



Meeting of the Financial Services User Group
Minutes
21-22 September 2015

Time:	21 September 2015	11.30-18.00
	22 September 2015	09.30-16.45
Place:	European Commission Financial Stability, Financial Services and Capital Markets Union DG, T. Stoll Room Rue de Spa, 2 1000 Brussels	

21 September

Adoption of the agenda and approval of the minutes of the last FSUG meeting.

Agenda was adopted. Members were asked to submit comments to the minutes in writing.

Integration of Retail financial services

Data collected on the integration of retail financial services were double-checked before the presentation of the main findings to the Commission staff. The Chair made an introduction explaining that the policy context and the scope of the data collection exercise: see whether integration in financial services has been working so far in addition to identifying barriers and making recommendations.

On mortgages the difference between member States were highlighted, together as the low integration of the market, also due to lack of transparency, different rules and products, lack of transparency and low level of cross border activity.

As for consumer credit a great variation of prices in different countries was signalled. Proof of residence is often required, lack of credit data history is an obstacle, such as tying practices.

Even in the field of payment services there are huge price differences for services both online and offline, payments in euro or non in euro. Other obstacles are tying practices, domestic infrastructures, geoblocking and misuse of the Anti-Money laundering rules.

Huge variation of price exists as well for car insurance, where different law regimes exist and consumers are often required for a foreign address.

Life insurance is a field where low margins of profit are made, there is different coverage of guarantee schemes, there is a huge variation of prices and different prices, redress rules and distribution models.

In the field of personal pensions and unit-linked life insurances, low transparency and different tax treatments deter consumers from shopping cross-border, as well as the absence of comparison of performances and frequent changes in fee policies.

Lack of transparency and information is also a barrier for credit/debit card purchases in foreign currencies, while for retail investment funds the main obstacles are high charges, poor performance and low transparency on performance data.

Areas to prioritise are (in descending order): personal pensions, retail investment funds, life insurance, mortgages and consumer credit.

The Group will now deliver the paper to the Commission and prepare a separate set of recommendations.

Crowdfunding

The EUSurvey on crowdfunding was launched in April and done at EU-level. It gathered many responses but few participants from certain member States. The FSUG Rapporteur on the issue illustrated the preliminary findings on age, gender, education and income of respondents. Legislation does not appear to influence the level of investment. Now the EUSurvey may be extended and its findings presented to some relevant upcoming events.

Commission consultation on how revised bank capital requirements have affected lending

The representative of the Commission reminded members that the Capital Requirements for banks are set out in the Capital Requirements Regulation ([CRR](#)) and Capital Requirements Directive ([CRDIV](#)). While stronger capital requirements are needed to ensure the resilience and sustainability of the banking sector, the Regulation obliges the Commission to report on their impact on loans to people, small businesses and long-term financing in infrastructure. The Commission needs to report to the EP and Council especially on long-term financing of SMEs and infrastructure. Apart from the public consultation the study on long-term financing and transitory effects (transition period ends in 2019) will be carried out.

Questions the consultation is seeking to answer include:

- To what extent have CRR and CRDIV affected the level of capital held by banks?
- Are all the new requirements under all circumstances proportionate to the risks they were meant to address?
- What impact are the rules having on lending to smaller businesses, and to infrastructure projects?
- Could some of the rules be simplified or differentiated by risk or size, without compromising on their objectives of financial soundness and stability of banks?

The Commission will also organise a conference on the effect of revised capital requirements on lending, most probably mid-December.

The representative of the Commission underlined that it is not easy to determine to which extend it is the Regulation and to which extend international rules or other rules that affect lending. Members raised concerns that CRD caused a diversion in lending patterns, impacted rather behaviour of banks than the aggregate levels. They also mentioned that capital markets activities subsidise lending activities. Another comment concerned the situation of SMEs which seek alternative financing. They were also concerned that there is no understanding of financing needs of microenterprises.

EBA will look on impact of CRD on lending to SMEs.

The sub-group was created in order to reply to the consultation. Deadline for replies is 7 October.

EIOPA Consultation on creation of standardized Pan-European Personal Pension Product

On the basis of the draft reply from one of the members, the group discussed the content of the consultation, which should be focusing on products, not on providers. Discussion focused especially on the 0% guarantee which is not seen as a proper guarantee. Deadline for submission is 5 October.

Credit Data

The FSUG received an email from ACCIS offering data to support the position of the group. The paper was close to be finalised but some principles on governance, access, redress and use of data will be added.

Internal work of FSUG

Members discussed the proposal of the sub-group on improving the work of the group. They were reminded that the governance of the group is regulated by the Commission Decision but the group is very much welcome to improve the engagement of members, functioning of sub-groups and distribution of the work.

22 September

Presentation of findings of the study on savings accounts commissioned by BEUC

Preliminary findings of the BEUC study on savings accounts were presented to the group. The study mainly covers average interest rate, real return and impact of tax regimes. The report will be out soon.

Enforcement and better regulation

A representative from JUST.E5 presented the work and the mandate of the Consumer Protection Cooperation Network (its scope might be broadened in the future) and illustrated the content of a 2015 workshop on financial services. The FSUG rapporteur summarised the content of the draft paper sent around for comments, while calling for data on the seven missing countries to be provided as soon as possible.

Preparation of 2015 Annual Report

Members were asked to provide the missing contributions so that the Report can be finalised within two weeks (before the next meeting).

Study on KID for PRIIPS

The representative of the Commission presented the scope of the on-going study testing the format of Key Information Document. The study was conducted by London Economics and IPSOs and covered 10 Member States. It included both quantitative and qualitative testing. The representative of the Commission explained the way the testing is conducted and presented some samples of tested presentations.

Lessons learnt from the Amsterdam meeting

All members contributed to the paper summarising lessons from the meeting in Amsterdam.

'Cross-subsidies' within financial services and fairness in financial markets

Members had a first exchange of views regarding the solidarity vs individual pricing of financial products and services. In some countries pricing models are based on mutualisation of risk in other they tend to be more risk-based. They mentioned cross-subsidisation between group of consumers for the same product, e.g. men and women for motor insurance or

between generation as well as cross-subsidisation between products, e/g. in the UK mortgages subsidise 'free' payment account.

Reporting to Olivier Salles, Head of Unit D3, DG FISMA, and Olivier Micol, Head of Unit, Financial Services and Redress, DG JUST, followed by discussion.

The Chair briefly summarised discussions that took place over last two days. The representative of the Commission informed members that the Green Paper on Retail financial services and insurance will most probably be launched in December; the aim is to launch a discussion why there is so little cross-border provision of financial services and map the state of the integration of retail financial markets.