Consumers: financial services. Green paper

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OBJECTIVE: the objective of the Green Paper is to open a debate at European level designed to assess whether the current Community rules guarantee that consumers enjoy the advantages of the single market in the field of financial services (banking, insurance, trading in securities etc.), particularly where the distance selling of financial services across frontiers is concerned. CONTENT: the Commission's Green Paper covers a number of consumer policy issues in the financial services sector, including distance selling, a rapidly expanding sector involving more and more complex activities. The analysis is restricted to a number of problems encountered by private consumers, who generally require a higher level of protection than other categories of users who are more experienced or more able to defend their interests themselves. In Part I, the Commission sets out the extent to which Community legislation already takes account of the interests of consumers of financial services. It emphasizes that all the directives relating to financial services include provisions designed to ensure that the consumer receives correct and comprehensive information, to afford them legal protection and to guarantee their right of access to systems of redress. Furthermore, all those directives endeavour as a general rule to maintain the stability and trustworthiness of the financial services sector by means of the imposition of minimum prudential rules and strict minimum capital requirements. Part II of the Green Paper is devoted to an analysis of a number of problems already encountered by consumers and which need to be reviewed in order for the appropriate measures to resolve such problems to be defined. Among those problems, the Commission refers principally to the refusal to sell financial services to non-residents, the inadequacy of the information supplied and fraudulent activities of some unscrupulous intermediaries. Finally, Part III of the Green Paper considers prospects for development in the methods of selling financial services, in particular distance selling, which implies a special need for consumer information. In this context, special attention will be paid to the clarity and adequacy of information given to consumers before and after the conclusion of the contract. The need for written confirmation will be assessed in this context. The possible need to introduce cooling-off periods in respect of contracts relating to financial services is another important issue. Furthermore, the extent to which the offering of financial services to consumers without their prior consent gives rise to particular problems will have to be reviewed (e.g. supply without the explicit consent of the consumer and the unsolicited use of certain means of communication at a distance such as automatic calling machines and facsimile machines). The Commission notes that several studies begun in 1996 are currently being carried out with a view to evaluating the early results and the impact of the single market in the financial services sector. Their findings will be available in a few months' time. Where gaps or problems are encountered, the Commission will consider what response is called for, including, where necessary, new legislation or changes to existing texts. In the meantime, all interested parties are invited to give their opinions on the issues tackled in the Green Paper by 15 October 1996.