

Action plan on retail financial services

2017/2066(INI) - 23/10/2017 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted an own-initiative report by Olle LUDVIGSSON (S&D, SE) on the action plan on retail financial services.

The Special Eurobarometer 446 concluded that, when it comes to financial products or services, **Europeans are still purchasing mostly in their own country** and often do not even express a need or desire to have access to these services abroad, although some actual barriers are also preventing them from doing so.

Promoting the development of an efficient retail financial services market: Members stated that **urgent action is needed** to facilitate innovation that is beneficial to end-users while releasing the full potential of the single market in retail financial services. This would boost competitiveness, lower prices and increase product choice and diversity.

Although the Commission has taken into account some of the concerns expressed by the European Parliament in its report on the [Green Paper on retail financial services](#), Members considered that **the action plan falls short of the ambition to create a regulatory environment conducive to transparency, growth and innovation** and with a high level of trust on the part of businesses and consumers in retail financial products.

The committee stated that it is **contrary to the principles of the internal market for retail financial services** to require customers to be resident in the Member State in which the financial product – including sovereign debt instruments – is offered, or to hold a national identity document issued by that Member State, for the effective provision of the product.

Recommendations: the report makes a number of recommendations to take further steps towards a genuine technology-enabled Single Market for retail financial services:

- propose an amendment to [Regulation \(EC\) No 924/2009](#) of the European Parliament and of the Council on cross-border payments in the Community in order to **reduce charges for cross-border transactions** in all Member States;
- increase **transparency in currency conversion** so that consumers can choose the best rates and be aware of additional costs when making transactions, payments made abroad and ATM withdrawals, including when using dynamic conversion;
- make it easier for consumers to **switch to more affordable retail financial services** across the Union, terminate financial contracts, make loans and other financial products available across borders, including cross-border insurance products, such as motor vehicle insurance;
- introduce legislative initiatives designed specifically for the financial sector to **end unjustified** geo-blocking;
- ensure **greater quality of the comparison websites:** Members stressed in this respect the usefulness of a well-structured and easy-to-use EU comparison portals across the Union covering the European retail financial markets in their entirety;
- promote tools such as **Points of Single Contact** to increase competition and assist retail financial services companies;
- amend the [Motor Insurance Directive](#) to ensure compensation for traffic accident victims and to facilitate cross-border portability and recognition of no-claims bonuses;

- examine whether initiatives are needed with regard to **car rental companies** selling insurance products, with a view to ensuring transparent pricing covering all car rental companies in the Member States;
- **facilitate cross-border access to loans** by giving priority to the fight against consumer over-indebtedness: Members called for measures on the coordination of debt information so that each creditor knows the level of indebtedness of consumers before giving him more credit. The data subject would have the right to obtain explanations of decisions made by automated processing and to challenge those decisions;
- **assess whether national consumer protection rules and practices do not act as unfair barriers to cross-border investment**: much of the paperwork produced in response to EU legislation from providers of retail financial products and services is not in fact strictly required in law and is of little or no practical benefit to consumers;
- **coordinate as effectively as possible the information requirements vis-à-vis customers** laid down in various European legal acts: double or contradictory disclosure requirements must be avoided, in order not to create unnecessary red tape and expenditure and not to confuse clients;
- put in place a **solid and consistent consumer transparency framework**, removing unnecessary complexity for financial service providers, including supervisory convergence between Member States;
- propose **harmonised cross-border creditworthiness assessment standards** and principles in order to better mitigate the risk of increasing over-indebtedness when facilitating pan-European online credit;
- promote **financial technologies** for retail financial services in light of [Parliament's resolution](#) on financial technology (FinTech) to improve consumer protection, security, innovation and fair competition, and to ensure that the principle of
- ‘same services, same risks, same rules, same supervision’ applies to all companies regardless of their sector or location;
- **remove regulatory barriers to the use of pan-European electronic signature systems** for subscribing to financial services. To this end, the Commission should build on work related to the eIDAS Regulation;
- adapt the existing EU legal framework for the digital world in order to counteract consumer protection risks connected with distance online selling.

However, the report stressed the need to **maintain the provision of high street banks**, which provide an essential public service and are of particular benefit to SMEs, the elderly and vulnerable consumers, who are less likely to use e-banking and favour face-to-face interaction. It recognised that branch closures degrade financial infrastructure at a local level and can be extremely damaging to communities.