FSUG
Annual Report
2024

Content

ABOUT THE FSUG

The Financial Services User Group (FSUG) was set up by the Commission in order to involve users of financial services in policymaking. The group was established in 2010 by Decision 2010/C 199/02. This decision was recast in 2017 by Decision C(2017)359.

The FSUG's tasks include:

- To advise the Commission in the preparation of legislation and policy initiatives which affect the users of financial services
- To provide insight, opinion and advice concerning the practical implementation of such policies
- To proactively seek to identify key financial services issues which affect users of financial services
- To liaise with, and provide information to, financial services user representatives and representative bodies at the European Union and national level.

The FSUG has 20 members, who are individuals appointed to represent the interests of consumers, retail investors or micro-enterprises, and individual experts with expertise in financial services from the user perspective.

The FSUG meets five times a year, and its Chair and Vice Chairs are elected from amongst the group members. DG FISMA and DG JUST jointly provide secretarial services for this expert group.

The FSUG works on a consensus basis and tries to ensure that it arrives at a collective opinion on issues it considers.

As well as working on its agreed work programme, the FSUG responds to relevant consultations from the European Commission and other EU policymakers.

Following a call for interest launched in 2021, new members of the FSUG were officially appointed by the European Commission in June 2022 for a period of 4 years ending in May 2026.

As in previous FSUGs, the group is composed of a mix of representatives of consumers' organisations working at EU level and individual experts working at national level.

This report covers 2024 and includes most of the activities performed by the group.

FOREWORD

Competitiveness – yes, Deregulation – no!

We fully understand that the EU is not alone and it is very important to take into account what is happening around the world for the prosperity of EU citizens. In this very complicated international context, we support the new EU Commission's approach to take necessary measures to improve the EU economy's competitiveness, following up on the suggestions by the Draghi and Letta reports.

We have also supported in the past the concept of Better Regulation, to avoid overlaps between existing regulation, for the benefit of financial services users and to make it simpler and clearer and to be easily understood.

We understand that the new Commission has decided to avoid issuing new directives and regulations, taking into account the number of legislative acts adopted in the past mandates after the financial crisis. It is important to stress that most of them were very necessary. We saw the effects in 2008 of the lack of rules, relying on the market to solve all the issues. And, unfortunately, the free and deregulated market was unable to address these issues, with severe consequences for consumers and their families.

Nowadays, we hear the voices of very active lobbyists of the financial industry, asking for deregulation as a way to increase the competitiveness of the EU economy. We must point out that there is no such message in the reports.

We are here to say it loudly – those who forget history are condemned to repeat it! And we don't want to bear the responsibility that we didn't say it very clearly and directly – if carried out, deregulation will generate financial instability, exacerbate over-indebtedness, and create a lack of a safe financial sector that serves the interests of EU citizens! In addition, the job of making sure that the financial system is safe is not yet complete and therefore a complete halt to new EU legislation would be the wrong path, especially in light of the emergence of new consumer risks stemming from the increased digitalisation of the market.

What is needed, and we support this approach of the new Commission, is to take measures for a better enforcement of existing EU rules. If the legislation is not properly enforced at Member State level, even if it is perfect, it will not generate the expected outcome for consumers and other users of financial services.

In the context of the increase in public anxiety and dissatisfaction at Member State level with the policies designed in Brussels, a consumer centric approach of the EU legislators is very much needed, to respond to the expectations of the EU citizens! Let's try to work together on a Consumer First agenda in financial services!

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Detailed information on the FSUG work and composition can be found in this report and on the FSUG website. This report is the second of the FSUG in its current composition.

The group would like to thank both DG FISMA and DG JUST and their dedicated units for their continuous and very valuable support, especially the FSUG Secretariat, having benefited from the extraordinary and permanent help of Gintaras Grikšas, David Ciliberti and Elena Brolis! Many thanks also to the Commission colleagues who participated in our meetings and who presented the most important topics for consumers, retail investors and micro-enterprises.

Alin Iacob

Chair

Patricia Suárez	Vinay Pranjivan	Maria Lissowska
Vice-Chair	Vice-Chair	Vice-Chair

FSUG response to the targeted consultation on artificial intelligence in the financial sector

The FSUG responded to the European Commission's "Targeted consultation on artificial intelligence".

The "FSUG contribution" (in the form of answers to the consultation) provides a comprehensive overview of the potential impacts, challenges, and benefits associated with artificial intelligence (AI) in the financial sector. It underscores the need for regulatory frameworks that prioritize transparency, ethical practices, adaptability, and international coordination to harness the benefits of AI while mitigating its risks.

The FSUG contribution highlights concerns such as the lack of transparency and explainability in AI systems, which complicates the understanding of algorithm-driven decisions for consumers. Ethical issues, particularly algorithmic bias, were addressed, emphasizing how biases in training data could lead to discrimination in areas like credit scoring and insurance.

The FSUG contribution also covers the risks associated with data privacy, where consent practices and the use of alternative data sources, like social media, raise concerns about informed consent and consumer rights.

Dynamic regulation is proposed as a solution to address AI's rapid evolution. Recommendations include the creation of regulatory sandboxes and a proactive approach to foresee and adapt to AI advancements.

The FSUG contribution also stresses the need for empowering consumers and investors through transparent and user-friendly AI tools while ensuring that conflicts of interest are avoided in their design and implementation.

Market concentration and dependencies on a few large AI providers in the financial sector are flagged as significant risks. Such concentration could lead to homogeneity in AI outputs and increased vulnerabilities, including herding behavior and systemic risks. The importance of cross-border regulatory collaboration is emphasized to prevent regulatory arbitrage and ensure consistent consumer protection.

In terms of benefits, the FSUG contribution acknowledges the potential of AI to enhance financial inclusion, improve investment tools, and offer more efficient services.

However, it concludes by stressing the importance of accountability, particularly regarding liability for errors in AI systems, and calls for strict adherence to EU data protection principles.

The full text is available on the FSUG website.

FSUG OWN INITIATIVE OPINIONS, STATEMENTS & RECOMMENDATIONS

1. FSUG opinion on Open Finance

The FSUG issued an opinion on the Commission proposal for an Open Finance Regulation (FIDA) which aims to extend the sharing of a wide range of financial customer data, with the stated aim of enabling the delivery of financial products and services that are more tailored to customers' needs (both consumers and firms).
The FSUG opinion highlights the following elements:

What financial data can be accessed? Beyond the exclusions already included in the Commission proposal, the FSUG recommends further limits to the scope of the proposal to exclude highly sensitive personal data (e.g. health-related data) that is financially irrelevant and might create risks of exclusion and discrimination.

Data use perimeter rules: The FSUG highlights the importance of data use perimeters as the main safeguard for consumers against the misuse of their personal data. However, the FSUG considers that guidelines are not the appropriate legal instrument considering their non-binding legal nature and suggests instead the use of Regulatory Technical Standards (RTSs), that more services should be covered by the data use perimeter rules and that the combination of different data categories should be restricted.

Interplay with data and consumer protection legislation: The proposal states that the GDPR is applicable insofar as personal data is being processed. While the FSUG very much welcomes that, the proposal should be without prejudice to the EU data and consumer protection legislative framework at large and specific rules on the categories of data laid down in sector-specific regulations.

Permission vs. GDPR legal bases for processing personal data: The FSUG highlights that the permission should not be misinterpreted and understood as any legal basis for processing under the GDPR, which is not the case. In addition, consumers should not be denied access to financial services based on their refusal to use data sharing or permission dashboards as laid down in FIDA.

Dashboard design: It is crucial that the minimum requirements to obtain valid consent are always applicable when obtaining permission ensuring that it is not just a tick-the box exercise or inferred via dark patterns.

Governance of Financial Data Sharing Schemes (FDSS): Customer organisations and consumer associations should have the right to participate in amending the rules of a financial data sharing scheme.
Enforcement of data protection legislation & cooperation between competent authorities: The proposal should clarify the remit and powers of competent authorities, including the possibility to withdraw the authorisation of FISPs in case of data protection breaches.

Penalties: we propose to align penalties for infringing the Open Finance Regulation with those foreseen in the Payment Services Regulation Proposal for Open Banking, which are considerably higher.

The full text is available on the FSUG website.

2. FSUG opinion on Value for Money in Retail Investments

The FSUG welcomes the ongoing legislative and supervisory work aiming to improve the ‘Value for Money’ that retail investors obtain from their packaged retail and insurance-based investment products (PRIIPs). The concept of "Value for Money" refers to the balance between the costs investors pay and the benefits they gain from a PRIIP. For the retail investment market to serve investors effectively, costs should be proportionate to the benefits provided.

Retail investment products must be designed to enhance investors' financial wealth. The FSUG emphasizes that product manufacturers have a fundamental duty to ensure that these products deliver significant positive real net returns, effectively increasing the purchasing power of savings. Supervisors should prioritize eliminating products that consistently fail to meet this essential purpose, fostering a truly consumer-centric investment landscape.

Importantly, assessing the value for money of PRIIPs is not a recent regulatory innovation by the European Commission but a long-standing responsibility. EIOPA highlighted that the requirement to align insurance-based investment products (IBIPs) with the objectives, needs, and characteristics of their target market has been embedded in the Insurance Distribution Directive (IDD) since 2016. A similar obligation applies to investment products under MiFID II.

Given the fragmented regulatory landscape, consistency across all retail investment products is vital. The FSUG supports EIOPA’s work on value assessment for unit-linked and hybrid life insurance products but underscores the need for a harmonized, investor-centric framework across EU regulations, including MiFID and IDD. Holding all firms marketing retail investment products equally accountable for delivering meaningful value to consumers is essential.

Furthermore, value for money risks arise when investment products fail to meet investors' needs, whether due to unnecessary features, missing essential components, or excessive costs. To address these issues, stricter regulatory oversight is required to ensure that products remain customer-centric, fairly priced, and aligned with investor expectations.

To achieve effective value for money regulation, three objectives must be prioritized. First, product features must align with the target market’s characteristics, and products should be distributed exclusively to their intended market. Second, regulations must prevent the imposition of undue costs that unfairly transfer wealth from investors to financial intermediaries. Third, unjustified or disproportionate costs that undermine investment value must be eliminated. Achieving these goals would enhance investment returns, increase retail market participation, improve SME access to funding, and support the transition to a sustainable economy.

While the introduction of clearer criteria in UCITS and AIFMD for identifying undue costs is a step forward, further refinement through regulatory technical standards and supervisory guidance is essential. This will ensure enforceability and consistent application across the EU. Without additional clarification, fund managers face legal uncertainty, and investors remain exposed to unfair costs.

Equally important is strengthening product approval processes under MiFID, IDD, UCITS, and AIFMD. Comprehensive target market identification, periodic reviews, and transparent pricing processes that justify all costs borne by retail investors are crucial. Publishing product approval documentation would further enhance market transparency and enable independent assessments.

The FSUG supports mandatory benchmarking to evaluate costs and performance, helping identify poorly designed products. Benchmarks should compare products within their categories and combine cost and performance indicators. Performance should primarily be assessed based on financial returns, though non-monetary benefits can add value. Additionally, products should be assessed against two external benchmarks: the performance of capital markets and inflation. PRIIPs are ultimately vehicles for retail investors to access capital markets, so their performance should be compared to market averages relevant to their investment focus. Net returns should also be evaluated in real terms to ensure investments at least preserve purchasing power over time.

The FSUG urges faster implementation of benchmarking systems, noting EIOPA's progress on value for money benchmarks, particularly in the unit-linked and hybrid life insurance market.

EIOPA and ESMA are developing a supervisory approach to Value for Money in retail investments, building on existing MiFID, IDD, UCITS, and AIFMD regulations. These initiatives aim to enhance value-for-money assessments through harmonized methodologies. The FSUG supports ESMA's proposals to refine undue cost criteria through regulatory technical standards.

In the insurance-based investment sector, EIOPA has proposed a three-step supervisory framework for unit-linked and hybrid products. First, a high-level market analysis uses indicators from KID disclosures, national data, and Solvency II risk metrics to identify products requiring closer scrutiny. Second, detailed information collection, including profitability tests, assesses value-for-money risks. Third, oversight of manufacturers' product governance ensures alignment with target market needs.

The FSUG supports EIOPA's benchmark approach, which clusters products by features and uses indicators to evaluate costs, performance, and benefits. However, the methodology needs further refinement for market consensus.

While EIOPA initially recommended withholding benchmarks from consumers, the FSUG advocates for transparency, arguing that benchmarks help consumers assess product value. The FSUG acknowledges concerns over complexity but urges EIOPA to develop user-friendly benchmarks and communication strategies. This effort should align with improving KID readability, intelligibility, and comparability, with contributions from EIOPA and ESMA.

The full text is available on the FSUG website.

3. FSUG RECOMMENDATIONS TO THE NEW COMMISSION 2024-2029

European citizens, including financial consumers, retail investors, and pension savers, face significant challenges due to the COVID crisis, rising living costs, and an incomplete Capital Markets Union (CMU).

Trust in financial services remains low, while digitalization creates both risks and opportunities. The FSUG underscores the need for a transparent, fair, and efficient single financial market that prioritizes citizens' financial well-being. To achieve this, the next Commission must integrate FSUG recommendations across key areas such as the CMU, retail investment, digitalization, sustainability and support for vulnerable groups.

Capital Markets Union (CMU)

The CMU requires urgent reform to provide EU citizens with better investment choices. Policies must encourage direct investment in real economy assets rather than opaque, fee-laden products. Key measures include ensuring access to simple, cost-efficient products such as listed equities, bonds, and index funds. The Pan-European Personal Pension Product (PEPP) should be revised to become a low-cost, widely available pension solution. The FSUG also proposes exploring the creation of a corporate long-term pension plan similar to the US 401(k).

Consumer and investor protection rules must be strengthened across borders. The FSUG calls for a swift review of the Shareholder Rights Directive (SRD II) to enable seamless exercise of shareholders' rights regardless of meeting format and to harmonize the definition of 'shareholder.' Companies should be required to offer hybrid general meetings with full participation rights. Tax discrimination against individual investors, including the double taxation of dividends, should be eliminated. The FASTER proposal needs adjustments to reduce dependency on intermediaries.

Improved audit oversight is essential to restore trust in financial markets. The FSUG urges measures to enhance audit quality and reduce market concentration, including fostering competition among audit firms and eliminating conflicts of interest by banning non-audit services for audit clients. Auditors should be accountable to shareholders and present findings at AGMs. The FSUG recommends appointing ESMA for direct supervision of major audit firms to ensure greater transparency and accountability.

Retail Investment & Vulnerable Groups

The FSUG emphasizes the urgent ***need for unbiased, high-quality investment advice***, advocating for the separation of product sales from advisory services. Commission-based models often prioritize sales over consumer well-being, fostering distrust and underperformance. Independent digital tools and supervised education initiatives should be prioritized to empower consumers.

Furthermore, the FSUG calls for a ***revision of the Mortgage Credit Directive*** to address rising interest rates, implement stronger forbearance measures, and simplify refinancing. Misleading advertisements must be banned, and early repayment fees eliminated to protect borrowers. Similarly, a harmonized EU-wide personal insolvency scheme is essential to offer over-indebted citizens fair debt discharge through accessible repayment plans.

To ***combat fraud***, the FSUG urges enhanced legislation to ***prevent social scams and clarify consumer liability***. Regulation of peer-to-peer lending and supervisory oversight for robo-advisory services is equally critical to safeguard consumers.

On ***financial inclusion***, FSUG recommends ***making basic payment accounts free and accessible to low-income consumers and refugees***. Ensuring affordable access to cash, particularly in rural areas, remains crucial, as evidenced by Portugal's success. The FSUG also advocates replicating the Dutch loan referral model across the EU to connect rejected bank loan applicants with microfinance providers.

Finally, addressing the financial challenges faced by vulnerable groups requires ***targeted social finance instruments for affordable lending and non-financial support.*** Ensuring secure pensions and financial services for the elderly, especially amid market volatility and inflation, is vital for safeguarding their financial stability.

Digitalization and Sustainability

The European Union must ***advance digitalization and sustainability to achieve carbon neutrality by 2050***. Digital finance reshapes supply chains and consumer experiences but poses risks such as cyber threats, financial scams, data misuse, profiling biases, and exclusion via manipulative "dark patterns." Prioritizing sustainable finance is essential for integrating climate and ESG factors in line with the European Climate Law and Green Deal.

AI-driven decision-making in finance must be transparent, accountable, and free from discriminatory outcomes. Strengthened regulation of financial influencers, particularly regarding risky investments like cryptocurrencies, is critical. A ban on unlicensed endorsements of high-risk products and effective oversight would protect consumers, especially young people. Dark patterns should be explicitly banned under the Unfair Commercial Practices Directive.

To promote sustainability, the EU should enforce a ***unified engagement framework*** to combat greenwashing and mandate effective transition plans for industries. Clear sustainability KPIs and independent research on investment impacts would enhance trust and transparency. Financial advisors must offer at least one sustainable investment option, ensuring consumers have meaningful green choices.

Access to ***green transition financing for micro-entrepreneurs and vulnerable groups*** is vital. EU-backed microfinance instruments and educational initiatives should support their adoption of sustainable practices. A blended finance approach, including grants, is necessary to ease the burden of heavy transition investments.

Horizontal Priorities

On top of the above, the EU must also ***expand the role of consumer organizations in policymaking***. Adequate compensation and involvement of independent experts would balance the influence of industry representatives and improve decision-making.

Addressing the persistent ***gender gap in finance is imperative***. Women-led businesses receive only 2% of venture capital, and women investors face structural barriers. Tailored interventions and better data collection are needed to foster a gender-balanced investment ecosystem.

Regulatory efforts must ***protect small investors and promote transparent disclosures for investment and pension products***. Reviewing PRIIPs and PEPP regulations could enhance coverage and impact.

AI use in ***insurance*** must be carefully regulated to address discrimination risks, cyber threats, and financial inclusion challenges, while building resilience to climate and natural disasters.

In conclusion, the FSUG underscores the need for the EU to approach the digital and green transitions holistically, prioritizing consumer protection, financial inclusion, and sustainable investment to build a fair and resilient financial landscape.

The full text of the FSUG Recommendations for the New Commission 2024-2029 is available on the FSUG website.

4. FSUG statement on key topics during COP29

The Financial Services User Group (FSUG) highlights its support towards the main objectives of the United Nations Climate Change Conference (COP29)[1], which convenes world leaders annually to discuss tackling climate change through concrete measures, such as a fund to support developing countries addressing loss and damage from climate change by way of the New Collective Quantified Goal on Climate Finance (NCQG)[2], advancing transparent carbon markets and collaborative emissions reductions[3], establishing Nationally Determined Contributions (NDCs) that uphold the 1.5°C limit[4] to global warming and transitioning away from fossil fuels worldwide.[5]

Since COP28, several commitments have begun to take shape. The establishment of the Loss and Damage fund represented a significant milestone, as the first dedicated mechanism designed to assist vulnerable nations in addressing the impacts of climate-related disasters. Furthermore, the NCQG aimed to mobilize $100 billion annually for developing countries to bolster their adaptation efforts.

Initial progress was also made in refining Article 6 of the Paris Agreement to enhance transparency in international carbon markets. However, these initiatives require further action vis-à-vis meaningful enforcement mechanisms, as Article 6 still does not hold nations accountable for emissions reductions.

With this year's COP29, the focus will be on expanding these pledges, but success relies on addressing the persistent gaps. Marketed already as the 'Finance COP', the expectation is to align climate financial contributions with global needs. Targeted engagement between the public and the private sector at scale are necessary to unlock increased investments in climate action.[6]

However, an exclusive focus on market driven solutions may overlook alternative approaches. As innovative financing tools like debt-for-climate and debt-for-adaptation swaps gain traction, they should be prioritized at COP29 to facilitate funding for climate-oriented projects.

Further, measures to align financial institutions' behaviours with climate objectives (such as common understanding on transition planning and recognition of climate-related risks) are necessary to deliver on the global climate commitments.

As the European Commission transitions to new leadership, COP29's alignment with the consumer agenda presents a critical opportunity for evaluation. This year's commitment to climate accountability, management of risk and transparency challenges the Commission to offer consumers truly sustainable options and implement ambitious policies that empower them to make informed climate-conscious choices without the risk of greenwashing.

With the updates to the nationally determined contribution (NDC) approaches, achieving a strong outcome at COP29 is critical to send a strong signal of progress.

By addressing the finance gap and promoting effective mitigation and adaptation and inclusive solutions, COP29 can pave the way for comprehensive climate action.

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[1] https://unfccc.int/cop29

[2] https://unfccc.int/sites/default/files/resource/UNFCCC_NCQG2023_flyer_web.pdf

[3] https://unfccc.int/process/the-paris-agreement/cooperative-implementation

[4] https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs

[5] https://unfccc.int/news/cop28-agreement-signals-beginning-of-the-end-of-the-fossil-fuel-era

[6] https://www.consilium.europa.eu/media/br0jbgpj/st14288en24.pdf

5. FSUG statement on Securitisation

In December 2024, the FSUG provided a response to the Commission's targeted consultation "on the functioning of the EU securitisation framework".

In its response, the FSUG supported a cautious approach to securitisation, emphasizing that its role in SME financing is overstated. At the end of 2023, SME loans made up only 15% of EU asset-backed securities, and even in the US, their securitisation remains limited.

Structural barriers, such as lack of collateral and loan heterogeneity, make securitisation an ineffective tool for broad SME funding.

The FSUG urges policymakers to prioritize market integration over securitisation. Expanding existing EU funding programs and improving cross-border investment infrastructures would be more effective. Encouraging securitisation could increase corporate dependence on bank debt, making businesses more vulnerable in economic downturns.

The FSUG is concerned with the implications of securitisation on the EU banking sector. Large banks benefit disproportionately, putting pressure on smaller institutions. Securitisation also weakens the lender-borrower relationship, reducing flexibility for loan restructuring and increasing the likelihood of asset seizures, particularly for mortgages and consumer loans.

Additionally, the FSUG supports alternative refinancing models like covered bonds, which provide a stable and efficient funding source without the risks associated with securitisation. Promoting securitisation could disrupt well-functioning markets and harm financial stability.

Introduction of a third party (the Special Purpose Vehicle, SPV) hugely affects the relationship between the lender and borrower. Even if the originating bank continues to service the loan on behalf of the SPV, it no longer has the autonomy to amend or modify the loan agreement, e.g. extend its maturity or grant a payment holiday. The SPV, in turn, has little room for manoeuvre and little incentive, given its commitments to investors, e.g. to grant forbearance. As a result, lenders are more likely to call in the loan and seize their collateral, a step that is already very painful when applied to a typical consumer or SME loan, and potentially traumatic when applied to a mortgage.

The FSUG is concerned with the lessons of the past, warning against excessive reliance on securitisation. The 2008 financial crisis was fuelled by poorly understood securitised assets. Transparency in asset quality remains crucial to avoid repeating past mistakes. Securitisation of sub-prime mortgages was a key-driver of the last global financial crisis. Many of those securitised assets received the best possible ratings from rating agencies, fuelling excessive risk-taking from banks and investors.

The full text is available on the FSUG website

FSUG MEETINGS in 2024

In 2024, the FSUG had the honour to meet the most important guests in its whole history – Commissioner Mairead McGuinness and Director General of DG FISMA, John Berrigan. Details about these meetings will be provided in the next pages of this report.

The FSUG met five times in 2024: in Brussels on 22-23 February and on 21-22 November, remotely on 11 April and 26 September. The annual external meeting was supported by the Lithuanian Consumers Alliance in Vilnius (Lithuania) on 13-14 June.

During the meetings, the FSUG met with various Commission representatives, including Eric Ducoulombier, Head of Unit, B3 DG FISMA, Andrea Liesenfeld, Deputy Head of Unit, B3 DG FISMA, Daniela Bankier, Head of Unit, B1 DG JUST, and was consulted/updated by DG FISMA and DG JUST colleagues on various dossiers such as:

- Mortgage Credit Directive (MCD) review
- EBA Peer Review on the supervision of creditors' treatment of mortgage borrowers in arrears under the Mortgage Credit Directive (MCD)
- The new Consumer Credit Directive 2 (CCD2) and its implementation in the EU Member States
- Creditworthiness Assessment Practices of Non-Bank Lenders
- Sustainability-related disclosure in the financial services sector (SFRD)
- Review of the Payment Accounts Directive (PAD)
- Shareholder Rights Directive
- Listing Act
- Regulation on ESG Ratings
- ECB research in the field of access to cash banking services for consumers
- Proposals for the Payment Services Directive 2 (PSD3 proposal) and for the Payment Services Regulation (PSR)
- Digitalisation, financial literacy and inclusion
- AML/CFT rules and their possible impact on consumers
- Over-indebtedness study
- Retail investment strategy and related Value for Money benchmarks
- The upcoming Consumer Agenda for 2025 - 2030

For more details, you can find the minutes of the FSUG meetings posted on the FSUG website:

Minutes of the FSUG meeting held on 21-22 November 2024 in Brussels

Minutes of the FSUG meeting held on 26 September 2024 (virtual)

Minutes of the FSUG meeting held on 13-14 June 2024 in Vilnius

Minutes of the FSUG meeting held on 11 April 2024 (virtual)

Minutes of the FSUG meeting held on 22-23 February 2024 in Brussels

FSUG MEETING with COMMISSIONER Mairead McGuinness

Commissioner Mairead McGuinness kindly accepted the FSUG Chair invitation to join an FSUG Meeting.

It was the first time in the FSUG's history that a Commissioner joined one of our meetings, which represents a clear recognition of the importance of the FSUG voice for Commission services.

The meeting was scheduled for 25 minutes, but the Commissioner spent almost 45 minutes with the FSUG members, first delivering a speech and then engaging in a very lively session of Q&As.

In her speech, Commissioner McGuinness expressed gratitude for the opportunity to speak and highlighted the significance of financial services in supporting consumers, retail investors, and SMEs. She emphasised her commitment to improving financial literacy, consumer empowerment and protection, stressing the need for individuals to make informed financial decisions. The Commissioner discussed key initiatives such as the Retail Investment Strategy, the Digital Euro, and legislation on crypto-assets, all aimed at building trust and transparency in financial markets. She acknowledged challenges in enforcement and stressed the importance of ongoing collaboration and ambitious action to meet consumer needs in an evolving financial environment. The Commissioner concluded by expressing optimism about future progress and encouraged continued input from stakeholders.

The Commissioner's speech was followed by a Q&A session with the FSUG members, who asked for the Commissioner's views on the most pressing issues, such as the way forward on the Retail Investment Strategy and how consumers could access cheaper financial services in other Member States.

The Commissioner underlined the need for the real capital markets union to be able to address the issues that would require huge investments, such as climate change.

The Commissioner emphasised the need to empower consumers as this is the only way EU citizens would be able to ensure their own financial security, thus making the European society as a whole stronger.

Finally, the Commissioner addressed additional FSUG questions on enforcement, newly proposed payments legislation, including rising number of fraud cases, and financial literacy, pointing out the importance for consumers to know their rights and whom to contact when faced with the issue, the benefits of financial education and actions from industry aimed to better prevent fraud and protect consumers.

The Commissioner encouraged the FSUG to continue its good work in representing the interests of consumers, retail investors and SMEs.

The whole speech delivered by the Commissioner to the FSUG members can be read here

FSUG MEETING with Director General of DG FISMA, John Berrigan

For the first time since its establishment in 2011, the FSUG had the privilege to host a meeting with the Director General of Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA). He kindly decided to accept the invitation received from the FSUG Chair.

In his introductory remarks, John Berrigan welcomed the participants to Brussels and thanked them for their work. He highlighted the important role the FSUG plays in helping DG FISMA to understand the impact of its policies on citizens.

He outlined three key priorities for the next Commission mandate: reducing administrative burden, ensuring better regulation, and improving enforcement. These priorities are especially relevant for DG FISMA, given its responsibilities for regulating different financial markets. John Berrigan called for accepting some legislative imperfection in exchange for stability in the regulatory framework.

Director General Berrigan informed the FSUG members that the Savings and Investment Union will play a central role in the debate about EU competitiveness. A key focus will be on making capital markets more attractive, e.g. by supporting the venture capital industry in the underdeveloped area of scale-ups.

Regarding supervision, while a single EU supervisor may not be an ideal solution, achieving unified supervision, such as through better coordination of national supervisors, is the goal. Additionally, the EU and Member States will need to cooperate in areas where the EU has limited competence, such as pensions and taxation. Other areas of focus will include sustainable and digital finance, securitisation, and the Banking Union.

The introductory remarks were followed by a very intense exchange of views with the FSUG members.

The FSUG members raised questions on topics including promoting retail investment, fostering sustainable investment, banking consolidation, better enforcement of the existing legislation and addressing payment fraud.

John Berrigan highlighted the importance of improving access to simple, low-cost and safe products for retail investors, providing Sweden’s ecosystem as a positive example.

He also noted that the debate on the EU Taxonomy has been reopened as smaller companies struggled to meet reporting requirements. However, he assured that the Commission remains committed to sustainability goals while seeking more efficient ways to achieve them.

On banking consolidation, John Berrigan acknowledged the benefits of cross-border consolidation but agreed that most consolidation often occurred within borders.

Payment fraud was cited as an example where legislation has not kept pace with the evolving sophistication of fraud tactics.

SPECIAL FEATURE: FSUG 2024 External Meeting in Lithuania (Vilnius)

On 13 and 14 June 2024, the FSUG met in Vilnius (Lithuania), with the support of the Lithuanian Consumers Alliance, represented in the FSUG by Kęstutis Kupšys.

For the first time in its history, the external meeting was organised in the form of panels, moderated by FSUG members and having many important Lithuanian guests and a distinguished member of the European Economic and Social Committee (EESC) as speakers.

The first day of the meeting was opened by Alin Iacob, FSUG Chair, which delivered a warm introduction and welcome in Lithuanian language, with the help of the Lithuanian member of the FSUG.

Nijolė Valinskytė, Head of Macroprudential Policy Division, provided a welcome address on behalf of Julita Varanauskienė, Deputy Governor of the Bank of Lithuania. It was followed by greetings from Kęstutis Kupšys, Vice-President of the Lithuanian Consumers Alliance.

The FSUG meeting in Vilnius featured three discussion panels with representatives from civil society, academia, and regulators to debate how the financial sector could better serve society in a more digitalised environment while faced with heightened global challenges.

The first roundtable debate focused on access to cash, e-payments, and the digital euro. FSUG Vice-Chair Vinay Pranjivan moderated the panel composed of:

- Tomas Karpavičius, Head of Market Infrastructure Policy Division, Bank of Lithuania
- Saulius Žilinskas, Member of the Lithuanian Small and Medium-Sized Enterprises Council and Member of the Lithuanian Payments Council
- Andrius Jarošenko, Legal Council at Caritas of Vilnius Archdiocese
- Vytautas Valvonis, Chief Executive Officer at Revolut Holdings Europe

The Bank of Lithuania representative provided an overview of the market for banking services, underlining that Lithuania had a small and concentrated banking market. He informed that a number of regulatory and legislative measures were taken in Lithuania to increase competition in the market, especially in the payments area. Most recent efforts are aimed at enabling consumers to more easily switch between providers of financial services and notably in the mortgage credit market.

With regard to financial inclusion, the representative from the Bank of Lithuania thought that the involvement of a privately owned bank is not always required, hinting at the measures taken by the Bank of Lithuania, namely to establish 100 ATMs in 100 locations. They have already been installed, though not very actively used. This means 10% of the population now has better access to cash.

It was also noted that 10% of the adult population does not have a bank account. Retirement pension is delivered in cash to a recipient, which could be a specific peculiarity compared to other EU Member States and could largely explain this phenomenon of exclusion from banking services. When it comes to payment of salaries, until 2022 many companies paid salaries in cash. The amended laws now require salaries to be exclusively paid into bank accounts.

Andrius Jarošenko, a lawyer providing legal advice at Caritas, agreed that digital banking has become very common in Lithuania. The problem is that outside the digital environment, there are still people who need to have access to finance underlining that 19.9% of population are at risk of social exclusion while only 18% GDP in Lithuania (vs 29% in the EU) are allocated to social security. He noted several practical issues on the availability of services. First, vulnerable consumer often has no money to buy digital tools. Second, to be able to access digital services, they need to have a bank account. This is not preferred by over-indebted persons, however, as it would result in debt collectors having easy access to them despite the fact that national law ensures a legal minimum income to survive and therefore not all the money on consumers' accounts should be accessible to debt collectors.

The Revolut representative noted that cash is inevitable. At Revolut, a basic account is free. The number of ATMs per 100k inhabitants in Lithuania is one of the lowest in the EU. But hundreds of shops, thousands of national lottery terminals are used for cash withdrawal. The number of ATMs is decreasing everywhere. Phones are increasingly used as card readers. Referring to the EU laws that overhauled the EU energy sector and introduced competition in the market, the Revolut representative suggested that the Commission should consider separating the infrastructure from the provision of services.

The SMEs representative underlined that no cash essentially means more control over the money for their users. However, for some it is the opposite: keeping cash means better control of money, so it is important that users' preferences are taken into account.

The Bank of Lithuania informed that although the volume of payments in cash is going down and the trend is very clear, in 2022, 62% of payments were still made in cash. It is important to keep in mind that the EU is highly reliant on American payment schemes, although in the e-space there are alternatives to card payments.
The panellists and FSUG members exchanged views on issues linked to the availability of cash.

The second panel was dedicated to issues in the mortgage credit market and possible solutions to them. The FSUG Vice-Chair Maria Lissowska moderated the panel composed of:

- Nijolė Valinskytė, Head of Macroprudential Policy Division of the Bank of Lithuania
- Eivilė Čipkutė, President of the Lithuanian Banking Association
- Marius Jansonas, President of the Finance and Credit Management Association, Lithuania

Before the start of the panel discussion, Rokas Norvilas from the Bank of Lithuania gave a presentation of the recent regulatory changes in the mortgage credit sector (especially the easy refinancing initiative).

According to the analysis of the Bank of Lithuania, consumers from Lithuania, and other Baltic states pay the highest price for mortgage loans in the euro area. While at the moment the interest rate margin for variable loans remains the lowest in recent years, consumers are often not willing to switch their mortgage provider, in particular because of high switching costs. The BoL together with the MoF have proposed a law to eliminate switching costs for consumers. The only cost that would remain for consumers would be a repayment fee of up to 3% of the outstanding amount for fixed rate mortgages.

In addition, the proposed changes also include the requirement for mortgage providers to offer a mortgage loan with the borrowing rate fixed for at least 5 years. The measure is aimed to increasing the share of fixed rate mortgages, which is currently close to zero and is lowest in the euro area (compared to 67%-euro zone average).

The moderator asked the panellists to consider further on what is needed to enable mortgage providers to offer more fixed rate loans and to encourage consumers to take fixed rate mortgage loans. The Bank of Lithuania representative underlined that the measure proposed by the BoL does not aim to force consumers to choose fixed rate mortgage loans, but rather to enable the choice to consumers so that they are able to choose the type of interest rate that is most suitable for them, be it a fixed or a variable interest rate. Fixed rate mortgages may not be suitable for all potential borrowers. The measure should also enable consumers to compare different options and therefore to make an informed decision. The Bank of Lithuania wants to break the vicious circle of "no demand – no offer".

According to the President of the Lithuanian Banking Association, to be able to offer to borrowers fixed rate loans, Lithuanian banks must enter the markets and borrow at a long-term fixed rate. Given that even the largest Lithuanian banks are very small at the EU level, they cannot obtain the long-term fixed rates at the same good rates as other larger EU banks. Also, the market for fixed rate mortgages is very small. All this leads to higher borrowing rates for consumers, which are higher than in other euro area countries. The securitisation or covered bonds could possibly help in the future. Also, the President recalled a long low-interest rate period in the EU in the aftermath of the financial crisis, in which borrowers with variable interest rates were better off compared to those who took a fixed interest rate.

Marius Jansonas, the President of the NGO which helps to educate borrowers and investors, supported the Bank of Lithuania and Ministry of Finance proposal to make switching and early repayment easier. He recalled that 15 years ago when fixed rate interest mortgages were offered, early repayment penalties were huge amounting to 10-15% of the outstanding amount. This was one of the reasons why fixed rate loans did not gain popularity in Lithuania. He underlined the importance of good financial education of consumers so that they can take informed decisions.

The FSUG Chair reminded that interest rates have exploded together with the inflation in 2022. He welcomed the Bank of Lithuania initiative to increase the choice and consumer awareness. He considered that the initiative on switching is revolutionary that should be used as a blueprint in the EU, as a future directive or regulation.

Participants questioned huge profits of the banking sector. The President of the Banking Association underlined that the whole business cycle, rather than a specific year, should be assessed when discussing banking sector profitability. Return on Investment (ROI) was roughly 7% taking into account the whole cycle while investors would like to have around 11% ROI.

One FSUG member underlined that a consumer takes all the risk due to interest rate changes for variable rate mortgage loans and therefore consumers should be remunerated for taking that interest rate risk. The other FSUG member asked about the possibility to have dynamic limits on the interest rate to which the Bank of Lithuania responded that under the “responsible income” regulation, a burden to consumers from increased interest rate would be prevented by setting a Debt service-to-income (DSTI) limit of 50% under a hypothetical higher 5% interest rate, which is an addition to the 40% DSTI limit for the offered credit interest rate. Furthermore, banks would be obliged to restructure or take other measures to help consumers, whose DSRI goes above 40%, such as reducing the profit margin, but a creditworthiness assessment (CWA) would still have to be carried out in case the mortgage loan was refinanced. This is currently in the proposal submitted to the Parliament.

Addressing some of FSUG members’ concerns about huge borrowing rates for mortgages issued in Poland and Romania, the President of the Banking Association pointed out that joining the euro area helped borrowers in Lithuania. Among other suggestions from the FSUG members, it was considered that the CWA requirement could be unhelpful if a person would like to refinance their mortgage, given it might be difficult for a person to pass a new CWA due to reduced income or increased financial liabilities, essentially preventing a consumer to refinance their loan. Responding to a question from an FSUG member, the Bank of Lithuania reiterated that it does not regulate fees nor interest rates, which is left to the market to decide, except for the existent mortgage to help consumers to refinance it.

The second day was opened by the FSUG Chair Alin Iacob, inviting for a minute of silence to commemorate the Day of Mourning and Hope in Lithuania.

Julita Varanauskienė, Deputy Governor of the Bank of Lithuania, gave a keynote address.

She highlighted the ongoing challenges faced in Lithuania, notably the continuing issue of over-indebtedness, recognising the limited effectiveness of the measures on financial education which have been taken so far in Lithuania. There should be a good balance between the supply and demand of financial services, leading to an optimal outcome in society. Regulation is important to protect consumers, but excessive regulation can stifle innovation and limit choice for consumers. Financial education should help consumers to understand financial products, and empower them to make informed decisions.

The Bank of Lithuania established the centre of financial education, which organises various events and supports initiatives taken by different actors. The most effective education method seems to be the ‘teachable moment’ method, i.e. to provide information/ consumers obtain the knowledge at the time when they get interested in the matter. The weakest area in education is for digitalised financial products which is also an area widely exploited by scammers and therefore draws most attention.

The last panel of the meeting was dedicated to a discussion on digitalisation and inclusive finance: how to put interests of consumers, microenterprises, start-ups and retail investors at the centre of the financial system.

The panel was moderated by the FSUG hosting member Kęstutis Kupšys representing the Lithuanian Consumer Alliance, and included the following speakers:

● Julita Varanauskienė, Deputy Governor of the Bank of Lithuania
● Petru Sorin Dandea, member of the European Economic and Social Committee
● Evaldas Remeikis, CEO & Chairman of the Board of NEO Finance
● Rimantas Žylius, Advisor to the Prime Minister of the Republic of Lithuania (digital transition, govtech), former Minister of Economy

Regarding investment services, Julita Varanauskienė informed that the Bank of Lithuania was waiting for the finalisation of the negotiations in the Council on the Retail Investment Strategy. A recent mystery shopping exercise revealed disappointing practices applied by insurance undertakings. In absence of EU regulation which could prevent such practices, the Bank of Lithuania would likely continue with their usual supervisory practices, including taking disciplinary measures when needed.

Rimantas Žylius gave an inspirational speech “A data lake of the future: from govtech to open Finance”, in which he outlined his future vision of digitalised e-government and regulation, including financial regulation. He underlined the need to continue to develop AI-based products which could process the increasing amount of data that is both regularly collected by public services and institutions but also which is spread on the internet in a highly digitalised society. This is essential to bring timely and quality services for the whole range of public functions – from defense and public health to financial services regulation.

Petru Sorin Dandea, the rapporteur of EESC opinions 'ECO/534 - Digital finance strategy' and 'ECO/454 - Financial Technology (Fin Tech)', gave a speech about the needs of society, on the crossroads of digitalization of finance, providing examples of how unregulated financial instruments, such as crypto currency, could undermine the orderly functioning of society and markets other than financial markets. The prominent example was the energy crisis in Kazakhstan due to bitcoin mining reallocation from China.

Evaldas Remeikis showcased the fintech innovations spanning from financial education to digital wallets. He acquainted FSUG members with real-life financial products and services, giving practical examples on how the fintech revolution brings benefits for microenterprises, consumers and retail investors.

FSUG KEY TOPIC: Financial literacy as an important extension to robust consumer protection

Vinay Pranjivan, FSUG Vice Chair

Financial literacy is defined by the Organisation for Economic Co-operation and Development (OECD) as "*a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being*" [7]. It involves understanding financial concepts and possessing the skills and confidence to use this knowledge for informed effective financial decision-making. It can play a vital role in enhancing the financial well-being of individuals and society and promoting broader financial and economic inclusion (Hasler et al., 2023; Lusardi and Messy, 2023; OECD, 2023).

Several assessments of the levels of financial literacy have been made across the world, showing differences between countries and for groups or gender. One example is the recent European Commission's (EC) Flash Barometer 525[8] and its analysis in the European Financial Stability and Integration Review 2023[9] which highlights that "*18% of EU citizens display a high level of financial literacy, 64% a medium level, and the remaining 18% a low level.*" However, there are "*wide differences across Member States. In only four Member States, more than one quarter of citizens score highly in financial literacy (the Netherlands, Sweden, Denmark and Slovenia). The results also point to the need for financial education to target in particular women, younger people, people with lower income and with lower level of general education, who tend to be on average less financially literate than other groups.*" It is important to point out that assessment studies focus typically on questions that do not apply to daily financial decision-making situations.

In recent years, there's been a rise in financial literacy initiatives to address consumer challenges in financial services (e.g. mis-selling, over-indebtedness, and complexity of financial products). In the EU, many Member States established National Strategies for Financial Literacy and developed programs, combining supervisory entities, education ministries and private entities. In some cases, consumer organisations are also contributors. In parallel, there are several initiatives from financial services providers, consumer organisations, and individuals (with some level of influence). In the absence of a national coordination, there can be a confusing message to consumers, because the programs could include different approaches to the same issues.

Even more important: in several cases, consumer organisations are ignored, despite being better suited than public institutions, as they are in permanent contact with consumers, and understand their needs. And this should be urgently changed. The FSUG argues that every Member State should establish a National Committee for Financial Literacy, with a mandatory presence of consumer organisations specialised in financial services. For example, in Portugal, the three financial supervisory authorities – the ASF, Banco de Portugal, and CMVM – established the National Plan for Financial Training - "*Plano Nacional para a Formação Financeira (PNFF)*[10]*"*. This initiative has the endorsement of the Ministry of Education and receives guidance and contributions from several stakeholders, including financial services' providers and consumer associations. In Italy, the Minister of Economy and Finance, in collaboration with the Minister of Education, University, and Research, as well as the Minister of Economic Development has established the Committee for the Planning and Coordination of Financial Education Activities (Article 24-bis of Decree-Law No. 237/2016), which is composed of 11 members (representing Ministries, Supervisors, Consumers, Bank of Italy, Academics). The aim of the Committee is to develop a national strategy for financial, insurance and pension education; in order to improve individuals' ability to make informed decisions regarding savings,

[7] OECD Recommendation on Financial Literacy (2020)

[8] https://europa.eu/eurobarometer/surveys/detail/2953

[9] https://finance.ec.europa.eu/document/download/ffc80aa7-96a8-4500-b7a5-eaf1f8e607cf_en?filename=european-financial-stability-and-integration-review-2023_en_0.pdf

[10] https://www.todoscontam.pt/pt-pt

investments, pensions, and insurance. The Committee also manages the portal "*Quello che conta*" ("What Matters"), which serves as a resource hub for financial, insurance, and pension education.
Regarding initiatives lead by financial services' providers, there's an additional risk of biased information or conflicts of interest arising from advice to engage in certain products or services or taking up risk or indebtedness.

Regarding combined efforts between Member States and financial institutions, such programs should include strong measures to prevent that initiatives are used as marketing tools promoting financial institutions' products and interests. In addition, any such efforts should include consumer organisations. In Romania, in the OUG 52/2016, which transposed the MCD, there is a reference (introduced after an AURSF[11] proposal) on prohibiting creditors using financial literacy initiatives to promote their own financial products and/or services: *Art. 4(4) Creditors and insurance companies are prohibited from holding events and/or publishing materials under the title of "financial education campaigns", with the aim of promoting financial products and/or services.*

Why Financial Literacy Efforts Are Not Enough

The FSUG identifies important reasons why financial literacy should not be considered a standalone solution, a view also shared by the EC[12]. These are relevant structural and systemic issues in the financial services market:

- Complexity of financial products: products such as insurance, mortgages, and investment funds are increasingly complex. Even for financially literate individuals, fully understanding the risks, fees, and long-term implications remains a challenge. For example, structured products and derivatives often have terms that are incomprehensible to average consumers, leading to uninformed decisions.
- Comparability of financial products is a prerequisite for informed decision-making. The PRIIPs KID, designed to enhance transparency, fails to deliver due to cost disclosures embedded in performance projections, which mislead investors. Without a standardised cost presentation and clear past-performance indicator, even financially literate investors struggle to assess and compare product risks effectively. Ensuring that the PRIIPs KID genuinely enhances comparability is essential for financial education to translate into real consumer empowerment.
- Information asymmetry: financial service providers possess significantly more knowledge and resources than consumers, even those with adequate financial literacy. In this context, providers often bury critical information in lengthy terms and conditions, which are rarely read. Some research shows consumers default to relying on provider recommendations, which may prioritize sales over suitability.
- Behavioral biases and decision-making: insights from behavioral economics demonstrate that individuals do not always act rationally, even when armed with financial knowledge. Typically, consumers prioritize short-term benefits over long-term consequences, leading to issues like excessive borrowing or lack of retirement savings; and often overestimate their financial abilities, leading to risky decisions despite financial education.

There's a limited Impact of Financial Education Programs

Financial decisions are influenced by multiple factors, including income, external economic conditions, and social norms, which education alone cannot address. Assessing the impact of financial literacy must be done in a long-term perspective, since there can be a conflict between short-term gains and long-term behavioral change.

Measuring the effectiveness of financial literacy programs is challenging due to diverse methodologies and short observation periods. Programs may improve test scores (knowledge), but translating this knowledge into consistent behavior (e.g., saving, budgeting) is far more difficult. One example of such efforts is the

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[11] Romanian Association of Financial Services Users

[12] EFSIR (2023) At EU level, financial literacy is a priority and part of a balanced policy approach. The Commission has clearly stated that improving financial literacy is essential and that empowering people must go hand in hand with measures to establish a well-regulated financial system with good consumer protection and adequate supervision.

Canadian strategy proposal – "Counting Change: A Measurement Plan for the National Financial Literacy Strategy 2021-2026"[13]

Financial literacy programs often overlook structural inequalities that hinder consumers' ability to make better financial decisions. For example: low-income individuals may lack access to savings or affordable credit options; education cannot compensate for lack of resources or systemic barriers (e.g., discriminatory lending practices). For example, the World Bank paper of 2023[14] highlights that financial literacy interventions are most effective when paired with access to financial products and services.

Consumer Protection Must Address Market Failures

Financial literacy programs can be misused to place the burden of responsible decision-making entirely on consumers while failing to address provider misbehaviour. However, the FSUG stresses that there are market failures which must be addressed by regulators and supervisors. For instance, cases such as mis-selling scandals demonstrate that markets often fail consumers, even those with financial knowledge. Some examples include:

- Hundreds of thousands of EU citizens were heavily affected by Swiss Franc loans, seeing their monthly instalments being more than double because of the fluctuations in the exchange rate in just a few years.
- In Southern and Eastern Europe, predatory lending practices targeting vulnerable groups exacerbated the debt crisis[15].
- The mis-selling of financial instruments – loyalty bonds, subordinated debts and junior liabilities – by the financial institutions in various Member States[16].
- The cases of mis-selling of investment products to retail investors[17].

FSUG views on financial literacy

The FSUG considers that these initiatives and programs are important and should be further supported, especially with regards to providing funding and capacity building for recognised consumer organisations.

Nevertheless, the FSUG also considers that financial literacy is not a standalone solution (or "silver bullet"), and it cannot be seen as a substitute for ensuring robust consumer protection measures. While financial literacy has its place, systemic changes are needed to ensure financial services markets serve consumers fairly and transparently. Hence, the FSUG emphasizes that stronger regulatory measures and ethical oversight are needed to hold providers accountable and ensure product fairness.

To ensure robust consumer protection, financial literacy initiatives must be complemented by structural, regulatory, and behavioral interventions. The FSUG recommends to EU and national policy makers, and financial supervisors:

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[13] https://www.canada.ca/en/financial-consumer-agency/programs/financial- literacy/measurement-plan.html

[14] The Importance of Financial Education for the Effective Use of Formal Financial Services

In conclusion "This paper summarizes findings from the Global Findex 2021 data on the unbanked and underbanked worldwide and the barriers they face using and benefiting from financial services."

[15] https://www.finance-watch.org/policy-portal/retail-inclusion/consumer-credit-market-malpractices-uncovered/

https://www.finance-watch.org/policy-portal/retail-inclusion/over-indebtedness-eu-consumer-credit-market-ccd/

[16] Pierre-Henri Conac, University of Luxembourg, *Subordinated debt and self-placement*, https://www.europarl.europa.eu/RegData/etudes/STUD/2018/618994/IPOL_STU(2018)618994_EN.pdf

[17] Prof. Dr. V. Colaert, Drs. T. Incalza, Policy Department for Economic, Scientific And Quality Of Life Policies, *The cases of mis-selling of investment products to retail clients in Belgium*, PE 618.998 - June 2018, https://www.europarl.europa.eu/RegData/etudes/STUD/2018/618998/IPOL_STU(2018)618998_EN.pdf

- ✓ **Complement financial literacy with structural consumer protection measures**
  - Strengthen EU-level consumer protection regulations such as MiFID II, the Consumer Credit Directive, the Mortgage Credit Directive, etc to improve transparency, product suitability, and fairness.
  - Promote stricter product governance rules to ensure financial products meet the needs of target consumers.

- ✓ **Ensure supervisory enforcement**
  - Financial supervisory authorities must play a much more proactive role and be sufficiently resourced to ensure compliance with fair conduct rules.
  - More EU-level coordination and supervisory convergence are needed to ensure an even level of protection across the European Union.

- ✓ **Leverage behavioral insights**
  - Use behavioral economics to design “nudge” policies that help consumers make better decisions without requiring extensive financial knowledge.
    - Simplified disclosures (e.g., key facts sheets, key information documents) instead of lengthy terms and conditions.
    - Default options for savings and pensions.
    - Make use of visual tools to encourage budgeting and saving behaviors.

- ✓ **Empower consumers through technology**
  - Introduce appropriate rules to ensure the availability of comparison platforms, cost calculators, pension tracking systems, and automated budgeting tools that are truly independent and unbiased to support consumers in understanding financial products.
  - Use open banking initiatives to help consumers monitor spending, manage credit, and access better financial options.
  - Ensure that financial information is delivered in plain language and available both digitally and non-digitally, targeting different consumer groups, such as younger, tech-savvy users, and the elderly.

- ✓ **Implement targeted and integrated financial education**
    - Financial education should be part of broader consumer protection strategies and focus on specific demographics, such as low-income households, young people, and the elderly.
    - Create valid assessment methods of financial literacy levels, integrating aspects that apply to day-to-day needs and decision-making of citizens;
    - Integrate financial literacy into school curricula with practical applications (e.g. budgeting exercises, savings simulations).
  - Design programs based on best practices and measure impacts rigorously using longitudinal studies and randomized controlled trials.

- ✓ **Shift responsibility to providers**
  - Incentivize financial service providers to prioritize consumer welfare through ethical practices and fair product design.
  - Introduce penalties for mis-selling and reward providers offering transparent, simple, and suitable products.

FSUG MEMBERS

In 2024, the FSUG had 20 members, who are individuals appointed to represent the interests of consumers, retail investors or micro-enterprises, and individual experts with expertise in financial services from the perspective of the financial services user.

Members as of 31 December 2024:

Name	Title
Alin-Eugen IACOB (Chair)	AURSF - Association of Romanian Financial Services Users
Patricia SUÁREZ (Vice-Chair)	ASUFIN – Asociación de Usuarios Financieros
Vinay PRANJIVAN (Vice-Chair)	DECO - Associação Portuguesa para a Defesa do Consumidor
Maria LISSOWSKA (Vice-Chair)	Individual Member
Anna MARTIN	BEUC – Bureau Européen des Unions de Consommateurs
Mariyan NIKOLOV	BETTER FINANCE – European Federation of Investors and Financial Services Users
Peter NORWOOD	FINANCE WATCH
Piotr NAKONIECZNY	AGE Platform Europe
Victor CREMADES	ADICAE – Asociación de Consumidores y Usuarios de Bancos, Cajas, Productos Financieros y de Seguros
Joost MULDER	FairFin
Daniela VANDONE	Individual Member
Frederik BECKENDORFF	DSW – Deutsche Schutzvereinigung für Wertpapierbesitz e.V.
Dieter KORCZAK	Individual Member
Kęstutis KUPŠYS	Lithuanian Consumers Alliance
Kristjan VERBIC	VZMD – Pan-Slovenian Investors' & Stakeholders' Association
Marie VIAL	European Microfinancing Network
Sari LOUNASMERI	Finnish Foundation for Share Promotion
Monica CALU	Individual Member
Duygu DAMAR-BLANKEN	Individual Member
Vasiliki YIATROU	Individual Member

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https://finance.ec.europa.eu/regulation-and-supervision/expert-groups-comitology-and-other-committees/financial-services-user-group-fsug_en