



Unlocking an Essential Source of Investment in Europe

Europe is facing an investment crunch. Nearly two years ago, the Draghi Report called for an extra €800 billion investment annually to fund innovation across critical sectors and to help Europe get back on track. As a share of GDP, that is larger than the size of the Marshall Plan.

While that ambition remains a distant goal, my BCG Institute colleagues have identified a potential source of capital: households. In a new report, [Cash, Capital, and Culture](#), they highlight that European households save at more than three times the rate of US households, but they are half as likely to invest in capital markets. They are sitting on €12 trillion in cash and deposits that could be invested in stocks and other financial assets to close the investment gap.

What would it take for Europeans to embrace the risks and rewards of the capital market?

To answer that question, the BCG Institute convened a digital forum with more than 5,000 individuals in Germany, France, Italy, and Spain. Roughly two-thirds said they would never take any risk with their savings. Some compared capital markets to a “casino.” The age of respondents did not matter much. Even among respondents under 35, 55% said they would not be comfortable taking financial risks.

This reticence to invest lowers lifetime returns for European households and robs capital markets from funds that can support investment and economic growth.

How Knowledge Changes the Picture

While these findings are discouraging, attitudes are changeable. Roughly

30% of respondents said that better financial education or advice would make a big difference in motivating them to invest. Individuals with greater financial knowledge were more likely to take on investment risk. Specifically, respondents were on average 18 percentage points more likely to support pension reforms that put capital at risk once they were shown successful real-life precedents—for example, the performance of pension systems in Sweden, the Netherlands, and New Zealand after reforms.

Policymakers can and should introduce financial education earlier—in secondary and vocational pathways—by covering pensions, inflation, compounding, and fees. They can create neutral public channels households can trust. And they can design simpler default investment options that are low cost, diversified, and transparent.

Business leaders also have a role to play. The workplace can be an important channel for retirement and long-term investing literacy. Business leaders can help households understand the value of taking a diversified long-term approach to investing and to recognize the cyclical nature of markets.

The continuing decline in [European consumer sentiment](#) doesn't help. It's essential for European countries to reverse the vicious cycle. A greater readiness and willingness by European households to invest drives growth, which drives confidence, which drives even higher willingness to invest. All these steps need to be addressed.

Policymakers and business can jointly create an environment of simpler, trustworthy financial education and systems to encourage European households to put their money to work in the market—for themselves and for the health of the European economy.



Christoph Schweizer
Chief Executive Officer

Further Insights



Cash, Capital, and Culture: Mobilizing Household Savings to Close the European Investment Gap

An aversion to financial risk runs deep with European savers. Trustworthy financial education could change that and expand Europe's capital markets.

MOBILIZE EUROPE'S SAVINGS



Old Continent, New Growth: Pension Reform as an Economic Engine for Europe

The reform of Europe's pension systems could potentially channel up to €2 trillion into European investments by 2040.

FUND EUROPE'S GROWTH



European Consumers Are Still Cutting Back

European consumers entered 2026 pessimistic about the economy, worried about geopolitical tensions, and focused on essentials, according to a BCG survey of more than 20,000 consumers in 11 European countries.

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