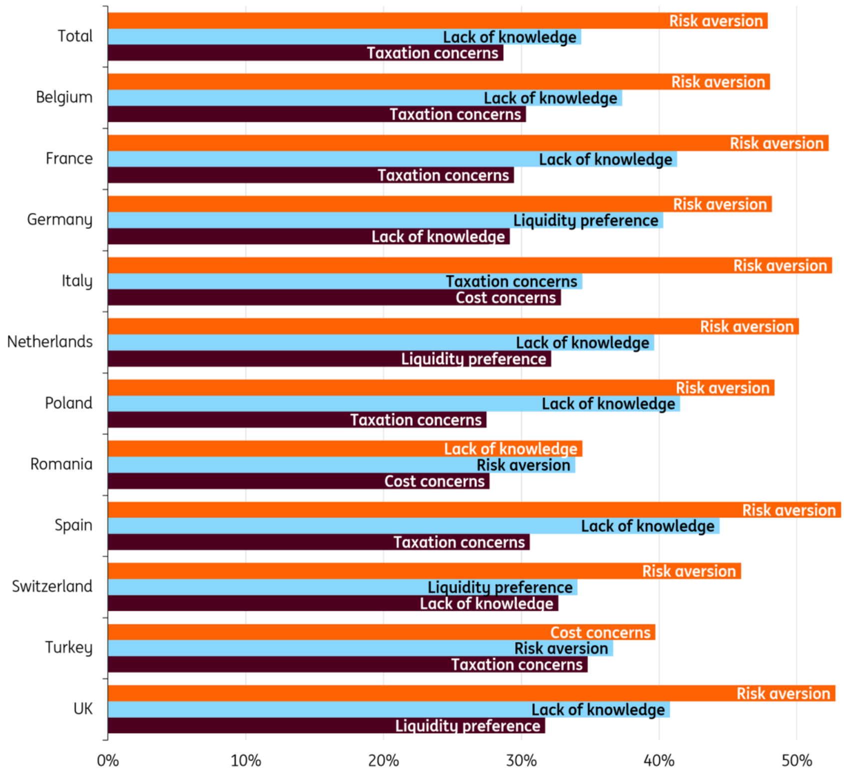
The barriers behind the hesitation: risk, knowledge, taxes

When excluding responses referring to simply not having the money, three barriers stand out for keeping people from investing across countries and demographic groups:

- The first is a reluctance to take investment risk.
- The second is a perceived lack of investment knowledge.
- The third is concern around taxation.

Risk aversion is top concern nearly everywhere

Ranked top-3 barriers by most current and potential investors per country



Source: ING Consumer Research

Excluding “Too little savings”

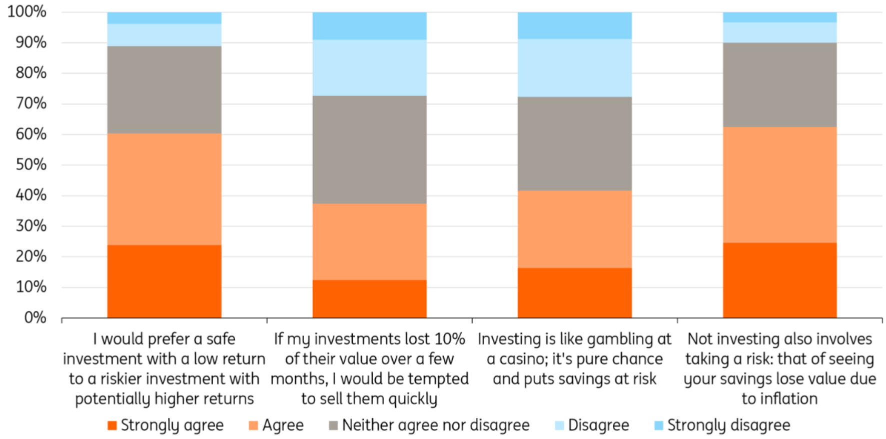
Risk aversion is widely cited as one of the most important barriers to investing – or to investing more than people currently do: 20% list it as the one factor that most prevents them from investing. More than half of all participants have it at least as one of their top three barriers; among those who don’t currently invest, but might, the number is even higher.

Many view investing as pure chance

When it comes to risk, our survey also reveals an apparent contradiction in consumer attitudes towards risk. Many respondents agree with the principle that long-term investing requires accepting short-term fluctuations. Yet a substantial share also say they would be tempted to sell investments following a relatively modest market decline. And 42% – from 34% in Turkey to 50% in Poland – agree with a statement that compares investing to gambling at a casino and calls it “pure chance”. Even 28% of current investors are in agreement.

Risk-averse, but well aware of inflation

Agreement and disagreement with statements around investment risk



Source: ING Consumer Research

Those numbers are quite striking – particularly because the statement in question is far from the truth. Investing might not provide the cozy security of a yearly account statement like saving does – but with a well-diversified approach and a sufficiently long time-horizon, risk can be lowered significantly. Measured in euro, the longest drawdown of the MSCI World, an index that serves as a basis for many passively managed exchange-traded funds (ETFs), was 13 years and 8 months following the dotcom crash in 2000. That certainly underlines what a long-term investment horizon really means: it may require more than a decade of patience.

It also means that historically, this index has never taken longer than that to climb back to its previous high. Of course, past performance is no guarantee of future returns.

Speaking of the dotcom crash, it probably played a role in shaping the "casino" connotation among those that are old enough to remember it; younger participants subscribe to that statement in lower numbers than older ones. A lower level of risk aversion and a higher willingness to see through fluctuations are also notable among younger generations – naturally so, as nearing retirement will usually shorten the time horizon and thus limit the possibility to make up for losses.

Selling at dips should be avoided, because it first realises a loss and then leaves the ex-investor on the outside looking in while share prices recover. But over a third of respondents say they would be tempted to do just that – for those that might invest, but don't currently, that number rises to 42%.

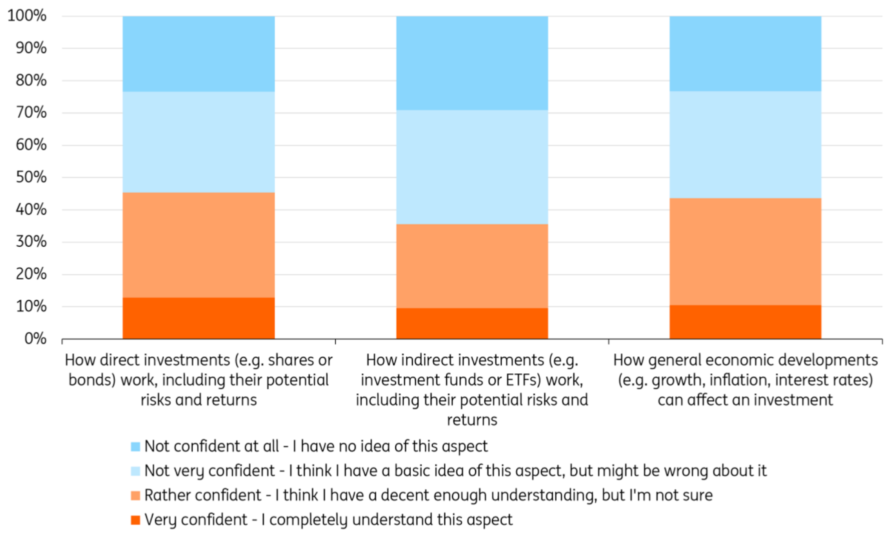
At the same time, 62% are aware that not investing also involves a risk: that of inflation eating up the interest payments (or more) on a savings account. Apparently, the inflationary experience of the past few years and the resulting higher inflation expectations have sharpened the eye for this aspect and could be a factor in getting more Europeans to invest.

Knowledge remains a critical factor

One of the strongest themes running through the survey is knowledge. Current investors consistently report higher levels of confidence in their understanding of how investments work and how they might be influenced by economic developments than both potential investors and non-investors.

Less than half feel confident about their investment knowledge

Reported confidence in knowledge around aspects of investments



Source: ING Consumer Research

But those people that report less confidence in their understanding of investments might not be aware of what they actually need to know. If you subscribe to the popular misconception of the stock market as a zero-sum game, where someone's gain is always someone else's loss, it's logical for you to think that you must beat the market in order to come away better off than before. You'll assume you have to be better than average at picking stocks and timing your sales and purchases.

That would indeed require a lot of knowledge. But it isn't true – as we have shown, households' actual investments would have been good enough to make them considerably better off if they had just put more of their assets into them. Adhering to a few basic rules will set an investor up with a very good chance at long-term success:

- Invest with a long time horizon and only with money that you won't need during the foreseeable future.
- Don't put all eggs in one basket – diversify across geographies and industries.

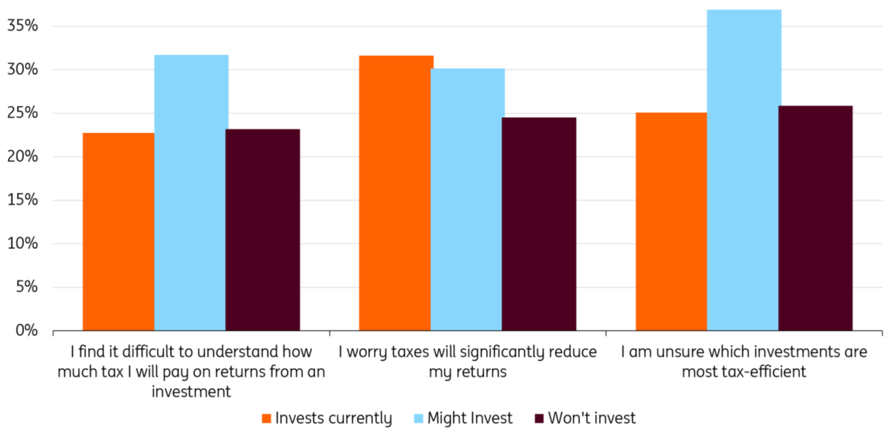
- Don’t buy and sell a lot trying to get the timing right – instead, have the patience to see through dips.

How does taxation shape investment participation?

Although taxation is not the most frequently cited barrier, it occupies third place among the barriers considered for our analysis (excluding “My household has too little savings to invest”). In addition, 54% agree that “a tax-free or tax-advantaged investment account would make it more likely for me to invest (or invest more than I currently do)” – that’s considerably more than those that say the same thing about simpler or lower-cost investment products, employer-based schemes or better access to advice.

Taxes are misunderstood

Agreement with statements around aspects of taxation



Source: ING Consumer Research

Interestingly, taxation appears particularly relevant among consumers who are already relatively close to investing. Unlike savings constraints, which can prevent participation altogether, taxation concerns often arise later in the decision-making process. In other words, they may affect consumers who have already overcome some of the more fundamental barriers. This finding has broader implications.

Across Europe, efforts to encourage greater household participation in capital markets often focus on increasing financial literacy or reducing investment costs. That is important.

However, the survey suggests that (perceptions of) tax treatment also deserve attention. Consumers are more likely to engage with financial products when they feel able to understand the after-tax consequences of their decisions.

Cross-country comparisons and longitudinal studies clearly show that the design of taxation and pension institutions can influence whether households invest, how they invest and how much they invest. There are ample examples of how institutional settings shape household behaviour.

- European pay-as-you-go pension schemes reduce the need for households to invest compared with the United States. Across our key markets, an average of 22% of respondents say they do not consider investing necessary because they believe they are well-prepared for the future, including retirement. At the same time, pay-as-you-go systems imply a higher tax burden. This may contribute to the 40% of respondents who say they have no money available to invest.
- The Netherlands shows how tax incentives and regulation can direct large amounts of household wealth into second-pillar pension funds. Dutch households rank among Europe's leading investors when pension assets are included. Their direct investments, however, remain below the European average, including relative to deposits. This may partly reflect the relatively large share of Dutch respondents, 30%, who say they do not need to invest because they are already well-prepared for the future.
- In Sweden, the introduction of the tax-advantaged ISK in 2012 was intended to encourage investment in funds and shares. By 2023, the number of unique account holders had increased more than fifteenfold, and over 80% of the assets were invested in equity or balanced funds. With the increase in the tax-free limit in 2026, the government aims to broaden participation further.
- Denmark introduced its tax-advantaged stock savings account, the Aktiesparekonto, in 2019. The account has grown by 38% per year, while other pension tax incentives have encouraged financially active households to shift assets into tax-favoured retirement accounts.
- Policies not directly aimed at encouraging investment may still have an impact on household behaviour. In France, political instability, an ageing population, and an uncertain economic climate have raised financial savings rates. Some 77% note that uncertainty about future pensions means it is important to prepare for the future, and 80% also worry that high public debt today may put pressure on future pensions and the social security system. These concerns, coupled with the decline in the Livret A rate (government-regulated and tax-exempt traditional savings accounts) starting in 2025 have pushed households to seek higher returns through unit-linked policies, contributing to historic inflows into life insurance and annuity entitlements.
- In the United States, the employer-sponsored 401(k) retirement plan allows employees to invest part of their salary, with employers providing matching contributions up to a limit. One study finds that tax-advantaged catch-up provisions for older workers significantly increased their 401(k) contributions. Tax treatment is not the only factor, however. Employer matching, workplace access and automatic enrolment also remain important.

The Netherlands, Sweden and Denmark stand out among the few European countries that offer tax advantages for investment. In these countries, incentives are comparable in scale to those available in the United States and relative to income, household balance sheets are much more comparable to the United States.

And things are moving in Europe's largest economy: In 2027, Germany is due to introduce the new Altersvorsorgedepot, which will allow households to invest in funds and ETFs for retirement with government contributions and tax-free growth during the accumulation phase.

Our survey suggests that such changes could matter. More than half of respondents agree that tax advantages would encourage them to start investing or to increase their existing investments. Taxation may not be the first barrier consumers mention, but the experience of other countries indicates that institutional design can influence whether intention turns into action.

Policymakers have a good basis to work from

After digging into the data and the surveys, we see a good basis to work from. We found a high share of money going into savings, a recent increase in money flowing into investment funds, and a gradual increase in the importance of investments. We also found a substantial share of savers that would consider investing, especially among younger generations. It all brings us to a simple but important conclusion: Europe has the money and would consider investing.

Given these developments, we would expect to see a further uptick in the share of financial savings flowing into investments over time. But governments may want to give a further push, given the importance for both households and the broader economy. They have two types of levers.

Firstly, and most likely to lead to significant shifts, they can change institutions, similar to what happened in Sweden. Germany is in the process of doing that, which will have an impact from next year onwards. These interventions will mostly be national policies and can include taxation, automatic enrolment and a shift from pay-as-you-go to capital-funded pension schemes.

Another type of lever is about how people think and talk about risks and knowledge. As economists, we believe that Europeans do not understand investing in the right way, when a large share sees it like a casino. We don't see investing as something people do against each other or against the market – beating or timing it is not the aim. We would explain investing the way Schumpeter taught us to see it, more than a century ago: as the provision of risk-bearing capital, which enables firms to undertake productive investments that drive innovation and productivity growth. Over a sufficiently long time horizon, this leads to profits and higher wages, hence the return for investors, while also supporting societies more broadly (where we obviously acknowledge that institutions matter greatly, both for enabling innovation as for translating it into broad-based sustainable growth).

For Europeans to benefit more from this principle, it would help to make investing both simpler and less stressful. For that, all people have to know are the three rules of thumb: a long time horizon, diversification and minimal trading generally generate the best returns over time.

We conclude here with a glass half full perspective. An important shift is underway: Europe's savers are gradually becoming investors. European policymakers are working on speeding it up. That supports both households as well as future economic growth.

Author

Sebastian Franke
Consumer Economist
sebastian.franke@ing.de

Disclaimer