



Meeting of the Financial Services User Group

26 September 2024

MINUTES of the virtual meeting

Adoption of the agenda, approval of the minutes of the June meeting

The agenda was adopted and minutes approved. The FSUG Chair Alin Iacob warmly welcomed two new members of the group – Anna Martin from BEUC and Duygu Damar-Blanken from the Institute for Responsible Finance (Institut für Finanzdienstleistungen e.V. – iff).

Welcome and short overview of recent developments by Eric Ducoulombier (Head of Unit, DG FISMA B3)

Eric Ducoulombier welcomed participants and new members, thanking existing members for their recommendations to the new Commission. He praised these recommendations as a source of inspiration for the upcoming mandate. Key priorities include tackling fraud in payments in the framework of the PSD2 revision negotiations, ensuring European market competitiveness, and enforcing existing rules. Upcoming legislative reviews (not necessarily leading to revision) will focus on the Mortgage Credit Directive (MCD), Payment Accounts Directive (PAD), and Cross-border Payment Regulation. The Retail Investment Strategy is going to be soon on trilogue.

DG JUST also welcomed new members. The main priorities for the financial team of the Consumer Policy and Sustainability Unit in DG JUST (B1) in the upcoming months will be the transposition of the Consumer Credit Directive 2 and of new rules on Distance Marketing of Financial Services. Following the discussions at the 2024 Consumer Summit and the latest Informal Ministerial Meeting held under the Belgian Presidency in April, implementation and enforcement, as well as the green and the digital transitions, are emerging as the main topics for the 2030 Consumer Agenda. The protection of vulnerable consumers and international cooperation will also be important priorities. The mission letter for Commissioner-designate Michael McGrath also includes a Digital Fairness Act, an Action Plan for Consumers in the Single Market, as well as the goal to tackle challenges in e-commerce platforms and to protect consumers and ensure they benefit from a level playing field.

Tour de table: updates from members on their activities of FSUG interest and on newly identified risks to consumers in financial services

DE: FSUG members from Germany provided the following update:

- As part of an investigation regarding massive sales of investment certificates and structured bonds by savings and cooperative banks, BaFin has launched an online survey asking for consumers' recent experience when seeking advice from banks on investments.
- On a separate issue, DSW is concerned about a new law allowing companies to restructure debt to prevent insolvency, transposing Directive (EU) 2019/1023, because it allows for the expropriation of minority shareholders without compensation.
- The last season of annual general meetings showed that the preferred format can be differentiated primarily according to the size of the company, whereas smaller companies still prefer in-person general meetings and larger companies tend to hold their general meetings in the virtual-only format.
- BaFin have checked capital accumulating life insurances concluding that return value for consumers is very low and value-for-money must be radically improved for those products.
- A BaFin poll of 18-45 years old consumers has shown that influencers are now more important as counselling resources than "normal" advisors. 60% young consumers consider influencers as trustworthy information source. [BaFin - Fachartikel - Generation Y und Z setzen auf Finfluencer](#).

BE: Retail investors are complaining with banks about sustainable investments in defence industries producing weapons which are used in Gaza (DNSH principle). FairFin will meet CEO of BNP Paribas to discuss this issue.

The access to cash topic will be brought to the attention of the new Belgian government because the current gentlemen's agreement with industry which guarantees a maximum distance of 5km between two ATMs for 90% of population is not respected.

SI: Most annual general meetings in Slovenia were held in person in 2024. Slovenian Association of Small Shareholders raised class action against telecommunication providers for the alleged 10 year expropriations of shareholders, resulting in damage exceeding EUR 1bn.

PL: The new government is very business-oriented and is not adopting measures to support over-indebted consumers. The use of BNPLs is on the rise.

RO: Key news and facts:

- A new law regulating non-bank lending was published in the Romanian Official Journal in August, after it was validated by the Constitutional Court, in a historical decision for consumers. The law has a crucial importance for consumers, taken into account that before it, in Romania, the annual percentage rate of such credits reached, in some cases,

almost 70.000%. The new law includes some caps: consumer not to pay more than twice they borrowed and not more than 1% per day, even for credits offered by payday lenders. The law will also be applied to the existing contracts, for those consumers who do not have arrears of more than 60 days. In the latter case, the cap will be twice the outstanding debt at the moment of the request sent by the consumer to the non-bank lender. For the first time, consumer associations are expressly mentioned in the law, following an amendment proposed by the Association of Romanian Financial Users (AURSF). From now on, consumers could be represented by consumer associations in their relationship with non-bank lenders. The new law will enter into force in November.

- Less than 30% of the people affected by the floods in Romania are insured against such risks.
- Inflation still very high 5,9% per year.

FI:

- Finland is importing the Swedish model for the pension system, where people can partially decide on how their money should be invested.
- Ongoing review of national company law – working group on shareholder rights and minority shareholders.
- There will be a review of investment savings account law.

CY:

- Recent ruling from supreme court: A law protecting consumers, which allowed buyers to obtain titles to properties they purchased, even if those properties had existing mortgages (bank loans to real estate developers were mortgaged with the property which was being built) was found unconstitutional. The court ruled that the law violated the property rights of banks, which held the mortgages on these properties. <https://knews.kathimerini.com.cy/en/news/cyprus-seeks-solutions-for-property-buyers-in-limbo-after-court-ruling>.
- Over-indebtedness remains a big problem in Cyprus.

ES: Now implementing “Customer Service Law” (in order to provide faster, more accessible and more personalised assistance, companies offering customer service will need to make changes to their call centres and customer service departments, which will involve using advanced customer service software and/or hiring more staff), and transposing CCD2. Fraud is on the rise.

PT: The following has been reported by FSUG member:

- The Court today upheld the fines imposed years ago by the Competition Authority on a bank cartel of 11 banks exchanging insider information on loan interest and fees.
- MB WAY providing peer to peer transactions wants to move away from card based to account based transactions to be better connected with other market players. The change would also enable them to have more transfers. However, this new model

would mean the current legislation that limits card fees would no longer apply. DECO informed the Bank of Portugal of this issue and initiated an advocacy campaign in August. The supervisor asked the new Government and Parliament to intervene and the legislation was amended in October to cover also account based transfers.

- Obligation to accept cash is in legislation but lack of sanctioning makes it “practiced” – DECO continues advocating for setting sanctions in legislation.
- Earthquake and wildfires: Discussion ongoing on what should be an insurable or uninsurable event?
- Work is ongoing to revise methodology and definitions in the maximum caps on APR regime under CCD.

ECDN: The European Consumer Debt Network (ECDN) received an Erasmus grant to develop a risk questionnaire for early detection of over-indebtedness and is a member of a working group on the transposition of the Consumer Credit Directive 2 into German law. They also contributed to a German handbook on debt advice which is soon to be published. Important to keep sustainability as a priority, as sustainability has impact on energy prices and energy prices affected over-indebtedness.

European Microfinance Network (EMN): The EMN, in partnership with the Romanian Microfinance Association (RMFA), hosted its Annual Conference in Bucharest on 20-21 June 2024. Key takeaways from the event, which explored how entrepreneurship can address demographic challenges such as brain drain and migration, are available [here](#). Under the InvestEU, CEB (the European Commission and the Council of Europe Development Bank) unlocked EUR 500m of investments in support of the InvestEU Social Investment and Skills Window, financing projects in microfinance as well as integration of migrants, refugees and vulnerable people and more.

AGE: AGE is working to establish a European Parliament intergroup to coordinate the issues faced by elderly citizens, mainly focusing on ensuring equality and inclusion for the elderly.

BETTER FINANCE is developing a position on the PEPP in reply to the EIOPA [Staff Paper on the future of the Pan-European Pension Product \(PEPP\)](#). They are also finalising their flagship pension report and assessing retail investors’ ESG knowledge and preferences.

BEUC: They are actively following ongoing negotiations on the payments package, open finance, retail investment strategy and the transposition of the Consumer Credit Directive 2. They are also waiting for the review of MCD, PAD and Cross-border Payments Regulation.

Finance Watch: in July Finance Watch published a position paper on the upcoming Digital Fairness Fitness Check looking at personalised ads, personalised pricing, influencers and dark patterns. They are also working on open finance, which is currently going through the ordinary legislative process. Finance Watch also intends to publish a position paper on the MCD in November.

Members’ activities/reports:

- Bi-annually, DSW hosts its International Investors' Conference jointly with BETTER FINANCE. The Conference especially addresses foreign institutional investors, international board members, corporate governance and ESG experts, investor relations managers, and academics. The next International Investors' Conference titled 'Europe at a crossroads - are we still competitive?' will be held on 10 December 2024 in Wiesbaden, Germany.
- On 4 October 2024, BETTER FINANCE, in collaboration with the *World Federation of Investors* and its member organisation *New Savers*, will host a conference on promoting shareholder engagement and financial literacy in Milan (Italy).
- On Finfluencers, a study from BEUC Austrian member <https://wien.arbeiterkammer.at/finfluencer> and [BEUC paper on regulating influencers](#) (hopefully with the digital fairness act).
- In July, Finance Watch published a report on "Making the digital market for retail financial services safer for consumers": <https://www.finance-watch.org/policy-portal/retail-inclusion/making-the-digital-market-for-retail-financial-services-safer-for-consumers/>
- IFF published several reports:
 - o Report on age discrimination in lending: <https://www.iff-hamburg.de/wp-content/uploads/2023/09/ADS-Abschlussbericht.pdf>
 - o Report on creditworthiness assessment and data protection: <https://www.iff-hamburg.de/2024/06/04/gutachten-kreditwuerdigkeitspruefung-zwischen-ueberschuldungs-und-datenschutz-perspektiven-zur-nationalen-umsetzung-der-verbraucherkreditrichtlinie-veroeffentlicht-2/>
 - o IFF research project on credit databases looking at how databases can improve financial inclusion to be published soon.

Sustainability-related disclosure in the financial services sector (SFDR) ongoing assessment and presentation of the responses to the SFDR public consultation

DG FISMA presented the context of the SFDR assessment, pointing out to the implementation challenges and greenwashing risks highlighted by the industry, civil society and national supervisors. DG FISMA presented the main parts of the public consultations which focused on (1) the key implementation barriers; (2) the potential changes to improve the framework which include possible changes to the disclosures and the possible creation of ESG categories. DG FISMA explained the main messaging received on the key findings on implementation issues and on stakeholders' views on the limitation of the current entity and product level disclosures. DG FISMA then explained that most respondents stated being very much in support of the EC creating ESG categories for financial products and pointed out to the main elements that are currently being assessed internally. In terms of next steps, all these elements will be political to decision of the next Commission.

Discussion on the draft FSUG opinions on MCD

Members in lead gave an overview of the current state of the draft FSUG opinions on MCD. A dedicated session with interested members will take place in the FSUG subgroup in October or November in order to finalise the paper.

DG JUST update on the shareholder rights directive and exchange of views on an EU stewardship code

DG JUST presented the state of play of a study on the application of the Shareholder Rights Directive 2. The Commission is finalising the report which is supposed to be published before the end of the year. The report covers the review clauses and contains a rather broad evaluation. The next steps regarding the Shareholder Rights Directive depend on the outcome of the study and the agenda of the new Commission. The interservice consultation on the remuneration guidelines had been launched and, depending on the feedback received, it would be finalised and published, possibly also by the end of the year.

Regarding the idea of an “EU stewardship code”, which could standardise investors' engagement efforts and disclosures e.g. by aligning stewardship definitions and expectations with existing sustainable finance reporting and regulation, it has been raised by stakeholders in different fora, but DG JUST is not working on it. Actually, the Commission is just starting a review of the CSDDD. The review will look at the necessity of, options for and impacts of additional sustainability due diligence requirements tailored to regulated financial undertakings with respect to the provision of financial services and investment activities.

Discussion on the draft FSUG opinions on PAD

Members in lead asked for more input in order to finalise the paper. Some sources could be a recent VZBV paper on higher costs in bank branches vs. online, Commissioner McGuinness reply to a EP question on account number portability ([here](#)) and ECB work on IBAN portability for the digital euro.

Update on FSUG working strands

- New subgroup on debt advice: interested members to contact Dieter.
- New subgroup on the impact on consumers of bank consolidation (Vinay).
- New subgroup on influencers: to start after the publication of the MCD paper (Duygu).

Conclusions, 2025 FSUG meeting dates and AOB

Dates for FSUG meetings in 2025:

- 13-14 February - in person, Brussels
- 10 April - virtual
- 12 June (virtual)
- 25/26 September (in person)
- 4-5 December - in person, Brussels