



Minutes of the expert groups

Minutes

Meeting of the Financial Services User Group

12 July 2017

1. Approval of the agenda

2. Nature of the meeting

It was the first meeting of the FSUG after the renewal of the mandate.

3. List of points discussed

The Commission services opened the 1st FSUG meeting, welcoming old and new members. This was followed by a quick round of presentations to allow participants to introduce themselves.

Rules of Procedure

The Commission presented the horizontal rules on expert groups as well as rules of procedure. Members discussed the organization of meetings. It was agreed to have two-day meetings, starting on day 1 no earlier than 11.30 and finishing on day 2 around 4 pm. Then members discussed the issue of the election of Chair and Vice-Chair. The Group agreed that it is desirable that the group has one chair and two vice-chairs. This would allow spreading any tasks related to chairing the group among three rather than two members. The task of chairing the Group could rotate among the three on an annual basis. It was agreed that the secretariat will circulate an email asking all members to signal whether they would be available to serve as chair/vice-chair so that the Group can select the chair and two vice-chairs at the end of its second meeting.

Members also discussed the issue of representation of the group and participation in the external events. It was agreed that all members can represent the Group, provided they represent the position of the group and not their own. Members also inquired about the way they can influence the topics selected for the agenda. It was explained that agendas will be prepared by the secretariat in consultation with the chair and vice-chairs. Agendas will follow a longer-term schedule of agreed priorities (work programme); in addition at the end of each meeting members will have the opportunity to ask for specific items to be included in the agenda of the next meeting. Members also agreed that mutual information on recent developments in their countries or areas of expertise should continue, but accepted that this may need to be kept

shorter. It was agreed that Members would signal in writing prior to the meeting any major developments or issues they would like to raise.

It was agreed that the secretariat will revise the draft rules of procedure in light of this discussion so that they can be adopted at the next meeting.

Presentation of the rules on allowances and reimbursement of expenses

The Commission provided a presentation on EC rules on allowances and reimbursement of expenses. It illustrated that travel arrangements are made via AMEX, and that experts should not purchase their tickets themselves. The booking of the hotel will have to be taken care of by the expert; accommodation costs will be covered by a flat-rate accommodation allowance. The Commission also provided explanations on how to fill in the relevant forms for the reimbursement of the daily allowances.

Presentation of the recent developments in financial services – Consumer Finance Action Plan and CMU mid-term review

The Commission presented the Capital Markets Union Action Plan as well as Consumer Financial Services Action Plan (presentations have been circulated). The Group was also informed about upcoming public consultations on cross-border transactions and currency conversion as well as on the revision of the Motor Insurance Directive.

Discussion about priorities for the FSUG mandate

A tour-de-table was done to gather views on the possible priorities for the FSUG mandate. The following issues were raised: cost of switching to different mortgage and pension products, stock market entrance fees, irresponsible lending and over-indebtedness (with many members agreeing on the need to tackle these issues and sharing their national experiences), toxic loans, caps to interest rates, basic standardised products to fight financial exclusion, compensation of traffic accident victims and ATM charges. Other topics raised include geo-blocking in the field of financial services, the revision of the Motor Insurance Directive, implementation of the Mortgage Credit Directive and of the Payment Accounts Directive, crowdfunding, and transparency of investment products.

At the next meeting, the Group will discuss its Work Plan, with the possible inclusion of some of these topics. The Secretariat will circulate a template to be filled in, which should help developing a work programme for the Group.

Presentation of the CMU mid-term review and workstreams on retail investment products

The Commission presented the mid-term review of the CMU Action Plan with a special focus on actions aimed at supporting retail investors and investments:

- review of the distribution of retail investment products;
- mandate to ESAs to develop standardised datasets with net returns and costs of retail investment products and report on returns of most common categories of retail investment products (indicators on aggregated level);

- feasibility study on the development of a centralised hub for mandatory disclosure requirements and related services.

At the next meeting, the Commission will present first findings from the study on the review of the distribution of retail investment products.

Action 4 of the Consumer Finance Action Plan (Quality comparison websites)

The Commission presented its work on comparison websites. The 2012 study on comparison tools and the work of the Multi-Stakeholder Group led to the adoption of Key Principles in 2016. They cover notably compliance with legislation and ways of improving the user experience, in term of transparency and comparability, on websites. The presentation also illustrated the relevant provision under the Payment Account Directive and then summarised the steps the Commission intends to take under the Consumer Finance Action Plan. The Commission plans to consult the FSUG members as well as to work with other stakeholders (consumer associations, business associations, owners of websites, regulators) in order to revise the Principles and make them fit for financial services. It then plans to raise awareness among owners of comparison websites of the revised Principles to invite them to implement them.

Action 3 of the Consumer Finance Action Plan (Easier product switching)

The Commission introduced action 3 – making product switching easier and explained that the Action Plan commits the Commission to explore legal, commercial and behavioural barriers to switching of financial products. The Commission recalled that in order to facilitate switching of payment accounts, the EU introduced with the Payment Accounts Directive¹ a consumer right to switch payment accounts within 14 days, with the new providers taking care of the operational aspects.

Similar rights do not exist in EU law for other financial services. For these, switching providers may be difficult, often as a result of complex contractual terms imposing high switching and exit fees or limiting consumers' options for terminating contracts. Additional problems occur in the case of products with automated renewal. Such a situation may be exploited by providers, who are more likely to provide discounts for new consumers for the first year, knowing that once they sign the contract they are likely to rely on the automatic renewal. Research shows that default options and inertia are the strongest determinants of individual choices. It is therefore important to examine not only how to make the process of switching easier but also how to influence the decision of consumers to act.

Therefore the Commission asks FSUG Members to provide information on:

- for which financial services or products would more switching bring the greatest benefits to consumers;
- for which products switching is most frequent and why.

¹ Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features, OJ L 257, 28.8.2014, p. 214–246

The Secretariat will circulate a questionnaire to FSUG members ahead of the September meeting.

Action 8 of the Consumer Finance Action Plan (Fair consumer protection rules)

The Commission introduced Action 8 ("Fair consumer protection rules") which consists in examining national consumer protection and conduct rules with the aim of assessing whether they create unjustified barriers to cross-border business. In this context, the EC is working closely with Member States to map out different national conduct and consumer protection rules.

The Commission reassured participants that, with this action, the Commission does not intend lowering consumer protection standards across the EU. Rather, the Commission is keen to explore how consumers can access a wider range of products (i.e. more choice) offered by foreign provider while enjoying adequate protection of their rights. The Commission wishes to focus specifically on some products where more cross-border trade could be particularly relevant, i.e. savings accounts, consumer credit and – potentially – reverse mortgages.

FSUG Members were invited to comment on the Commission's approach, and to provide examples of consumer protection rules which either (i) pose a barrier to or (ii) are currently circumvented by providers offering retail financial services across the border.

One Member voiced concern on this action, arguing that consumer protection standards should not be seen as "barriers" and therefore be lowered. The Member agreed with the approach of focussing on specific products, but suggested that – on top of the products identified by the Commission – motor insurance should be addressed as well.

Another Member suggested that increasing consumer protection will positively impact on cross-border trading, as consumer will feel more confident in purchasing retail financial services from foreign providers. As an example, this Member raised the high-quality French and German consumer credit market: today, consumers in these markets are already very well protected and have no reason to shop elsewhere.

One Member welcomed the Commission's proposal to look into products tailored for an ageing population, e.g. reverse mortgages. Furthermore, this Member suggested that several consumers today cannot access cross-border retail financial services products (e.g. mortgages) due to geo-blocking.

Another Member emphasised that redress procedures are particularly problematic when shopping across the border and suggested that the same conditions should be applicable across the EU.

The Commission welcomed Members' comments and suggested that the FSUG could also consider specific situations, e.g. consumers living close to a border or with close connections to another Member State, who may have an interest in shopping in another country than their country of residence.

It was agreed that the Secretariat will circulate a questionnaire on national consumer protection rules to FSUG members ahead of the September meeting

4. Conclusions

The first meeting of the new group was aimed at providing members with information and presentations about recent initiatives.

5. Next steps

At the next meeting, the Group will discuss its Work Plan and possible topics for research. The secretariat will circulate a template to be filled in by each member, which should help developing a work programme for the Group.

The secretariat will revise the draft rules of procedure in light of discussion and circulate to the members ahead of the meeting so that they can be adopted at the next meeting.

The secretariat will also circulate an email asking for potential candidates for the position of the Chair and Vice-Chairs.

The secretariat will circulate questions related to:

- Action 4 of the Consumer Finance Action Plan - Quality comparison websites;
- Action 3 of the Consumer Finance Action Plan - Easier product switching;
- Action 8 of the Consumer Finance Action Plan - Fair consumer protection rules.

At the next meeting, the Commission will present first findings from the study on the review of the distribution of retail investment products.

Possible agenda points of the next meeting:

- Presentation of preliminary findings of the study on retail distribution;
- List of topics for work programme and research,
- Election of a Chair and two Vice-Chairs,
- Adoption of the revised rules of procedures;
- Follow-up on Retail Action Plan – comparison websites, switching, cross-border transactions and currency conversion, and fair consumer protection rules.
- Presentation by the members of Better Finance and Finance Watch of the work programme of those organisations

Next meeting

The next meeting is planned for 25-26 September.