



MEETING OF THE FINANCIAL SERVICES USER GROUP - DRAFT MINUTES

18 September 2020

Conference call

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Time: 9.30 – 14.00

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

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

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, consumers can obtain tax rebates for energy efficient home refurbishment. Banks are giving consumers credits to advance the money. Terms and conditions and potential abuses will have to be monitored.
A new system to improve cashless has also been introduced, through cashback to consumers when they are using cashless instruments.
- In DE, a new draft law is being discussed about the opportunity to issue electronic securities (English translation: <https://e.linklaters.com/130/2637/downloads/linklaters-ewpg--bilingual-version.pdf>).
After the Wirecard scandal, a leasing company called Grenke is being investigated by BaFin, the German financial regulator, for fraud.
DLW is conducting a study with Better Finance on the effect of COVID-19 on shareholders general meetings (the FSUG could issue an opinion/paper on this issue).
- In BG, there are important demonstrations against the government, and this affects the economy on top of the COVID-19 crisis. Next general elections will take place in Spring 2021.
- In SK, several measures have been implemented to respond to the COVID-19 crisis.

According to Act 67/2020 on certain extraordinary measures in the financial area in relation to COVID-19 (first adopted in April, then revamped in July), SMEs, entrepreneurs and consumers can get help with loan repayments. All consumers can ask for a postponement of payments for up to 9 months with no additional costs, but interest for the deferred payments would continue to accrue. 900 000 applications were received. A reduced levy was introduced for creditors who accept to defer loan repayments. Travel agencies in difficulty do not have to return money to consumers but they can issue vouchers.

- In PT, a new law prohibiting coercive tied selling for mortgages has been approved. Banks have now to accept consumer have their payment account in other banks (but only for new contracts) but there is still a fee to be paid for collecting the repayment. The public moratoria on mortgage repayments was extended but the extension of the private moratoria is on a voluntary basis. By end of June, 70% of the applications to the moratoria concerned households loans (520 000 contracts, 3/5 for mortgages and 2/5 for consumer loans). The contactless payments limit was raised to three payments up to 50 euros, which is positive but raises questions on security and responsibility in case of cards lost.

A discussion is ongoing in the country on the resolution of Novo Banco (previously Banco Espírito Santo).

- In BE, deferral of repayments for mortgages apply to limited categories of consumers (not to consumers already in arrears with payments), with interest that continues to accrue. However, according to the Belgian National Bank, overdue credit has decreased which means that moratorium had a positive effect. Measures to ensure social support for low income people have been also introduced, e.g. people living in social housing can ask for rent reduction.
- In DK, the situation getting better but airlines and airports have been seriously affected – and so is the job market in this sector. There is a discussion around aid packages helping companies, which might be damaging the dynamic of the economy, since companies are closing.
- ES was hardly hit by the crisis. The possible merger of CaixaBank and state-owned Bankia could result in higher costs for consumers. Fees seem to be increasing for payment services and online banking.
- In FR, 55% of households monthly expenses increased considerably with the COVID-19 crisis and one in three households are in financial difficulty (COFACE member survey).
- In the UK, the FCA extended payment protection measures until end of October, and probably there will be a further extension for mortgages. As regards the impact on consumer credit scoring, for now missed payment due to payment holidays do not have to be reported but banks are using open banking and there could be a risk of discrimination. The FCA is working on consumer vulnerability (<https://www.fca.org.uk/news/press-releases/new-guidance-help-firms-do-more-vulnerable-consumers>). The Financial Inclusion Centre has produced a paper on the subject (<http://inclusioncentre.co.uk/wordpress29/our-work/publications/financial-vulnerability-and-rights>).

The UK Royal Mint will stop producing certain amount of coins in the next 10 years. A decrease in use of coins has been observed, as well as an increase of contactless payments of 30% in the last period, with 30% raise in groceries ordered online.

Developments at EU level

- A Technical Expert Stakeholder Group on SMEs was set up by DG FISMA. The FSUG should explore possible synergies with this group.
- BETTER FINANCE is still following the issue of closet indexing and there seems to be a lack of enforcement in this field (see 2017 [Closet Indexing Report](#) and 2018 [Benchmark Disclosure Compliance Report](#)).
- AGE is going to publish a questionnaires on issues encountered from older consumers in financial services (available in 6 languages).
- The Euro Retail Payment Board might set up a working group on transparency and lack of clarity to consumers about bank statements.

Work plan 2021: state of play of the sub-groups work

- FSUG opinion on COVID-19 related measures: work ongoing, paper to be published in Q1 2021.
- Digitalisation and accessibility: work ongoing, paper with recommendations to be published in Q1 2021.
- Helping consumers understand how their money is invested: sub-group members will discuss bilaterally whether or not a paper will be produced before the end of the Group's mandate.

2019 annual report and 2020 studies

Concerning the Annual Report 2019, since there were no further remarks on the final draft, the report was adopted by the FSUG and can be uploaded on the website.

Regarding the final report of the study on NPLs impact on consumers, it was agreed that the FSUG Secretariat would ask the research team if they would agree to make a virtual presentation of their main findings to the FSUG at a date that suits them (outside a regular FSUG meeting).

For the small study, an additional clarification was required in order to link the study to current or upcoming work streams.

Update on the NPL study

The latest deliverable was the interim report, handed in on time and appreciated for its quality. FSUG members asked for an ad-hoc meeting with the contractor after the presentation of the final report, in order to have a summary of the content and possibly ask questions (to be confirmed).

ESRB Work related to the COVID-19 pandemic

Tuomas Peltonen, deputy head of ESRB Secretariat, presented the work the European Stability Risk Board is performing in order to monitor the state of the economy, and notably the impact the COVID-19 crisis is likely to have on households and more generally consumers. He showed the main indicators and enlisted the measures taken so far and the ones they would advise competent authorities to implement. Questions followed on over-indebtedness, the allegedly debt-based economic model and the supervisory actions.

Commission study on the application of Interchange Fees Regulation (Dominique Forest, DG COMP)

Dominique Forest, DG COMP, presented the results of this study, pointing at a convergence of fees within the internal market to the bottom of the range existing before the Regulation. He also outlined the way forward in policy terms. FSUG members asked for evidence regarding the main result, since their observation had had different outcomes.

Update on the external meeting in Sofia

The organisation of the external meeting in Sofia is in standby, due to the impossibility to organise physical meetings before the end of the calendar year. In case Desislav Danov has the opportunity, he can invite Bulgarian members to the next FSUG meeting, in order to shift the focus towards the topics that would be most relevant for financial users in Bulgaria.

AOB and conclusions

- For the Consumer Agenda consultation, since the deadline is approaching it was not possible to develop a common FSUG response. FSUG members were encouraged to reply to it individually.
- Tentative dates for FSUG meetings in 2021, until the end of the Group's mandate: 11-12/02; 22-23/4.