Union programme to support specific activities enhancing the involvement of consumers and other financial services end-users in Union policy-making in the area of financial services (2017-2020)

2016/0182(COD) - 15/06/2016 - Legislative proposal

PURPOSE: to establish a Union programme to support specific activities enhancing the involvement of consumers and other financial services end-users in Union policy making in the field of financial services for the period of 2017-2020.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: in 2007, the confidence of financial services' end-users', and in particular that of consumers in the field of financial services, was shaken by the financial and economic crisis. Therefore, the European legislators considered that the **concerns of consumers and other financial services end-users should be systematically and adequately taken into account** (retail investors, savers, insurance holders, pension fund participants and borrowers) to restore citizens' confidence in the soundness of the financial sector.

Several actions have been undertaken by the European Commission to ensure that the views of consumers and other end-users of financial services are heard, notably with (i) the establishment in 2010 of the Financial Services Users Group (FSUG) which acts as a forum where non-industry stakeholders' representatives are regularly kept informed about the financial services policy issues under development and are invited to give their views and express their concerns and suggestions on intended legislative initiatives and (ii) the systematic inclusion of consumers and civil society organisations' representatives in the various expert groups set up to assist the Commission or the European Supervisory Authorities (ESAs) in their work in the financial services area.

At the end of 2011, the Commission launched a pilot project aiming to provide grants to support the development of a financial expertise centre to the benefit of end-users and non-industry stakeholders and enhance their capacity to participate in Union policy making in the field of financial services. It awarded operating grants to **two non-profit organisations** based in Brussels, Finance Watch and Better Finance between 2012 and 2015. These grants were awarded under a pilot project during two years, 2012 and 2013, and a preparatory action since 2014.

The evaluation of the pilot project and the subsequent preparatory action carried out in 2015 concluded that the **policy objectives have been generally achieved**. However, despite regular efforts, both organisations did not manage to attract stable and significant funding from other donors, independent from the financial industry, and, therefore, remain heavily dependent on Union funding.

Since 2012, both beneficiaries have been funded up to 60% of their eligible costs through Union grants and they remain heavily dependent on Union funding.

Co-funding these beneficiaries along the same line as of 2017 is the only option which can ensure that all the results and effects that have materialised since 2012 according to the evaluation results are likely to continue.

CONTENT: the proposal seeks to establish **a Union programme for the period from 1 January 2017 to 31 December 2020** to support the activities of the organisations Finance Watch and Better Finance who contribute to the achievement of the policy objectives of the Union in relation to enhancing the involvement of consumers and other financial services end-users, as well as stakeholders representing their interests in Union policy making in the field of financial services.

The Programme shall cover the following activities:

- research activities, including production of own research, data, expertise;
- awareness and dissemination activities, including to a wide audience of non-experts;
- activities reinforcing the interactions between the members of the beneficiary organisations and advocacy activities fostering the positions of those members at Union level.

The Programme shall have the following objectives:

- to further enhance the participation of consumers and other financial services end-users, as well as stakeholders representing their interests, in Union policymaking in the area of financial services;
- to contribute to the information of consumers and other financial services end-users, as well as stakeholders representing their interests, about issues at stake in the regulation of the financial sector.

These objectives shall be monitored in particular through a yearly description of the actions performed by the beneficiaries of the Programme and an annual activity report, which shall include quantitative and qualitative indicators for each activity planned and conducted by the beneficiaries.

BUDGETARY IMPLICATIONS: the impact on expenditure (operational appropriations) is estimated at **EUR 6 000 000** for the period from 2017-2020.