EPISODE 7: GROWTH – Raising Global Investor Confidence

00:01

MANDY, CITI

Welcome back to the Industry Perspectives Podcast Series.

I'm Amanda Hale and I'm joined by my co-host Andrew Newson.

In this episode we will be continuing our growth discussion from a different perspective.

Today, we're looking at a shift that's been taking place quietly but decisively across global financial markets.

Policymakers around the world are no longer treating capital markets solely as something to regulate. Increasingly, they're treating them as something to grow.

00:31

ANDY, CITI

Investor protection is a foundational component, but increasingly, governments and regulators are asking how more individuals can participate in capital markets, how companies can access capital more effectively, and how financial systems can remain competitive in a rapidly changing world.

00:45

MANDY, CITI

To explore that question, we're taking a global view, looking across the United States, Asia-Pacific, Europe, and the United Kingdom.

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ANDY, CITI

It's not simply a deregulatory story. It is about examining where rules may have created unnecessary friction over time and where reforms can help capital markets serve investors and a broader economy more effectively.

01:03

MANDY, CITI

To navigate the latest developments, we're delighted to be joined today by our guests from the Investment Company Institute, or the ICI, with experts on developments in the US, the Asia-Pacific, the EU, and the UK.

ICI represents regulated funds and their investment managers across the globe and engages directly with policymakers and regulators.

So, before we get into it, could I ask you to do a brief introduction of yourselves and your respective areas of expertise?

01:32

KEVIN, ICI

I'll start. I'm Kevin Ercoline, Associate General Counsel at ICI. I mainly focus on close-end funds and retailisation of private markets from a US perspective.

01:41

MATT, ICI

And thanks for having me on. I'm Matt Mohlenkamp, the Managing Director for Asia and Global Analytics. I look after ICI's engagements with jurisdictions across the Asia-Pacific. Prior to joining ICI, about four years ago, I had spent 15 years at the US Treasury Department in a variety of primarily Asia-facing roles.

Delighted to be here today.

02:01

ELIZABETH, ICI

Hi, I'm Elizabeth Lance. I'm Assistant Chief Counsel for Global Affairs and the Acting Head of our Brussels Office.

I'm responsible for our European advocacy efforts. I've experienced in-house at a large global asset manager working on international regulatory policy and also at the Securities and Exchange Commission in the US from the Office of International Affairs. Thank you.

02:24

EVA, ICI

Hi, I'm Eva Michaelenko. I'm Associate Chief Counsel in our Global Affairs Department. I'm currently primarily focused on our UK engagement strategy, but I've been at ICI for about 18 years, covering a wide array of topics.

02:39

MANDY, CITI

Thank you, everyone. That's an impressive breadth of experience and geography which is being represented amongst you. Let's draw out your respective areas of expertise, as we go through our discussion.

To start us off thinking thematically rather than at a country or jurisdictional level, why are growth agendas and as part of that retail participation, in the spotlight right now, what's driving the global interest from government's regulators and the asset management industry?

03:07

MATT, ICI

Thanks Mandy. I think there are several factors that are coming together. First, governments are looking for ways to finance growth, innovation, infrastructure, and increased productivity. Particularly in the context of constrained public budgets and capital markets of course can be very effective at mobilising long-term savings for those purposes.

Second, that policymakers are increasingly focused on household financial security as factors such as an aging population, but combined with longer lifespans, are putting pressure on public pension systems. And that means that individuals themselves need better opportunities to build wealth over time.

And third, there's a competitiveness dimension. Jurisdictions want companies to be able to raise capital locally. They want for their investors to have attractive opportunities at home and for their financial sectors to remain relevant as technology and market structures evolve.

And so that's why this discussion, as you said, is not simply about deregulation, regulation, or isolated policy goals. The real question is whether those regulations and policies are achieving their goals in the most effective way while providing investor protection and empowerment, or whether perhaps some of these rules might be creating costs, complexity, or barriers without producing commensurate benefits.

04:22

Now from ICI's perspective, we see growth, investor protection, and investor empowerment all as reinforcing each other.

Investor confidence and trust in their asset managers to act in their best interest is critical if we want to build a culture of long-term capital market investing.

But investors also need to have access to markets to diversify in their portfolios to professionally manage products. And we need to guard against the potential that some of these regulatory frameworks could unnecessarily serve as a barrier.

So, bringing together this right mix of investor protection, empowerment, I think that regulated funds are central to that equation because they can turn capital market access into something practical and accessible for ordinary households. For retail investors, they can provide professional management, diversification, and strong governance in a form that can be used at scale in helping individuals meet their financial goals while also driving investment and economic growth.

And I also want to turn now to your question about what specific issues are in the spotlight and add some colour on how we see this discussion playing out in terms of the policy to work across different jurisdictions. As well, the details may differ across jurisdictions. I think there are four common themes that I would highlight that we are seeing around the world.

05:42

The first theme is a policy focus on increasing household participation in capital markets and trying to encourage a shift from simply saving to also investing.

Policymakers recognize that in many jurisdictions, households have a large amount of wealth sitting in bank deposits and low yielding assets, maybe even in cash.

And this can be a lost opportunity for households, particularly in the context of higher inflation that many jurisdictions are experiencing. So, governments are looking for ways to help everyday individuals engage more with capital market investing as a way to meet their financial goals. And what we're seeing is very clearly in places like Japan, like India, where they're using tax advantage investment accounts, or in Europe, where they have initiatives to strengthen the retail investing framework. And many of the conversations on this issue are quite similar across different jurisdictions.

A second theme I would highlight is a focus on product innovation and specifically ETF market development.

ETFs, of course, have become extremely popular in jurisdictions such as the United States. And policymakers elsewhere increasingly see ETFs as an efficient vehicle to broaden investor access and get more retail investors into the market.

So, we've seen a number of jurisdictions pursuing ETF reforms or creating new ETF regimes in recent years as part of their work to develop their local investment ecosystem.

A third theme I would look at is how to provide appropriate retail investor access to private markets and private assets.

Around the world, we see policymakers in many jurisdictions exploring whether and how retail investors can have broader opportunities to get exposure to private and alternative or less liquid assets.

And this discussion is not simply about investor access, but it's also how to balance that access with appropriate investor protections, liquidity management, transparency, and investor education. So we're seeing variations of this discussion in a wide range of jurisdictions, including the United States, Europe, many parts of Asia, just to name a few.

And finally, a fourth theme, which really intersects with the other three, is pensions and retirement security.

Governments I think are increasingly recognizing that individual retirement accounts can provide an important complement to the public pension system and meeting the needs of aging populations.

And we do see, as I said, that this intersects with some of the other themes. So for example, the experience of the US 401(k) system has shown how a defined contribution workplace retirement programs can foster long-term retail investments in the capital markets.

We also have seen retirement systems spurring product innovation, such as the increasing popularity of lifecycle or target date funds.

And long-term retirement investing can also be an appropriate context for retail investors to get more exposure to private market assets, as has already been the case for many years in places like Australia, and as is gaining attention now in the United States.

So coming back to my initial point, while these themes and some of the related initiatives take different forms in different markets, I think they all reflect a common set of objectives of helping households participate more fully in capital markets and creating pools of long-term capital that can support innovation, investment, and economic growth.

09:13

ANDY, CITI

When we talk about retail investors, we describe an incredibly diverse group from mass market savers to high net-worth individuals, from workers and retirees to the ever-expanding population of digital natives. How does ICI define and segment the retail investor universe? And does a one-size-fits-all policy approach risk missing the mark?

09:33

ELIZABETH, ICI

Andy, that's a really important question to highlight because often when people talk about retail investors, they may not be really talking about the same thing. It's a term that can include people, like you said, ranging from first-time investors, middle-class retirement investors, to high net-worth individuals, and many others, each with different objectives, risk tolerances, and levels of financial experience.

So, from ICI's perspective, we focus primarily on investment funds that can be offered broadly to the public because those products play a central role in helping ordinary investors access diversified professionally managed investment strategies. We're not looking at things like hedge funds or bespoke private vehicles. And for the large universe of retail investors we are looking at, while there may still be wide diversity in their circumstances and goals, there are also some common needs. First, investors need clear, transparent, and understandable disclosure so they can make informed decisions about risks and potential outcomes. Second, investor education remains critical across the board. Investors are generally more engaged when they understand concepts such as diversification, long-term investing, risk, and the benefits of regular saving.

And while the specific products and strategies may differ across markets and investor segments, some themes such as transparency disclosures and investor education remain important for retail investors everywhere.

10:56

MANDY, CITI

Elizabeth, the clarification that you provided at the outset – that the word 'retail investor' can have different meanings, resonates.

As you say, a policy could work well for one segment but end up being unhelpful for another. ICI's disclosure and education point is also well made in this context. Without those, even the best-designed product may not reach its potential.

So, moving on, having covered the growth topic generally, perhaps we can now start to break that down into regions.

Kevin, the US has the world's largest and most developed retail investment market with mutual funds, ETFs, closed-end funds, and also 401(k) plans embedded into the fabric of American financial life. But challenges remain. As public companies stay private for longer, there seems to be significant access gaps depending on income.

What is ICI's domestic advocacy agenda for the US market? For example, how does expanding access to private market assets address disparities and investment treatment based on wealth and historical access?

12:03

KEVIN, ICI

So before I get into the advocacy agenda, it is important to provide a better context. Post-2008, you've really seen exponential growth in the private market sector, growing from a niche area of financing to a $16 trillion market covering significant financing and capital across equities, credit, real estate, and infrastructure.

And access to those markets have been limited to the most wealthy of the wealthy, generally those with over $5 million dollars in investable assets. Now, retail investors have had exposure if they had access to a pension, but outside of state and federal workers, the 401(k) system has significantly overtaken pensions in the US, and so normal, everyday Americans have not been able to invest in these growing asset classes.

In response to this, you've really seen the SEC and the administration adopt a two-pronged approach, make companies going public more appealing, and increase access for retail investors to these private assets. While ICI supports making it easier to go public, and the SEC has published several beneficial rule proposals to accomplish that goal, such as the registered offering reform and filer status proposals that really seem to try to right-size a lot of Sarbanes-Oxley rules from the early 2000s, given ICI's primary area of expertise is investment companies, it is the latter prong expanding access that ICI has had more detailed and stronger thoughts on.

So, using the regulatory framework of registered investment companies, and the associated regulatory guardrails on leverage, disclosure, liquidity, valuation, and affiliated transactions, that is likely the safest way to expand access to retail investors, seeking to diversify their savings with private market assets.

There are legitimate concerns with retail investors holding private assets, but having a fiduciary intermediary subject to a strict regulatory regime is probably the most balanced way to open up access with accompanying guardrails and protections. And that's really where ICI's advocacy agenda has been focused, been focused on advocating for regulatory relief that would better align a regime established in 1940 with the private market industry of today.

It is worth noting that although the regime was written over 85 years ago, the underlying policy goals are as apt today as they were then. It's really to prevent the retail investor from being taken advantage of. That's a universal timeless policy goal. It's just that some of the more rigid aspects of the act don't really reflect how markets operate today, and

ICI has been focused on aligning the policy goals from 1940 with the current operational structure.

14:53

Of course, you know, earlier you talked about what is a retail investor, and it is worth noting that while private markets expansion is important, the real impact for expansion would be for investors already fairly along in their savings plan and are looking to diversify holdings, essentially those that can afford to have a personal investment advisor. For newer investors, the US is also focused on getting people to invest earlier more often. One of the most prominent accomplishments in that regard is the creation of Trump accounts, which are investment accounts available at birth for children and currently include a government contribution. These launched on July 4th, and over 7 million children signed up that month, according to the Treasury.

Ideally, these accounts will foster a culture of investing among young people and allow them to see the benefits of compounded earnings over time and hopefully encourage future investment as they age.

15:51

ANDY, CITI

Thanks Kevin. That's a significant agenda on the US side. When you think about the connections with other markets, are there any lessons the US can export?

15:59

KEVIN, ICI

So I think a lot of times people look at the US and they see the result and want to copy it without bringing over the underlying plumbing that made it a success. In particular, you know, focusing on retailization of private markets, ETFs, and retirement accounts. For retailization, the US isn't just opening up the market to everyone and creating some laissez-faire free-for-all. Of the over 500 billion in retail assets that have accessed the private markets, they've done so through SEC regulated funds governed by the Investment Company Act of 1940.

You know, as I mentioned previously, these are regulations around disclosure, leverage, valuation, and liquidity. Importantly, there are also regulations prohibiting affiliated transactions, which makes it illegal for an advisor to just dump bad assets into the retail fund. You know, I've heard in other countries, there's a myth being developed that the retail funds have all the bad assets, so you sell immediately if anything bad happens. There's guardrails in place that make that illegal in the US. I'm not sure about other countries, but in the US, those guardrails do exist. And if expanding retail access to private markets, similar guardrails need to be implemented. If you look at ETFs, and that

really gets to the US's interconnected market structure and market depth, the ETF wrapper has grown exponentially as there has been a push to "equitize" everything.

14:25

ETFs can be owned through a broker, while for example, physical objects like gold are a bit more difficult to hold in bulk, as they require physical space to maintain. However, putting gold in a trust and the ETF representing a trust certificate for that gold makes trading and holding much easier for everyday investors. That concept has grown exponentially with it being applied to crypto assets and other digital commodities. While the market depth, liquidity, and broker participants allowing ETFs to trade near to their nav, it is really the plumbing underlying US market structure that has developed since really 1975 that allows it all to work together so seamlessly.

50 years of incremental market structure developments is a bit harder to just copy and export, but I do think with increasing dominance of blockchain and crypto, maybe tokenizing everything will overtake equitizing, and those underlying concepts can be ported over.

The last thing I want to mention is America's individual retirement savings accounts, like 401ks. A big driver of this success has been the US tax policy, incentives to invest such as tax-free matching contributions and tax-deferred savings really encourage people to save. If you want to encourage longer-term savings, there needs to be a carrot, there needs to be some incentive. In America, avoiding paying taxes has been a really successful carrot. Whatever the carrot export is, that's really what needs to be exported to incentivize people to save long-term.

19:02

ANDY, CITI

And then turning that around, can we also consider that from the other direction? Could the US import any lessons from other jurisdictions?

19:10

ELIZABETH, ICI

Yes, absolutely. One of the reasons international engagement is so important is that no jurisdiction has a monopoly on good ideas. The United States remains the world's largest capital market, but there are areas where other jurisdictions have moved first, experimented with different approaches or gained experiences that can offer valuable lessons for policymakers and market participants here. Take innovation and new technologies as an example, where the pace of change is incredibly fast and many of these developments have direct implications for financial services. As the US navigates this area, there is real value in looking at how other jurisdictions are experimenting,

regulating and adapting. In Asia, for instance, both Singapore and Hong Kong have been at the forefront of policy thinking on tokenization, digital assets, and the responsible use of AI. They're asking many of the same questions we are but often approaching them from different angles.

So, what they're doing provides useful lessons for policymakers and market participants in the US and all around the world. We see a similar dynamic when it comes to expanding retail access to private markets.

In the US, retail investors now have access to more than 500 billion in private market assets, but very little of that exposure has come through 401(k)s and other retirement savings arrangements. By contrast, Australia has decades of experience incorporating private market investments into its retirement system. Australia's experience is often viewed as one of the most developed examples globally, offering important insights for other jurisdictions such as the US that are exploring similar questions.

But taking a step back, more broadly, the value is not just in any one policy area. It's the ability to create channels for ongoing dialogue and learning across markets. So whether the topic is technology, retirement policy, market structure, or investor protection, regulators and industry participants benefit when they can share experiences, learn from one another, and avoid reinventing the wheel.

Helping to foster that kind of cross-border dialogue is an important part of what we at ICI do.

21:28

MANDY, CITI

So as we close out this first episode on growth with ICI, I get the sense that this is just the opening chapter of a much longer story.

The four themes that Matt outlined at the outset – household participation, ETF development, private market access, and pension reform – are going to be the organising framework for debates that will likely play out over the next decade.

21:51

ANDY, CITI

What today's discussion has made clear is that the growth ambition is shared, even if the starting points, instruments, and timelines differ across markets.

And an encouraging point, is ICI's conviction that growth, investor protection and empowerment are not competing objectives – but mutually reinforcing ones.

22:08

MANDY, CITI

When households trust the system, when products are well governed, when advice and disclosure are clear – that's not simply good for investors. It's the foundation on which sustainable capital markets growth can be built.

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ANDY, CITI

We'll be exploring all these themes in more depth across future episodes, and we look forward to continuing the conversation with ICI.

22:28

MANDY, CITI

This podcast was recorded on 25 August 2026.