

“Platform DC” is where it’s at for asset managers, says INDEFI

[Susanna Rust](#) 2 August 2021

Assets in European defined contribution (DC) plans look set to surpass €10bn by 2030, with the “platform” market most attractive for fund managers in terms of accessible revenue pools, according to French asset management consultancy INDEFI.

Its expectations for growth in DC assets reflect reforms in France – [Loi Pacte](#) – and Germany – [Betriebsrentenstärkungsgesetz \(BRSg\)](#) – and anticipate [reform in the Netherlands](#).

These countries “are the immediate next stops for asset managers seeking to ride the European DC conversion wave, after the UK, where the process is well under way, and established DC institutional markets,” said INDEFI in a recent note.

Taking the perspective of asset managers, it broke down what it said was a “complex ecosystem” into two segments: “institutional” DC and “platform” DC.

The former is where the client is a pension institution or insurance company, and essentially represents an extension of business-as-usual for asset managers, said INDEFI. Examples are Denmark, Sweden and Switzerland.

“Platform DC”, meanwhile, in INDEFI’s thinking, is where the client is a corporate sponsor or distributor, serving small and medium-size enterprises or individual clients.

It is a hybrid market mixing traditional institutional and fund distribution features. Although, at €1.3trn, it is smaller than the institutional DC segment, INDEFI said it is “where the game will be played”.

“When assessing opportunities through the lens of associated accessible revenue pools for third-party asset managers, the platform DC segment is more than 1.5 times

bigger than the institutional DC segment and where growth will come over the next 10 years,” the consultancy said.

Asked what the platform DC market meant for pension funds, Christel Tarneaud, senior project manager at INDEFI, told IPE it was important for them to get referenced on the right platforms and support their members with guidance and education.

The European pensions sector recently [reacted with concern at what it perceives as a redefinition of DC by the EU pension fund supervisor in a draft opinion](#) from EIOPA on supervision of risk assessment by DC schemes.

In the UK, the industry has [objected to the government’s drive for further consolidation in DC](#), including because of concerns of employer engagement being undermined.

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