

Financial market education will not be enough



In recent weeks, there have been increasing calls from politicians for better financial market education for the general public. Whether in Brussels or Berlin, word has now spread throughout European politics that wealth accumulation in the old world is significantly weaker than elsewhere.

The situation is particularly precarious in Germany, as countless wealth studies have amply demonstrated for years. The economic disadvantages of weak wealth accumulation have not yet been sufficiently understood, especially in German politics. German ministers of economics are sometimes surprised that interesting start-ups are often financed by American investors. BioNTech's IPO in New York and Linde's move to Wall Street were clear warning signs.

The reference to inadequate financial market education is certainly valid. However, looking back over recent decades and considering the approach taken in politically popular economic sectors, doubts prevail as to whether better financial market education will solve the problem. It would therefore probably be more prom-

ising for the government to provide financial incentives for smarter asset allocation. The government is known to take this approach with many products. Take electric mobility, for example, which is very popular in political circles. Tax incentives such as company car taxation or the exemption of electric cars from motor vehicle tax are examples of such incentives. One could also mention so-called "green steel" or financial support for semiconductor and battery factories.

There are many indications that tax incentives will also be necessary in the area of asset allocation in order to quickly address this critical situation. Of course, financial market education must also be improved. The goal of all measures should be to enable more people to become co-owners of the economy. The

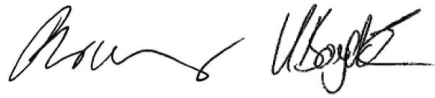
most prudent way to achieve this is to promote investment in stocks and stock funds. The time factor plays a central role in investing. Therefore, efforts must be made to ensure that people start investing as early as possible. Corresponding ideas aimed at state-subsidized stock investments from birth onwards must be fleshed out and put into practice.

The irony of the situation, however, is that higher assets and the resulting income ultimately benefit the state greatly. If German citizens had held 75% of their financial assets in stocks in recent years, our state would now be debt-free and pensions would be looking rosy. A first step could be to end the double taxation of distributed corporate profits, as was the case in the past with the credit procedure. If dividends

were even given preferential treatment over interest in terms of taxation, this would automatically lead to higher equity ratios in the portfolios of German citizens.

Sincerely yours,

Fund managers and co-investors

Handwritten signatures of Christoph Bruns and Ufuk Boydak. The signature on the left is 'Bruns' and the one on the right is 'U. Boydak'.

Dr. Christoph Bruns Ufuk Boydak

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Contact us



Gerrit Braith
Managing Partner Sales / Marketing

braith@loys.de

Tel. +49 (0) 69 2475444-01



Sebastian Erdmann
Sales Manager

erdmann@loys.de

Tel. +49 (0) 69 2475444-24



Franziska Grosch
Sales Manager

grosch@loys.de

Tel. +49 (0) 69 2475444-16



Benjamin Hots
Sales Manager

hots@loys.de

Tel. +49 (0) 69 2475444-14



Peter Maser
Sales Manager

maser@loys.de

Tel. +49 (0) 69 2475444-02



Alexander Piira
Sales Manager
(LOYS Suisse AG)

piira@loys.de

Tel. +41-41 766 77 35

Impressum - Company Details

Publisher:

LOYS AG
Barckhausstraße 10
60325 Frankfurt am Main

Contact us:

Telephone: +49 (0) 69-2475444-0
info@loys.de

Responsible person:

Ufuk Boydak
CEO LOYS AG
www.loys.de