



## **Minutes of the Financial Services User Group meeting**

**25-26 September 2017**

The Commission services opened the 2<sup>nd</sup> FSUG meeting. Minutes of the 1<sup>st</sup> meeting were approved, while no changes were made to the agenda.

### **Tour de Table**

As far as recent Commission work is concerned, participants broadly noted the strong focus of the recently adopted ESA review on Brexit issues, to the detriment of consumer protection. The implementation of IORP 2 was also mentioned as an example of legislation that needed to be carefully monitored from a consumer protection perspective.

In terms of market developments, toxic products are still rampant in parts of the EU, despite post-crisis financial regulation. Payday lending was highlighted as a particularly problematic case with different Member State examples provided. Fintech advances into mainstream financial services were problematic on more than one count.

Participants also discussed the behavioural aspects of insurance and pension products, resulting in unethical consumer practices. One Slovenian case was highlighted where the introduction of new security rules (Target 2 Securities) obviously were used by certain central clearing houses/brokers to charge fees for dividend payments to shareholders. There was a rich discussion about abusive charges on bank accounts, usually linked to tying and cross-selling. Group participants also voiced support for an EU consumer protection agency in the context of the ESAs' ongoing review, and the need for a collective ADR mechanism to combat abusive consumer practices by financial institutions.

The Commission was asked for updates on the following issues:

- update on IORP 2 implementation workshops
- follow-up to the 2011 public consultation on interest rate caps?
- update about the ESA Joint Committee work on tying and selling (ESA guidelines not released in 2016)
- update about work on dynamic currency conversion, including related EBA activities.
- any Commission work on private data bureaus?

The Commission will respond in writing to the FSUG in due course.

### **Rules of procedure**

After a short discussion on how to maximise the impact of FSUG opinions and on maximising Commission's feedback to the group, the rules of procedure –as modified after the July FSUG meeting- were approved by consensus.

## **Introduction to public consultation on REFIT review of the Motor Insurance Directive**

Participants were given a presentation on the ongoing public consultation on the MID REFIT Review. The Commission is seeking to (i) enhance the cross-border portability of claims history certificates, assessing whether the current regime is still fit for purpose; (ii) address the issue of compensation of victims in case of insolvency of a cross-border insurance undertaking; (iii) further analyse the impact of the Vnuk ruling, which extends the scope of accidents out of regular traffic, e.g. including agriculture and construction sites. The deadline to respond to the consultation is 20 October. Further to that, the Commission will work on an Impact Assessment, to be finalised by end of the year. A possible legislative proposal is due during Q1 2018.

Participants voiced concerns over the differences in premiums across the EU and exchanged views on the latest developments regarding automated vehicles. The group decided however not to prepare a joint FSUG response to the open consultation.

## **Introduction to public consultation on cross-border transaction fees**

The Commission delivered a presentation on the ongoing public consultation on the review of the 924/09 Regulation on cross-border payments, which ends on 30 October. Further to this, the Commission will work an impact assessment, in view of adopting amendments to the Regulation in Q1 2018. The Commission started assessing the issues and defining various draft policy options ranging from a simple extension of the scope of the Regulation to non-euro currencies to the introduction of a cap on the charges applied on cross-border transactions in non-euro currencies.

Participants discussed the different policy options and their implications for consumers. They agreed to respond to the consultation. A sub-group was established, to prepare a first draft FSUG response to be shared with the whole Group shortly before the consultation's deadline.

## **Election of the FSUG Chair and Vice-Chairs**

Two FSUG members expressed their interest for the post of Chair. A vote was organized and, as a result, Anne-Sophie Parent was elected as Chair. She will, on a rotating basis, chair the group and lead the discussions together with the Vice-Chairs. For the posts of (2) Vice-Chairs, the Secretariat received 4 applications – one of the candidates withdrew before the vote. Farid Aliyev and Christiane Hölz were elected Vice-Chairs.

## **FSUG Work Programme**

The group discussed the work plan for its mandate and, especially, the priorities for research for 2017 and 2018. Three issues were identified as very urgent to deal with – and small studies on these topics are likely to be started –pending EC validation- still in 2017:

- Irresponsible lending in the area of consumer credit
- Practices of credit registers in assessing credit-worthiness
- Accessibility of digital financial services

If the Commission considers such request(s) justified, it may decide to make available for this purpose up to a maximum of EUR 15 000 for each study. This budget shall be managed by the Commission in full compliance with its relevant rules and procedures (e.g. no direct or indirect conflict of interest between any FSUG member and the contractor).

The group also discussed possible priorities for 2018 and 2019, based on the list of proposals submitted by the members in the course of the summer. For each item a timetable was

established, together with possible deliverables. Several subgroups were formed to follow specific issues. The Secretariat was asked to revise the table to take the outcomes of the discussion on board and a vote will be organized at the latest at the next meeting, to ratify the 2018 FSUG Work Plan.

### **Presentation of the summary of contributions to the public consultation on FinTech**

DG FISMA provided an update on current work on Fintech by the Fintech Task Force (comprising representatives from different Commission DGs with a policy stake in fintech and steered by DG FISMA). The public consultation held earlier this year attracted 226 responses. DG FISMA explained the feedback received under the four chapters of the consultation (AI/algorithms/crowdfunding, outsourcing and cloud services, regulatory and supervisory approaches, cybersecurity). The Commission expects to adopt a fintech communication and action plan early in 2018. Overall, FSUG participants pointed to the absence of consumer protection issues in the public consultation feedback. Participants were mostly concerned about financial exclusion risks, ethical issues, market contagion risks, jurisdictional issues, fake news and concealed business models that are harmful to society.

### **Update on the Action Plan of the Consumer Financial Services**

#### Action 3 on easier product switching

The Commission will launch a study before the end of the year looking to examine ways to improve consumers' decision-making with regard to switching of retail financial products.

#### Action 4 on comparison tools

The Commission thanked FSUG members for their comments and suggested changes to the MultiStakeholder Dialogue on Comparison Tools' Principles. Most of the changes were taken onboard, with the exception of those already reflected in other sections of the document and those going against the purpose of the principles (which is to suggest criteria to make comparison tools more transparent and not to prescribe requirements encouraging one business model over the others). After a short discussion on the requisites of transparency and independence, the Commission promised to circulate the revised principles as soon as possible.

#### Action 8 on consumer protection rules

In August the Commission has submitted a questionnaire to the Member States focusing primarily on consumer protection rules applicable to savings accounts, consumer credit and equity release products. The deadline for replies is 10 October. The responses will inform a discussion with Member States scheduled during the second half of October.

#### Action 11 on digital identity checks

The Commission is going to adopt shortly a decision establishing an Expert Group to facilitate the cross-border use of the eID schemes to enable banks to identify customers digitally.