

# Meeting of the Financial Services User Group (FSUG)

## DRAFT Minutes

23-24 November 2023

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

Agenda adopted and minutes approved.

The first day has been mostly dedicated for the FSUG members to participate in the event organised by BEUC, which was called “Back to the future: the promises and perils of digital finance”. After the BEUC event, the FSUG members followed a “tour de table” to update each other on their consumer protection activities in the field of financial services and, more in general, the main developments of financial services in their own home countries, with particular attention given to the newly identified risks for consumers.

On the second day of the FSUG meeting, FSUG members followed the annotated agenda and had detailed discussions on various topics important to consumers.

**Isabelle Perignon** (Director, DG JUST, Directorate B) thanked the FSUG members for their work and their useful cooperation in the Commission’s recent activities, in particular the CCD review and the DMFSD recast. Then she focused on the “new” difficulties that consumers have to face in relation with the innovations introduced in the financial services, such as the advanced digitalisation and the related problems faced by the elderly and the vulnerable consumers. Moreover, she raised the most recent social issues hitting consumers – for example the need of many consumers to obtain credit to complement their income that was not sufficient to cover their daily expenditures due to the negative impact of the recent inflation and international crises. She addressed the questions raised by the FSUG members, for example concerning the need to ensure more transparency in the registration of consumer associations as well as for the authorisation of the credit providers including the big IT operators, such as MAMAA (Meta, Apple, Microsoft, Amazon and Alphabet) who are gradually getting involved in the provision of credit to their clients. She also reassured the FSUG members about the intention of the Commission to continue supporting FSUG activities, provided that its proposed initiatives are adequately supported by evidence.

DG FISMA representatives summarised recent developments of the **Retail Investment Strategy (RIS)** initiative in the Parliament and the Council which covers a wide variety of aspects, including partial inducement ban, stricter rules on conflicts of interests, Value for Money, improved disclosure and marketing rules, supervisory enforcement. Financial literacy is also important – financially literate consumers are better capable to avail of the information tools and may take better informed financial decisions. This initiative had been generally welcomed by consumer associations, although the absence of a full ban on inducements has disappointed them. The discussion focussed in particular on the Value for Money (VfM). Fundamental elements of the VfM will be the development of meaningful benchmarks, as well

as the highest possible transparency on the fees. To clarify the situation to the other institutions, the Commission has recently prepared a non-paper explaining the overall approach. On this point, also ESMA and EIOPA are working hard, with the aim to develop methodologies for the establishment of VfM benchmarks. In this regard, DG FISMA staff members described the recent actions by EIOPA, which has already raised attention on inadequate returns provided by many insurance-based investment products (like unit-linked life policies) compared to their high fees. The FSUG members were informed that many aspects of the RIS are subject to further discussion in EP and Council and recommended them to come up with the best possible evidence to defend it. Most FSUG members agreed on the importance of some topics, in particular benchmarks. VZMD (SI) suggested to take a “political” approach at national level, through dialogues with the respective national authorities. The FSUG decided to issue another FSUG opinion on RIS focussing on VfM.

Then, DSW presented their recent **study on experiences with the virtual shareholders’ general meetings** in Germany and selected European countries. To favour a large participation of all the shareholders in the companies’ general meetings, Germany introduced a law allowing companies to hold virtual general meetings (VGMs). The VGMs must be transmitted in video and audio form, while shareholders must be able to exercise their voting rights and be granted the right to speak and ask questions as well as to propose motions. The study analysed the experience in holding different types of general meetings. The results of the study are mostly negative. The shareholders’ rights in VGMs are restricted compared to in-person meetings, in particular as regards the right to ask questions and obtain information. Moreover, in almost one third of the cases there were technical malfunctions at VGMs. Contrary to a common claim from companies that VGMs increase shareholder participation, the study revealed that in most of the cases the VGM did not lead to an increase in the shareholders’ participation. However, the shareholders asked more questions at the virtual meetings than at the in-person meetings. Therefore, various consumer associations express their preference for hybrid virtual/in-person meetings. DSW underlined that they are not generally opposed to VGMs, but they should be reserved for justified exceptional cases (such as pandemics, natural disasters and alike situations), and while a technical flawless implementation should be a basic requirement.

Then the discussion on the **possible future FSUG studies** took place. Concerning the study on insolvency, Commission services indicated that there is a similar study by DG JUST and therefore, the study of the FSUG should not overlap and should cover complementary issues, such as the differences among the MSs regimes on personal insolvency and the magnitude of the problem. Moreover, it should be based on clear evidence (in particular to justify its price) and be addressed to find facts (not opinions). The FSUG members agreed, stressing that these elements had already been discussed previously and will contact JUST A2. DG JUST representatives promised to facilitate this contact. For the study on mortgages, DG FISMA stressed that currently the DG needs to limit the budget for studies and therefore it is likely that DG FISMA will not be able to make any funding for studies of the FSUG available. The FSUG Chairman Alin Iacob referred to the Rules of Procedure which mention that the Commission is not obliged to finance these studies, although he insisted in “recommending” Commission to make all necessary efforts to keep them.

Then, discussed the timeline and actions to be undertaken by the FSUG members in the preparation of the **FSUG Annual Report 2022-2023 and the Recommendations to the new Commission**. The draft Report has been set to be finalised as soon as possible. It should include the main activities carried out by the FSUG from the beginning of its activity in 2022 until the end of 2023.

Moreover, Commission services informed about discussions held at the last FIN-NET meeting on 16 November, focusing on issues that are relevant for the FSUG work. In 2023, 4 new bodies (ADR bodies from Romania, Bulgaria & Latvia) joined the FIN-NET group. The Commission representative informed about the new package of proposals amending out-of-court dispute resolution framework. The ODR platform run by the Commission was proposed to be abolished, while the scope of the framework would be extended enabling consumers to complain also at the pre-contractual stage even before the service is provided. The FSUG Chairperson commented that if indeed businesses save hundred millions of euros from the repeal of ODR platform, some savings could be channelled to support the independent ADRs and the consumer organisations.

Finally, FSUG subgroup leaders **updated on the work done in their subgroups**. It was suggested not to bring topics to the FSUG attention but to continue focusing on the broad areas of issues the FSUG had been already focusing on so as to be able to complete the work that has already started to have high quality results. A FSUG member asked if the Commission prepares any 2030 vision concerning the Consumer Agenda to which Commission services replied that at the moment no new policy initiative has started and that the FSUG members would be among the first ones to be updated when there is any news in this regard.