



**Meeting of the Financial Services User Group
Agenda**

16-17 December 2013

Time:	16 December 2013	11.30-17.30
	17 December 2013	09.30-16.00
Place:	European Commission Internal Market and Services DG, Room T Stoll Rue de Spa 2, 1000 Brussels	

Monday, 16 December

Opening remarks by Mario Nava, Director “Financial Institutions”, Internal Market and Services Directorate-General

Mario Nava, Director of the Directorate H “Financial Institutions” welcomed members and congratulated those who were recently reappointed for a new term of office. He especially welcomed new members who were present at the meeting: Sue Lewis, Bostjan Krisper, Morten Bruun Pederson and Martin Schmalzried. He also informed the group that two other new members, who could not participate in the meeting, were: Paul Coenen, Head of Legal Affairs of the Dutch Investors Association and Kent Eriksson, Professor and Chair of applied business Studies at the Royal Institute of Technology in Sweden. He asked the new members to briefly introduce themselves.

He also updated members on the state-of-play of initiatives in the area of financial services focusing on consumer protection, to which FSUG members contributed during their previous mandate: MCD, PAD, PSD2 and the proposal for the Regulation on MIFs, MiFID, PRIPS, UCITS, follow-up to Liikanen Report and review of ESAs.

Mr. Nava stressed that the Commission awaits good input and help from FSUG members. He proposed to introduce a regular debriefing by FSUG members – Mr. Nava and Ms Spanou would come at the end of the second day in order to be debriefed by FSUG on the outcome of discussions the group had during a two-day meeting.

Mr. Nava said that the FSUG members can contribute by providing in the informal way the intelligence of consumers and users they represent as well as by delivering good reports with a clear output and arguments that can be used in the preparation of new initiatives as well as negotiations. Mr. Nava stressed the value of the input which is representative, i.e. reflects opinions of users or consumers and that is clear and well substantiated.

Adoption of the agenda and approval of the minutes of the last FSUG meeting (22-23 October 2013) – Tour de table; Short presentation by members of the group.

The new members introduced their fields of expertise and their organizations: Mr Schmalzried (Confederation of Family Organisation in the EU), active on microcredit, financial inclusion, right to basic bank account and to borrow. Mr Krisper (Consumers' Association in Slovenia), active on communication and responsible for a consumer magazine in Slovenia and also a former and a current member of the EBA Banking Stakeholder Group. Mr Pedersen (Danish Consumer Council), with interest in negotiations of PRIPs, UCITs, IIMD and MIFID. Ms Lewis, chair of the British Financial Services Consumer Panel.

Later on, also the renewed members introduced the main themes of their organizations to the new members: Mr Šebo, active on issues related to small retail investors, speculative retailers and pension funds and member of the EIOPA Occupational Pensions Stakeholder Group. Ms Parent (AGE Platform Europe, representing the interest of citizen older than 50 years old who are approximately 30 ml in Europe), active on social issues and sustainable pension and bank products. Mr Prache, member of the EIOPA Occupational Pensions Stakeholder Group, chair of the ESMA stakeholder group and vice chair of the previous FSUG. Mr Bayot, active to promote solidarity in finance, financial inclusion and social sustainability. Mr Jarvis, member of the advisory Panel of the EBA Supervisory Stakeholder Group. Mr Kawiski, active in insurance and pensions and member of the Insurance & Reinsurance EIOPA Stakeholder Group. Ms Holz, from one German investors association and member of a consultative working group of ESMA. Mr Iacob, Chairman of the Association of Romanian Financial Services Users, managing partner of Conso.ro, a financial website for consumers and member of the EBA Banking Stakeholder Group. Ms Fily, from BEUC, which groups 32 EU countries. Mr Ferretti, active in data protection and contract law. Mr Farrés Roselló from the Spanish Association of Users of Banks, which, inter alia, provides training courses to consumers on how to deal with banks. Ms Cottrell, German Consumer Organisations . Mr Daskalakis, from the Confederation of Professional, Craftsmen and Merchants in Greece and member of the EBA Banking Stakeholder Group. And lastly, Mr McAteer, from the board of the British Financial Conduct Authority and founder of "The Financial Inclusion Centre" in UK and chair of the previous FSUG.

Finalisation of FSUG position papers on:

- The study on ownership of the EU economy
- The study on remuneration of financial intermediaries

The FSUG position paper for the "Study on the ownership of the EU economy" was presented. The FSUG members did not have any comments to the paper and it was decided that the position paper can be published together with the study on the FSUG website. The Commission informed the group that, in line with the procedures, it will ask for the authorization for publication and that the study is likely to be made public in January 2014. The FSUG also briefly discussed the recommendations for the FSUG position paper for the "Study on the remuneration structures of financial services intermediaries" but the discussion was not conclusive. Once the position paper for this study has been finalized, it will be made public, together with the study, on the FSUG website.

Feedback from the consultation on the review of the European System of financial supervision, by Kathrin Blanck-Putz (Internal Market and Services DG/O2)

Ms Blanck-Putz informed the members that in the beginning of 2014 the report on the functioning of the ESAS will be adopted by the European Commission. She also thanked the members for their contribution to the consultation.

The process: Ms Blanck-Putz pointed out that article 81 of the ESAS Regulation indicates what is subject to revision. Nevertheless, the EC is allowed to revise other aspects and so it also reviewed the functioning of other important aspects such as the Court of Appeals, stakeholder groups, etc. She also outlined EC's participation last year in the ESAS: on the board of supervisors as a non-voting member as well as observer in various task forces. This allowed the EC to obtain first-hand information on what was happening. In addition, the EC prepared a public hearing in May to which more than 400 participants joined. They also had more targeted consultations (to stakeholders and individuals of the ESAS, for instance) and a dialogue with the ESAS at a technical level in which they provided with quantitative and qualitative data. Also, studies from third parties such as the EP were taken into account for the report. Ms Blanck-Putz highlighted that, when assessing and giving any recommendation, it was also taken into account the fact that the ESAS were created in a time of crisis together with the fact of the ongoing setup of the banking union.

Planning: the EC plans to adopt the report in March 2014. This report will include a series of both recommendations that will have to be assessed by the new Commissioner as well as other recommendations which will not need a legislative proposal and can therefore be swiftly implemented by the ESAS or/and the EC.

Findings: in the draft report, the performance of the ESAS was found positive overall. However, there are several issues which are subject to improvement and which were commented in the consultation. First, the ESAS governance and, in particular, the functioning of the board of supervisors as well as the management board were found to be improved. In particular, the difficulties stem from the change of its members' focus from national to European and the limitations of the chair as he/she has no voting rights.

Second, funding and resources were not found sufficient for their mandate. However, Ms Blanck-Putz pointed out that it is a time of budgetary restraints across all European institutions even though the ESAS are in a privileged situation as regards the funding as they are still under creation.

Third, the participants in the consultation highlighted that consumer protection is not given enough priority and ESAS are not proactive enough in this field. As Ms Blanck-Putz confirmed, the ESAS have very much focused on regulatory issues since their creation and it is a fact that they have left aside consumer protection. Ms Blanck-Putz added that, even though this was the case, it was needed due to the circumstances.

Fourth, direct decision-making powers such as powers for investigation and launching an infringement procedure of EU law have not been used so far. Ms Blanck-Putz commented that this could also be seen in a positive way as it could suggest that such powers have a dissuasive effect. It was suggested that these powers should therefore be preserved, and the condition for their use looked at carefully to ensure that there are no undue obstacles preventing the ESAs from having recourse to these powers. Possible extension of the current mandates should be carefully assessed in the light of the subsidiarity principle and against costs and benefits. Potential areas could include for instance, the area of shadow banking and direct supervision of CCPs.

Finally, the functioning and the transparency of stakeholder groups (which will also be addressed in the report) as well as more direct access to data for ESAS to perform their job were considered areas for improvement in the consultation.

Based on these issues brought up during the consultation process, the draft report contains some recommendations that do not need a legislative proposal (and therefore there is no need

to wait for the new Commissioner), such as delegating some powers to the chair and the enhancing the role of the joint committees as well as clarifying competences between the ESAS on cross-cutting issues (e.g. consumer protection), enhancing transparency of the stakeholders groups, giving more priority to consumer protection, enhancing supervision and monitoring and clarifying the legal nature of guidelines and non-binding measures as well as the role of the ESAS in the legislative acts. Recommendations included in the draft report that would need a legislative proposal include governance (board of supervisors), budget and resources and the extension of the mandate and direct powers of the EC.

As regards the FSUG's and UK's approach namely the creation of a European Consumer Protection Authority in Financial Services, Ms Blanck-Putz added that the EC is reflecting on this option, but that no concrete action are envisaged at this stage.

During Q&A, a member asked Ms Blanck-Putz to what extent the supervision of implementation of legislation is going to be enforced. Ms Blanck-Putz replied that such monitoring of implementation will become increasingly important, but that it requires resources and, at the moment, the focus of the ESAs' work is on the regulatory agenda.

Another member asked Ms Blanck-Putz whether there is a conflict of interest stemming from the ESAS composition and the fact that they control the same National Authorities they are composed of. She replied this fact has already been addressed in the report.

Also, a member of the group raised a series of criticism regarding the lack of consumer focus in the ESAS Regulation and their work. Ms Blanck-Putz replied that relevant recommendations are included into the report.

Another question concerned the criteria used to determine the ESAS performance positive. Ms Blanck-Putz replied that this positive assessment derives from the respondents who participated in the consultation as well as from the consideration that the ESAS have been created recently and they have delivered positive results, especially regarding their regulatory tasks.

The last question to Ms Blanck-Putz referred to the fact that some of the BoS members do not come from National Authorities that deal particularly with consumer protection. Ms Blanck-Putz replied that this issue will be also addressed in the final report.

Up-date on the Single Market Month conclusions by Bruno Franchetti (Internal Market and Services DG/A4) and Delphine Leroy (Internal Market and Services DG/H3)

The Commission explained that the SMM was a unique and innovative exercise that has produced good results, but also areas of improvement for next time. There were over 60,000 visitors to the website, and 786 ideas were published. The 84 chats with VIPs were particularly successful, and included 21 members of the European Parliament, 8 Commissioners and President Barroso. The final report (available in French, English and German) will be available soon on the Commission's website; the report will include both qualitative and quantitative data from all 4 weeks. The Commission thanked FSUG members for their active participation.

The Commission noted that many of the ideas were in fact 'statements' e.g. "please nationalise all EU banks", so in fact the number of genuine, original ideas was much lower than 786. In addition, because of the recent legislative agenda, many of the suggested ideas are covered by recent or proposed legislation. The Commission ensured that the responses to ideas and comments were well targeted with the relevant Commission representatives online to respond. The ideas are currently being analysed and the Commission will provide the shortlisted ideas to FSUG early in 2014. A website will be created so that the progress of selected ideas can be tracked. The Commission will also continue to organise online chats with Commissioner Barnier in 2014.

One FSUG member asked the Commission about the criteria used to promote the ideas on the website, i.e. how did the Commission decide which ideas should be 'featured'. He commented

that 3 of his ideas had more than 100 votes but failed to be 'featured'. The Commission explained that this was not a scientific process, the active promotion of some ideas on the website was done by independent moderators for each language in order to increase the dynamism of the discussions; to share ideas from one language platform to another and to capture attention towards the end of the process.

He also noted that the idea on the Romanian page to establish a single European Consumer Protection body was deleted. He asked the Commission why this had happened. The Commission explained that it had investigated this and it appears to have been accidentally deleted during translation. As this idea was suggested on a number of channels, it was finally included in the featured ideas and therefore this technical issue did not have any material impact on the outcome. All ideas were translated across all channels.

He also noted that he was not happy with the selected idea 'give your bank a smiley' as he feels there are many other, more important issues, which could be taken forward.

He also asked for the names of national independent moderators, in order to assess if they were really independent. The Commission responded that their names cannot be disclosed.

The Commission noted that it will learn from this exercise, for example, promoting online chats in advance to ensure that there is adequate promotion and participation.

Public consultation on the review of the Regulation on Consumer Protection Cooperation – presentation by Marie-Paule Benassi (Health and Consumers DG, B5)

Marie-Paule Benassi recalled the context of the consultation, ending in January 2014. Enforcement of consumer protection rights has been a priority for the Commission and this is also reflected in the Consumer Agenda. She presented the scope of the Commission's public consultation: the Consumer Protection Cooperation Regulation EC 2006/2004 (CPC) foresees, inter alia, the protection of consumers' collective economic interests, it establishes mechanisms to handle concrete cross-border infringements, it gives powers to national authorities (or other designated bodies by Member States) to act on behalf of consumers residing in another Member State, and provides a framework to enhance enforcement and consumer protection through joint actions. The rationale of the review of the Regulation is the need to improve the enforcement of consumer rights in the Single Market and to comply with the review clause in the CPC Regulation, which states that by 2015, if appropriate, the Commission should table a legislative proposal. The review has got two strands: a better implementation of the existing framework (e.g. via joint enforcement actions and priority setting) and an improvement of the Regulation in exploring options (via public consultation and impact assessment). In relation to the timing, the current consultation was preceded by an external evaluation (Dec. 2012) which findings were presented in the Consumer Summit dedicated to enforcement (March 2013). The outcome of current consultation will contribute to an impact assessment study (to be completed by July 2014) and will be followed by a parallel report on the functioning of the CPC Regulation (mid 2014). The finalization of the review is scheduled by end 2014/early 2015. The speaker presented three main issues on which the review initiative focuses: i) the first is about a methodology to identify infringements, by increasing the efficiency of the alerts, better detect emerging trends and align priorities, ii) the second is to create a tool box for cooperation, with additional investigative and enforcement powers and possible common procedural standards and iii) the third issue focuses on how to tackle widespread infringements, requiring action on EU-level relevant cases concerning several Member States at the same time.

In relation to the scope of the review, one member asked what the criteria are to decide the areas to be covered by the review. Ms Benassi answered that the areas are set in the annex of the regulation; different services of the Commission are involved in the review, which covers, inter alia, misleading and unfair commercial practices and mortgages. In relation to the target

of the regulation, another member wondered if the regulation addresses also the measures to be used against the non-complying. Ms Benassi recalled that it is a Member States' competence to ensure that companies comply with the regulation: she stressed that the framework of the review is to strengthen cooperation: Members States are asked to define the criteria setting the compliance, in order to foster proper understanding from businesses and avoid that some companies complying with legislation may suffer from a disadvantage from those non-complying. One member wondered what could be areas of priorities: Ms Benassi remarked that the Commission did not look at specific sectors yet, apart from passenger rights and the consumer credit market.

The FSUG was called on for a contribution: 4 members volunteered to answer the public consultation on behalf of the FSUG.

FSUG contribution to the on-going consultations:

- **Public consultation on crowd-funding in the EU (deadline: 31.12.2013)**

Members had a long discussion concerning the contribution to the consultation on crowdfunding. They discussed about different types of crowdfunding, e.g. for profit vs non-profit. The group decided to have a look at crowdfunding in a greater detail. As far as the consultation was concerned – it was decided to submit replies to questions without additional position paper.

- **ESAs Joint Committee Consultation Paper on complaints-handling guidelines (deadline: 7.02.2014)**

Members were informed that ESAs launched a consultation on complaints-handling. The Joint Committee of 3 EASs has developed draft guidelines on complaints-handling for the investment and banking sectors. They are based on EIOPA's 2012 guidelines on complaints-handling by Insurance Undertakings to help ensure a consistent approach to complaints-handling across the three sectors. Members agreed that the sub-group will be created.

Administrative issues

Members were informed that the tender procedures for two research studies: on savings products and asset management were in the final stage and contracts were to be signed in the coming days.

The rules of procedures were confirmed, as received by the members in the Terms of Reference for the FSUG at the time of the application.

The Commission reminded the reimbursement procedures, in line with COM decision of 05/12/2007 "*Rules on the reimbursement of expenses incurred by people from outside the Commission invited to attend meetings in an expert capacity*" (DocC(2007)5858), included in the contract signed with the Commission.

Travel from/to the place of origin of the expert to Brussels is provided by the Commission travel agency (AMEX) and members benefit from a "*per diem*" which covers local transports. The *per diem* is proportionate to the number of days attended.

Some provisional dates for 2014 were disclosed; the Secretariat informed that the complete list would follow early 2014.

Tuesday, 17 December

Up-date on the Consumer Credit Directive by Maria Lissowska (Health and Consumers DG, B4)

Maria Lissowska updated on the progresses of the CCD: the Commission is obliged to undergo a review of the thresholds and the percentages used to calculate the compensation payable in the event of early repayment and also monitor the effect of the existence of the regulatory choices by Member States (MS). To do so, the Commission checked the transposition of the CCD by MS via 2 studies carried out by an external contractor: the first is on the consumer credit market and the second is on MS regulatory choices and their impact on the internal market and consumer protection.

The main findings from the study on regulatory choices is that MS most frequently limited the obligations for deferred payments, did not require the Annual Percentage Rate (APR) for overdrafts payable on request or within 3 months, and fixed thresholds for early repayment. Nevertheless, the Impact of the directive is difficult to assess, because of the recent implementation of the CCD and the different interests of stakeholders interviewed (business vs. consumers).

The main findings from the study on the state of the consumer credit market reveal that at the end of 2011 the value of consumer credit has fallen by 5% compared to 2008. This ratio is differentiated between MS: from 2% of GDP in Lithuania, to 19% in Cyprus. Furthermore, the value of consumer credit per capita has converged across MS since 2000; the APR decreased in the majority of countries between 2009 and 2013, but it still ranges between 5% and 35%; and the cross-border credit is still below 5% of total credit flows. Nevertheless, there is no certainty that the causes of these phenomena are due to the CCD (effective since 2010) or to the effect of the crisis since 2008. In addition, findings on the respect of CCD provisions in advertisements reveal that: information obligations in advertisements are not respected (largely confirming the findings of the Commission sweep in 2011); that only a minority of advertisements correctly discloses the information required; that information on costs is not clearly disclosed; that some advertisements with cost information do not provide a representative example; and that only in some adverts does APR seem to be correctly calculated.

In relation to the pre-contractual stage, the findings of the study reveal that : mystery shoppers had difficulty in receiving offers (due to the request for credit checks); the shoppers were systematically not informed about their rights (in particular, withdrawal within 14 days, early repayment); the majority did not obtain SECCI even after prompting and were not informed how APR was calculated; some were even not informed about the type and value of the interest rate; credit card providers fared particularly poorly; nevertheless, briefed mystery shoppers had no difficulty in understanding the information. On consumer empowerment: low financial literacy (only 40% of interviewees indicated better offer); Insufficient knowledge of own credit contract; problems effectively using the right of withdrawal; even if consumers were in general satisfied, about 1 in 10 had problems, but only one-third of them complained. Less than half of complaints were positively resolved. On the enforcement of the CCD, Ms Lissowska reported the main finding of the study indicate that the overwhelming majority of regulators think that creditors know the rights of consumers. However, regulators do not control this in the market and penalties and other enforcement measures (withdrawal of licences) are rarely applied.

No major problems were found with Member States' transposition into national legal orders (regulatory choices included). However the Commission found a need for a better implementation and enforcement with respect to all creditors and credit products; and better education of consumers.

Then Ms Lissowska presented the Commission work with the MS on the implementation of CCD: two meetings took place in 2013 with a number of presentations of national experiences connected with consumer credits. She concluded by reporting the experiences of 3 MS and the solutions in place.

One member wondered if statistics on the increase of APR were available. Ms Lissowska replied that Finland had some and that OECD has data for all EU MS without covering banks. Another member said that statistics are available for Denmark. One member wondered whether the Commission intends to cap the APR. It was answered that the reality varies very much across the EU, so it should be strongly assessed the added value of such an action. While acknowledging that at any interest rate restriction falls beyond the CCD, one member wondered whether it could have an EU added value to cap it in order to reduce the development of black economy, which could use the increase in the cap for money laundering. The FSUG was remarked to be a valuable platform to share experiences across MS.

Update of the Payment Account Directive by Maciej Berestecki (Internal Market and Services DG/H3)

The Commission explained that PAD is currently progressing through the legislative process. It was adopted on the 8th of May and was now very close to a general approach in the Council. The Council Working Party met four times to discuss the proposal. The Parliament (MEP Klute) produced a draft report in July; adopted by ECON on 18 November and voted in by the Plenary on 12 December 2013. The trilogues were expected to start in January 2014.

The Commission explained some aspects of the Parliament's current position on PAD to FSUG. On scope, the Parliament is aligned with the Commission that the Directive should apply to all Payment Service Providers (PSPs).

On access, the Parliament proposes to exempt certain types of PSPs, subject to the Commission's approval.

For switching, the Parliament proposes a phasing in of cross border switching. Parliament has also kept flexibility for member states (MS) to retain their current systems, for example in the UK.

On basic bank accounts, the Parliament introduced the need for a genuine link to the MS and leaves freedom for the MS to decide what this link should be.

In relation to the transparency aspects of the Directive, the Parliament maintains the provisions on national comparison websites but ~~adds~~ adds additional quality criteria the sites would have to meet in terms of the type of information to include the frequency of updates and the relationship between the sites' operator and the PSPs. It also proposes that the European Banking Authority (EBA) establishes a pan-European website to would help consumers finding relevant information on bank accounts in the EU for instance for cross border switching purposes. The Parliament has also retained the fee information document (FID) and statements of fees (SoF) and suggests that the EBA should provide technical expertise and harmonise the format of the FID and SoF. The Parliament also agrees on the list of representative services and shares the Commission view that common terminology helps consumers.

A member of the FSUG expressed concern about the need for a genuine link and the limitation of the FID to the list of representative services. Some banks have many pages of fees and this one document may not have enough detail for consumers to make an informed choice. The Commission clarified that consumers already received full fee information from banks under the Payment Services Directive. The FID was only meant to be a tool that helps consumers sifting through the offers of bank accounts on the market. To achieve this, the FID should be as short as possible and only give a snapshot of the fees for the most representative services. There was a risk of outweighing the benefits of the FID if it was too long to read.

Another member of the FSUG asked if the Commission could shorten the proposed transposition of certain provisions. The Commission explained that a one year was already a quite short timeline and that the industry had highlighted the technical difficulties relating to switching and the implementation of other PAD provisions. The Parliament had taken this into account. He asked how FSUG could help. The Commission noted that it would be helpful for members of FSUG to speak to national ministries or institutions to ensure the directive goes in a positive direction for consumers.

One FSUG member asked about the UK position on the PAD. The Commission indicated that the UK was one of the most active negotiators in the Council but that the Council's final position (General Approach) was not yet known. Another member of the FSUG asked about whether interest foregone on an account would be one of the representative fees on the list and if the Commission had considered this. In the UK £9 billion per year is attributed to interest foregone. The Commission noted that this had not been raised during MS discussions. The Commission also highlighted that the FID and SoF focussed on fee information. The FSUG member noted that she would take this point away for consideration.

FSUG chair and vice-chair election

Mick McAteer was re-elected as a Chair and Guillaume Prache a Vice-Chair. Members discussed whether the group should have a second Vice-Chair. The members proposed also to appoint a second vice chairs, to better meet the possible future work of the group; the group decided to run the election of the second vice-chair in the following meeting in February 2014.

Up-date on the Transatlantic Trade and Investment Partnership (TTIP) negotiation by Almoró Rubín De Cervin (Internal Market and Services DG/O2)

The Commission explained that the trade agreement between the EU and the US has a strong regulatory component. It is easier to agree on global standards as differences and inconsistencies make it difficult to effectively regulate. We have to make a fundamental choice between fragmentation and integration.

One members asked how much or what proportion of financial transactions are linked to underlying economic activity e.g. in insurance there is an underlying insurable interest. The Commission answered that it is very difficult to separate or distinguish if linked or not linked. The Commission noted that the US wants to regulate their own system, but because of the interconnections and presence of US intermediaries in Europe, they can export problems to the EU and vice-versa, regulatory consistency is necessary.

The Commission wants to set up an accountable, transparent regulatory process between the EU and US. This is a long term process and will be based on global standards; everyone will retain the right to regulate. However, the Commission noted that at this stage the Americans do not want to engage, arguing that their regulators are independent, and cannot be bound by international regulation.

The Commission commented that integration will lead to a reduction in costs and in a better protection from risks to financial stability deriving from arbitrage. The FSUG member noted that actually MiFid has resulted in investors paying more for investments, despite an increase in transactions. The more costs that are introduced into the supply chain - the more costs flow into the system. He asked to see the evidence that integration will lead to a reduction in costs. The Commission explained that fragmentation makes banks weaker and leads to higher interest rates, and less financing for the economy, in turn making the economy weaker. He disagreed with this point.

Another member asked about the consumer protection and referred to the debate on the mechanism for settling disputes. The group discussed ISDS agreements and the lessons that can be learned from the inclusions of ISDS in bi-lateral agreements. Members questioned the need to include ISDS in the transatlantic free trade agreement. Commission argued that the majority of bi-lateral trade agreements have ISDS. Members pointed out the the unique nature of the EU, which does not have one arbitration or judicial system. Another member also noted that not all bi-lateral trade agreements include ISDS.

The Commission thanked the members of FSUG for their comments.

Address of Mrs Paola Testori-Coggi, Director General of Health and Consumers Directorate-General

The Director General of Health and Consumers described the three pillars that constitute DG SANCO portfolio: food safety, public health and consumer protection policy. After recalling the fruitful cooperation between the Commission and the FSUG during the previous mandate, she highlighted the importance to reduce the information asymmetry between consumers and financial service providers and to improve financial advice to consumers, so that consumers are able to benefit from the advantages of the Single Market. In this context, Mrs Testori-Coggi referred to the DG SANCO pilot project supporting training courses to non-profit entities that provide financial advice to consumers. She also updated the members on the status of the report on the implementation of the Consumer Credit Directive. She called for the FSUG contribution in the context of the review of the Consumer Protection Cooperation Regulation. Eventually she referred to Alternative Dispute Resolution and the future establishment of the Online Dispute Resolution platform as tools for consumers and traders to solve their disputes without going to court, in an effective and low-cost way. A member asked about the status of the study on households' over-indebtedness. Mrs Testori-Coggi explained that the results of the study were still being analysed internally by the services of the Commission, a process which requires more time than initially planned.

Consumer credit campaign in Spain, Ireland, Malta and Cyprus - presentation by Eleni Tampaki (Health and Consumers DG, B4)

Directive 2008/48/EC (CCD) - which covers consumer credit between €200 and €75.000 had to be transposed by Member States by June 2010- is the basis for the information campaign on consumer credit. The purpose of the campaign is twofold: i) to raise consumers' awareness of their rights when they take out credit and ii) encourage consumers to assess the full offer of credit products before entering into a credit agreement. Eleni Tampaki recalled the 5 key rights of consumers promoted in the campaign: right to transparent advertising, to receive standardised and comparable information before signing a contract, the right to clear information in the contract, the right to withdraw from an agreement within 14 days and the right to repay early. Four countries have been targeted by the campaign (Cyprus, Ireland, Malta and Spain), which were selected based on the correct transposition of the consumer credit directive. Surveys conducted among the main target group (adults aged 18 to 35) showed low awareness of consumers' rights. The campaign has been advertised in printed and online media, in social media and with point-of-sales actions in shopping areas and universities; launch events with the Commissioner were also held in the four countries. The campaign will end in March 2014 and an external evaluation of its impact is being carried out by an independent contractor: the findings are expected by June 2014. One member asked about the methodology for the evaluation: Ms Tampaki referred to the criteria of effectiveness, efficiency, appropriateness and relevance that the contractor will need to measure. One member asked if there is any activity linked to the promotion of consumers' rights linked to the campaign: Ms Tampaki recalled that the purpose of this campaign is to

raise consumer awareness of their rights when taking out credit and, stressed that consumer rights in general falls outside the scope of this campaign. One member asked why consumers, having all the same information, process it in different ways and another member asked if the Commission has recorded if people change their behaviour based on the information given via the campaign: Ms Tampaki referred to studies undertaken by the Commission on behavioural economics and said that changes in consumer behaviours are difficult to measure in a short time.

Follow-up to the discussion on problems of financial users which could be tackled by the policy of the Commission in close future – follow up to the exchange of views and discussion with Mr Erik Nooteboom (Internal Market and Services DG/H3)

Firstly, Mr Nooteboom presented himself to the new members of the group. Secondly, he stressed DG MARKET support for the group and efforts to maintain the remuneration of experts despite the change of the policy within the Commission concerning experts' remuneration. Given that the FSUG received an exemption from new rules for the current mandate, the Commission expects valuable input from the group and increase in the efficiency. In order to plan the work, the Commission suggested establishing a work programme for the FSUG for 2014 with a number of priorities. Following the agreement on priorities, focus-groups would be created for each of the topics.

Following earlier discussion and the topics suggested by FSUG as of importance for consumers, the number of them were proposed by the Commission services for the group to work on in 2014.

Proposals for working priorities for the FSUG for 2014:

***Access to the use of saving products**. With regards this topic, the FSUG has already committed to work with the contractor on a study on this topic and then to work on the follow-up to the study.

***Access to independent financial advice**.

Members discussed the importance of a quality advice vs independence of advice. However, an independent advice could be an expensive service and not always affordable for the consumer. Therefore the group could analyse how to ensure the availability of good quality financial advice.

One member pointed out that the problem is that customers do not go elsewhere because they do not have to pay for receiving such advice at the bank. To solve this problem in Denmark, for instance, both the advisory and the selling services are well separated. Also, it was commented that independent advice can also mean 'not given by the providers of the financial products' or 'not given by a financial institution'. One member insisted on the qualitative aspect of the advice instead.

* **Data and information issues (financial crime, potential system failures)**. In this respect the Commission services asked the group for further specification on the topic and possible actions at EU level. One member identified the topic of **system failure** as one of the most important topics and he suggested that this could be assigned as a topic for the first focus group. Furthermore, the technicality of the topic 'data and information issues' was highlighted.

*Another focus group was suggested to work on the topic **debt / credit (over-indebtedness, payday lending, interest rate cap, creditworthiness assessment)** in order to identify major issues in this area.

Other possible topics for the FSUG suggested by the Commission:

- **Products design**, Product design and governance are increasingly important. Products are not serving the long-term needs of consumers and a lack of competition and efficiency results in poor quality products. Some Member States already have initiatives/greater focus on this area. This topic would also be related to the issue of simple financial products.

- **Predatory sales practices**. The Commission services agreed that this is an increasing problem and gave as an example the fine by the FCA to Lloyds for aggressive remuneration practices.
- **Financial awareness**, also related to **understanding the risk**: consumers have a low awareness of the risk associated with financial products, especially high yielding products.

FSUG members selected the following topics, which they considered to be of priority from their perspective (results in order of the number of received votes):

1) most voted:

Establishing a European Authority for Consumer Protection in Financial Services and enforcement of EU legislation.

2)

Crowdfunding;

Over-indebtedness;

Effectiveness of practices of creditworthiness assessment.

3)

Mobile data and data issues;

Interest rate caps.

The FSUG will agree with the Commission services a work programme which will consist of:

1. shared priorities – those priorities suggested by the FSUG which the Commission services would like the group to work on;

and

2. own priorities - own initiative issues which the group thinks are important.

Conclusions

The Commission will circulate to members the paper with proposed priorities for FSUG (based on ideas suggested by the group) as well as the Commission and DG work programme. At the February meeting, the work programme for FSUG for 2014 will be agreed. Members were asked to reflect on how to prioritise and organise the work prior to the meeting.

It was also agreed that in June the FSUG will meet in Warsaw. Marcin and other members were asked to reflect on the possible topics for discussion.

Dates for FSUG meetings will be confirmed in January 2014.