



MEETING OF THE FINANCIAL SERVICES USER GROUP - DRAFT MINUTES

4 June 2020

Conference call

4 June 2020
Time: 14.30 – 17.30

Adoption of the agenda, approval of the minutes of the March 2020 meeting

The agenda for the meeting was adopted and the minutes of the last meeting were approved.

Blackrock letter

Point non-discussed as no reply had arrived.

Tour de table with a focus on measures to protect retail financial services consumers in the light of the COVID-19 crisis

Developments at national level

- In IT, several decree laws with measures to fight the crisis were adopted, concerning e.g. the role of the national promotional bank or loans guarantees/liquidity for enterprises.
- In BG, measures to help borrowers have been put in place (5-6 thousands people granted credits without interest up to 3 years). There was a scandal with the State-owned Bulgarian Development Bank, following which its management was changed. There are problems with the pension system, following situation of the Bulgarian stock exchange.
- FR: Unaf France has conducted a [survey on the impact of COVID-19 on families](#). For 55% of households monthly expenditures raised by 200 euros on average, because many services are not available anymore (e.g. school canteen), and this is particularly problematic for families on fragile state. According to the survey, only 11% of households managed to lower their expenses.
- In the UK, Bank of England has been warning banks to prepare for a no deal scenario by the end of the transition period. The impact of the COVID-19 crisis on the economy and people's finances was big, and problems will emerge after the emergency phase. Consumer protection measures implemented by the FCA and the government are working, but when those measures will be removed households will have to survive an incredibly difficult financial phase. Enforcement and debt collection practices, mis-selling of loans, scams... More robust

consumer protection measures will have to be introduced. GDP recovery does not reflect immediately in jobs increase or households finances increasing again.

- In BE, a grace period for reimbursement of mortgage credit and consumer credit repayments (above EUR 50) was introduced.
- In PT, in the beginning a public moratoria only for first houses was introduced. DECO considered it should have been applied to all credits. After EBA guidelines on moratoria, industry came up with their own proposal for banks and specialised credit providers, but on a voluntary basis. This creates a uneven level playing field for consumers. Concerning the public moratoria, interest accrued during the moratoria period will then be added to the principal, so consumers will required to pay interest over interest in the remaining of the credit. There is concern on raise in scams and frauds in online shopping. The Competition and Market Authority issued a recommendation on the need to purchase a bank account with a mortgage (see coercive tied selling paper). The Parliament is discussing charges and fees relating to payment accounts.

Developments at EU level

- On 28 May, the Commission organised a Stakeholder Roundtable meeting to discuss with industry and consumer organisations relief measures for financial services consumers and businesses following the COVID-19 crisis. Based on this discussion, the Commission is developing best practices relating to loans and insurances that will be made available for voluntary commitment.
- EU-level and national consumer associations are contacted by consultants performing studies on behalf of the Commission to contribute to those external studies for free. A financial compensation should be provided to civil society organisations contributing to such studies, because they have budgetary constraints and they put a lot of resources on those activities (see recommendation in the [FSUG Annual Report 2017-2018](#)). A FSUG member suggested that a retribution mechanism for civil society organisations contributing to Commission studies should be an element to be taken into account from the Commission among the selection criteria.
- Because of the COVID-19 crisis, companies held their General Assemblies, which often represent the only opportunity for shareholders to exchange with management, virtually. In virtual meetings with many participants, the opportunity to exchange with management is reduced: for instance questions in some countries can be sent only in advance. There is some concern about the fact that these virtual meetings become the norm, because they are easier to organise. In this case, the ‘discussion culture’ might be reduced, together with the rights of retail shareholders.

However, digital tools seem to improve inclusiveness for smaller companies, who have had a higher turnout at their General Assemblies. A hybrid system with in person and online presence (with validated vote) could be beneficial for such companies. The FSUG decided to set up a working group to look into best practices for the future format of general assemblies in order to maintain or improve shareholder rights.

- As regards the impact of the COVID-19 crisis on pensions, in the current context, duty of care and suitable advice become even more important.
- The COVID-19 crisis has shown a huge digital divide. This is especially true for older people.
- There are lessons to be learned from the previous financial crisis and on the green restarting of the economy. ‘Patching up’ the current debt based financial system will not be enough,

demand is not back to pre COVID-19 numbers even in China. We will see the real effects of the crisis in several months.

- There is concern as regards increased level of debt and the number of short-term costly credits in the next months. Responsible lending in the Consumer Credit Directive should be reinforced. EU policy makers should adopt a directive on personal insolvency.
- Inequality is going to increase. Reflection is needed on how to bring people out of the poverty trap.

Annual report

- The 2019 FSUG Annual Report has still to be finalised. The Chair will work on it and provide a final draft by the end of June. The minutes of the November meeting have to be added to the FSUG website.

Work plan 2021: state of play of the sub-groups work and proposal for small studies

The table was confirmed as it had been circulated.

For the studies, the uncertainties linked to the exact date of the end of the mandate have an impact on the possible proposals. Nonetheless, there are five possible topics to decide:

- Mis-selling of financial products;
- Equity release (reverse mortgage);
- Responsible lending;
- New technologies in the area of credit services;
- Ownership of the EU economy

For all of them, a one-pager with all the relevant explanations (background, aims, preliminary technical specifications, policy relevance) is required.

PRIIPs study – presentation by the Commission and discussion

Axel Fougner, from the Asset Management unit of DG FISMA, presented the results of the latest study on the PRIIPs KID. He explained that its aim is an urgent level 2 fix, as the overall policy is part of wider considerations across the DG. He presented the scenarios taken into consideration in the study, and the figures that resulted. Notably, it appears that showing the past performance does not increase the probability of choosing the optimal product (designed in the study according to specific features that have been clarified in response to a question). The illustrative approach seems to have a slightly negative effect, too. The presentation, strictly for internal use and not to be distributed outside, is attached.

MCD Review – update from the Commission

In order to carry out the legally foreseen review of the Mortgage Credit Directive (MCD), the Commission is collecting data on its application. Currently a consultant is providing the figures and the necessary information, and later the Commission will decide whether to propose legislative changes. In the affirmative case, the procedure will definitely benefit from the contribution of the FSUG and of its members.

CCD Review – update from the Commission

The Consumer Credit Directive Review was included in the Commission Work Programme (CWP) 2020. It will include an Impact Assessment following Better Regulation principles. In the revised CWP, the adoption of a potential new proposal is scheduled for Q2 2021. The Inception Impact Assessment will be published soon [*post-meeting note: [here](#) the link to the document, open for consultation until 1/9/2020*]. The public consultation on the Consumer Agenda, will include a

dedicated section on the Consumer Credit Directive [*post-meeting note: [here](#) the link to the consultation, that will run until 6/10/2020*].

Update on the NPL study

The study is ongoing, with its consultations open and the search for relevant people to interview in the identified domains. The contractor is respecting the deadlines and is working very transparently, so every FSUG members who showed interest have received all relevant updates so far. The consultant should also add to the legal review an overview of the Covid-related measures in the Countries within the geographical scope.

Update on the external meeting in Sofia

The organisation of the external meeting in Sofia is in stand by. The Commission will keep members updated according to developments of the COVID-19 pandemic.

AOB and conclusions

- Studies: small value studies below EUR 15.000 could still be outsourced this year. Interested members should send a one pager to the Secretariat and other FSUG members. Even if they are small-scale, studies should be launched as soon as possible, since the FSUG mandate will end in 2021.
- Upcoming consultations: green bonds, UCITS – suitability test of retail investors, ESG disclosure, Consumer Agenda. The Commission will keep FSUG members updated.