REPORT

on the Green Paper on Retail Financial Services (2016/2056(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Olle Ludvigsson
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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Green Paper on Retail Financial Services
(2016/2056(INI))

The European Parliament,


– having regard to the 2014 European Insurance and Occupational Pensions Authority ‘Report on Good Practices on Comparison Websites’,

– having regard to the European Insurance and Occupational Pensions Authority Opinion to EU Institutions on a Common Framework for Risk Assessment and Transparency for IORPs of April 2016,


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1 OJ L 133, 22.5.2008, p. 66.
2 OJ L 266, 9.10.2009, p. 11.
3 OJ L 60, 28.2.2014, p. 34.
Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC¹,


– having regard to Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features³,


– having regard to the Commission report of 8 August 2014 on the operation of the European Supervisory Authorities (ESAs) and the European System of Financial Supervision (ESFS) (COM(2014)0509),

– having regard to Regulation (EU) 2015/751 of the European Parliament and of the Council of 29 April 2015 on interchange fees for card-based payment transactions⁵,


– having regard to its resolution on virtual currencies⁸,

– having regard to the Commission Green Paper of 10 December 2015 on ‘retail financial services: Better products, more choice, and greater opportunities for consumers and businesses’ (COM(2015)0630),

– having regard to the EBA response to the Commission Green Paper on Retail Financial Services (COM 2015(0630)) of 21 March 2016,

¹ OJ L 257, 28.8.2014, p. 73.
⁵ OJ L 123, 19.5.2015, p. 1.
– having regard to Rule 52 of its Rules of Procedure,
– having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on the Internal Market and Consumer Protection (A8-0294/2016),

A. whereas the EU market in retail financial services remains rather underdeveloped and highly fragmented, for example in terms of the low number of cross-border transactions, so that efficient action to unlock the full potential of the single market and to facilitate innovation beneficial to end users is required;

B. whereas the dynamics of retail financial services markets, featuring a combination of relatively high concentration and insufficient competition, may result in limited choice and low value for money, as well as major discrepancies between Member States;

C. whereas a European retail financial services market would only be viable if it represented real added value for consumers by ensuring effective competition, access and consumer protection, notably in relation to products actually necessary for participation in economic life;

D. whereas further development of the retail financial services market at EU level with the appropriate legislative framework imposing the consumer protection that is needed would not only facilitate important and fruitful cross-border activity, but might also open up greater scope for increased competition at national level; whereas a genuine European internal market for retail financial services has significant potential for providing consumers with better financial services and products, more choice and improved access to financial services and products, and lower prices; whereas the impact of competition on prices will vary according to sector and product;

E. whereas the Green Paper mainly focuses on financial services for citizens who are looking for cross-border services; whereas it is important that if new proposals are presented they also benefit all EU consumers in order to ensure that the retail financial services market works for everyone;

F. whereas we should remain ambitious in breaking down barriers and curbing existing protectionist tendencies that block innovation in retail financial services; whereas a true single market will make the EU attractive as the hub for innovative financial services;

G. whereas the rapid transformation brought about by digitisation and fintech innovation not only has the potential, if prudently managed, to create new and often better financial products for consumers and to contribute to financial inclusion, including by means of lowering transaction costs and easing access to finance, but also involves key challenges in terms of security, data protection, consumer protection, taxation, fair competition and financial stability, which should be monitored closely in order to maximise citizens' benefits;

H. whereas while many services are moving online it is important to ensure that no one is left behind and that access is also provided through non-digital channels where necessary in order to avoid financial exclusion;
I. whereas any effort to strengthen the EU’s retail financial services market should be coordinated with the DSM (Digital Single Market), CMU (Capital Markets Union) and SMS (Single Market Strategy) agendas and have as its overall aim a strengthening of job creation, sustainable growth, financial stability and the role of the consumer in the European economy;

J. Stresses that a European retail financial services market must benefit SMEs in terms of both supply and demand; in terms of supply, this means ensuring an improvement in access to financing for SMEs; in terms of demand, it means enabling SMEs to access cross-border markets more easily;

K. whereas the completion of the internal market is important for consumers, and is also essential for providing European fintech companies with the possibility of reaping the benefits of the internal market so as to compete with traditional players in order to offer innovative, consumer-friendly solutions and to create jobs throughout the EU;

L. whereas micro-enterprises, SMEs and mid-caps are the backbone of the European economy and the drivers of employment and growth; whereas every European law and initiative must be adapted to the characteristics of such companies;

M. whereas the completion of the European internal market is hugely important for consumers and businesses, and whereas innovative new actors are starting to offer alternatives to existing services;

1. Welcomes the Commission Green Paper on retail financial services (defined as including insurance) and the vivid and productive debate that it has generated so far; also welcomes the public consultation on the Green Paper, which has given those involved the chance to put forward their opinions on the basis of their specific situations and/or sectors; underlines that a single approach on retail financial services would be counter-productive, given the diversity of the actors and products concerned;

2. Takes the view that digitalisation will continue to create new opportunities for consumers, investors, SMEs and other companies in terms of competition, cross-border activities and innovation; stresses that digitalisation alone is not sufficient to create a viable European retail financial services market; notes that the many obstacles, such as the various tax, social, judicial, health, contract and consumer protection regimes, as well as the different languages and cultures, cannot be overcome solely by means of digitalisation;

3. Finds the Green Paper initiative to be timely, given the need to work proactively at all stages of the policymaking process in order to respond efficiently and adequately to developments in such an innovative and fast-changing market;

4. Considers simplification of legislation, which is facilitated by discouraging overly complex products and services, to be crucial in efforts to make products more easily comparable across the Member States’ markets, particularly in the insurance sector;

5. Points out that a wide range of EU laws relevant to the single market in retail financial services has already been adopted, such as PSD2, the MIFs regulation, PAD, AMLD, the Mortgage Credit directive and IDD; calls on the Commission to monitor closely the
transposition and implementation of this legislation, avoiding duplication and overlaps;

6. Underlines the importance of promoting positive developments in retail finance markets by creating a competitive environment and maintaining a level playing field for all stakeholders, including incumbent operators and new entrants, with rules as technology- and business-model-neutral as possible; points out, that such an approach is necessary, not least in order to support growth of start-ups and new and innovative SMEs;

7. Asks the Commission to ensure that the same rules apply to any given service in order to avoid creating distortions of competition, particularly with the emergence of new providers of retail financial services; stresses that these rules must not act as a brake on innovation; highlights that the creation of ‘contact points’ which allow stakeholders to report unlawful application of the EU passporting provisions could foster market integration;

8. Notes that for the first quarter of 2016 the fintech funding in Europe accounted for only USD 348 m, as compared to USD 1.8 bn in North America and USD 2.6 bn in China, which demonstrates the urgent need for a quick mentality shift and an adequate regulatory response to technological developments in order for Europe to become a lead market for innovation; stresses that a genuine single market for retail financial services where a level playing field for new market entrants is ensured will make the EU attractive as a hub for innovative financial services and will provide consumers with more and better choice, at lower rates; emphasises that although disruptive technologies present regulatory challenges, they also offer great opportunities for innovation that benefits end-users and a stimulus for economic growth and jobs;

9. Emphasises, in particular in order to boost consumer trust and satisfaction, that the Green Paper initiative can succeed only if it has a strong focus on creating an EU market in which well-protected consumers have equal opportunities and access to transparent, straightforward and good-value-for-money products; acknowledges the positive value of providing customers with simple, safe and standardised products; calls on the European Supervisory Authorities to regularly assess the impact of tying practices on prices and competition in retail financial services; calls on the Commission to introduce a simple, portable and safe financial products framework; calls on the Commission, furthermore, to look into the possibility of creating a harmonised legal framework for standardised default options for the most commonly used EU financial products along the lines of the Basic Bank Account and PEPP model;

10. Emphasises that the proposals which emerge from the Green Paper must be consistent with the proportionality principle;

11. Recalls that all initiatives based on the Green Paper should be compatible with stepping up the international fight against tax fraud, tax avoidance and evasion and money laundering, including more efforts to elaborate a Common Tax Identification number;

12. Notes the increasing complexity of retail financial products; insists on the need to develop initiatives and instruments that improve competition and allow consumers to identify and compare safe, sustainable and simple products within the range of products available to them; supports initiatives such as the Key Investment Information Document for undertakings for collective investments in transferable securities (UCITS)
and the Key Information Document for packaged retail and insurance-based investment products (PRIIPs); stresses the need to adapt these information mechanisms to the digital reality; believes that the summary of prospectus should be aligned with the Key Information Document for packaged retail and insurance-based investment products (PRIIPs) in order to allow retail investors to properly assess the risks associated with securities offered to the public or admitted to trading;

13. Recalls the recent developments in the legislative framework for the banking sector, in particular the Bank Recovery and Resolution Directive and the Deposit Guarantee Schemes Directive; recalls that the newly introduced resolution regime has resulted in some instruments offered to retail investors involving a higher risk of loss; insists on the need to inform consumers fully about the impact of the new rules, particularly if their deposits or investments are at risk from bail-in; asks the Commission to check whether the Member States are applying the directive on deposit-guarantee schemes correctly; points out that the sale of certain bail-in-able instruments to retail investors is highly problematic in terms of both adequate consumer protection and ensuring the practical feasibility of a bail-in, and calls on the Commission to explore the options for restricting such practice;

14. Notes that a European retail financial services market will only be feasible if consumers benefit from the same legal protection throughout the EU; highlights the need to update and promote the 'FIN-NET' financial dispute resolution network;

15. Notes that the lack of an Insurance Guarantee Scheme in some Member States has the potential to undermine consumer confidence, and calls on the Commission to consider legislation to mandate Insurance Guarantee Scheme Coverage;

16. Stresses that the financial inclusion perspective should always be kept in mind, and that measures should be taken to ensure that all consumers have equal access to at least the most essential financial services also through non-digital channels to avoid financial exclusion;

17. Considers that structural changes under way in the financial sector – from the emergence of financial technology companies (fintechs) to mergers and takeovers – which could result in staff cuts and branch closures must be effected without any reduction in the quality of services to the most vulnerable, particularly elderly people and people living in rural or sparsely populated areas;

18. Stresses the importance of financial education as a tool to protect and empower consumers; calls for access to independent financial education to be widened and facilitated and stresses the need to raise consumers’ awareness of investment options;

19. Observes that digitalisation can bring benefits for retail investors, such as easier comparability of products, better and easier access to cross-border investment and the ensuing fairer competition between providers, as well as faster and easier registration and payment processes and resulting lower transaction costs, but can also pose challenges that cannot be ignored, such as ensuring compliance with know-your-customer (KYC), anti-money laundering (AMLD) and data protection requirements, as well as risks such as vulnerability of centralised systems to cyber-attacks; calls for emerging and current trends on financial markets and the resulting benefits and risks to
be identified and monitored, using as a benchmark their likely impact on retail investors;

20. Notes that consumers' financial and non-financial data collected from different sources are being increasingly used by financial service providers for various purposes, in particular in the credit and insurance sectors; stresses that the use of personal data and big data by financial service providers should comply with the EU data protection legislation, be strictly limited to what is necessary to provide the service and bring benefits to consumers; against this background, the demutualisation of risk in insurance triggered by big data should be under close scrutiny;

21. Stresses that access to cash via ATMs is an essential public service that must be provided without any discriminatory or unfair practices and that it must not, therefore, incur excessive costs;

22. Underlines that greater consumer trust in financial services is necessary, since it remains low, especially with regard to financial products with high currency exchange risks, and calls on the Commission to ensure that existing measures aimed at improved financial literacy and awareness are fully implemented and that further measures are introduced where necessary in order to empower consumers to make informed decisions, to increase the transparency of these products, and to remove consumer barriers to switching and any unjustified costs relating thereto, or to the withdrawal from a product; underlines that the European Standardised Information Sheet (ESIS) and Standard European Consumer Credit Information forms should be given systematically to consumers in advance of an agreement as part of a credit, loan or mortgage estimate;

23. Notes that frontline employees at financial institutions and financial service providers have a crucial role to play in opening up retail services to all strands of society and to consumers in the EU; points out that such employees should, in principle, be given the training and time necessary to be able to serve their customers accurately, and should not be made subject to sales targets or inducements that could bias or distort their advice, and should act at all times in the interests of customers in accordance with MIFID II consumer protection provisions;

24. Highlights the fact that access to affordable and independent advice is key to sound investment decisions; notes that sales-target-driven remuneration of staff and intermediaries can often lead to inappropriate cross-selling and mis-selling; emphasises that an improvement in advice requires, in particular, a broader offer of standardised retail investment products and effective investor information documents for complex and simple products;

25. Observes that a supply of affordable, targeted financial advice, which would be narrower in scope than proper MiFiD-regulated investment advice, is currently lacking, in spite of the existing demand; takes note of the reflections conducted and initiatives taken in some Member States on the creation of such an intermediate service; calls on the Commission, the Member States and market actors to identify, study and follow good practices and initiatives in this regard;

26. Points out the shortcomings in the national implementation of the MiFID II directive, which has led in many cases to labour-intensive reporting requirements for
intermediaries, which do not effectively enhance consumer protection and go beyond MiFID II itself; calls for lessons to be learned from this experience;

27. Underlines that retail banking plays a decisive role in the proper transmission of monetary policy conditions to the market, particularly to consumers; highlights the importance of an appropriate monetary policy environment with a view to promoting consumers’ long-term savings;

28. Emphasises that, in order for the single market in retail financial services to be efficient and dynamic, there should be no unnecessary or unfair differences between euro and non-euro Member States;

29. Believes that the adoption of the single currency by all Member States without exception would make the single market for retail financial services more efficient and coherent;

30. Observes that the EU-level capacity for data collection and analysis in this field will probably need to be strengthened; notes that it will be necessary to give some of the most promising ideas in the Green Paper a broad and adequate empirical underpinning before it is possible to move on to legislative processes; stresses that the methodologies and assumptions of such empirical work should be appropriately disclosed and should make full use of the output of the ESA’s monitoring work mandated in the EBA regulation in order to identify the benefits and risks of different innovations and any legislative action required to strike the right balance between them;

31. Calls on the Commission to address the issue of mis-selling of financial products and services; in particular, calls on the Commission to monitor closely the implementation of new rules under MiFID II, which ban commission for independent financial advisers and restrict its use for non-independent advisers, and on the basis of that monitoring to consider whether those restrictions should be tightened;

**Short-term priorities**

32. Emphasises that the enforcement of EU and national financial and consumer legislation needs to be strengthened and that a single market in retail financial services needs high levels of consumer protection legislation and consistent and rigorous enforcement thereof across the Member States; notes, at the same time, that the volume of legislation on retail financial services has increased in recent years with the aims of improving prudential stability, strengthening consumer protection and restoring confidence in the sector; stresses that the European Supervisory Authorities should step up their activities on consumer and retail investor issues and that the agencies responsible in a number of Member States should start to work more actively and competently in this field; calls on Member State supervisory authorities to conduct exchanges of good practice in order to ensure that retail financial services legislation is applied in a way that safeguards fair competition while enforcing consumer protection legislation;

33. Calls on the Commission, in the procedure linked to the planned White Paper on the ESAs’ funding and governance, to have a particular focus on ensuring that the authorities get the funding models and mandates needed to take a more active and consumer-oriented role in the retail financial services market while ensuring financial
stability;

34. Welcomes the Commission’s engagement in the area of encouraging finance for sustainable and green investments, and urges the Commission, building on past consultations and closely involving the European Parliament, to play a more proactive role in using the Capital Markets Union, as part of the implementation of the Paris agreement, to support the growing Sustainable and Responsible Investment (SRI) market by promoting sustainable investments;

35. Calls on the Commission to intensify its work against discrimination on grounds of residence in the European market on retail financial services and, if necessary, to complement the planned general proposals to end unjustified geo-blocking with further legislative initiatives targeted specifically at the financial sector, bearing in mind that the price of some products and some services is linked to a range of factors (regulatory or geographic) that differ from one Member State to another;

36. Urges the Commission, inter alia on the basis of the structure of the Payment Accounts Directive (PAD) and the European Insurance and Occupational Pensions Authority’s analysis of the insurance sector, to set up a well-organised and easy-to-use EU comparison portal covering most or all parts of the retail financial services market; emphasises that comparison tools must be accurate and of relevance to consumers and must focus not only on the prices of products but also on their quality, bearing in mind that only similar products can be compared;

37. Calls on the Commission, inter alia with reference to the PAD, to map the rules, practices and non-practices that apply to domestic and cross-border switching in relevant parts of the European retail financial services market and to present a coherent and comprehensive strategy for making EU-wide cross-border switching easier for the consumer;

38. Urges the Commission and the Member States to strengthen the Alternative Dispute Resolution (ADR) structures linked to the retail financial services market by making sure that ADR bodies are truly independent, by making certain that these bodies cover all actors in the market and by taking measures to ensure that FIN-NET is made more efficient and well-known to consumers; also urges the Commission, following the planned evaluation of the implementation of the recommendation on collective redress, to look into the possibility of introducing a European system of collective redress;

39. Asks the Commission to investigate further the confusing and sometimes misleading practices with which consumers are faced when making card payments and ATM withdrawals involving currency conversion, and to present a coherent solution that would make it possible, including in practice, for the consumer to understand and control the situation fully, including for payments relating to the digital market;

40. Reminds the Commission that financial institutions continue to cancel payment cards if the holder moves to another Member State, and calls for action to be taken in this respect, including alerting national authorities;

41. Calls on the Commission to promote the mutual recognition and interoperability of digital identification techniques, without affecting the level of security of existing
systems or their ability to fulfil the requirements of the EU anti-money laundering framework; therefore urges the Commission and the Member States, by working carefully on the implementation of the eIDAS Regulation and the new anti-money laundering legislation, inter alia, to create – as should be entirely feasible – a general environment in which robust security requirements are combined with fair and simple procedures for consumers to identify themselves, in accordance with the principles of personal data protection; also asks the Commission and the Member States to identify and remove regulatory barriers to the use of electronic signature systems for subscribing to financial services, and to facilitate EU wide cross-border digital onboarding;

42. Points out that the potentially transformative impact of distributed ledger technology necessitates the build-up of regulatory capacity so as to identify at an early stage potential systemic risks and challenges to consumer protection; calls on the Commission, therefore, to create a horizontal task force to monitor risks closely and to help address them in a timely manner;

43. Calls on the Commission, in close cooperation with the Member States, to draw up a plan for establishing a coordinated network of national ‘one-stop shops’ in accordance with the Points of Single Contact, that would assist retail financial firms wishing to make better use of cross-border business opportunities;

44. Stresses the need to encourage retail financial service providers to finance projects associated with innovation and the environment; points out that an approach similar to that of the SME-supporting factor could be considered;

45. Calls on the Commission to follow up on the EIOPA’s proposal for a Common Framework for Risk Assessment and Transparency for IORPs, in order to promote a sound pillar 2 system across the Union and comparability of schemes, and to contribute to a better understanding of the benefits and risks to consumers by regulators, supervisors and consumers themselves;

46. Calls on the Commission to examine new approaches with the potential to give companies greater regulatory flexibility to experiment and be able to innovate, while maintaining high levels of consumer protection and safety;

47. Asks the Commission to put forward a proposal on the creation of an 'EU savings account' in order to unlock long-term financing and support ecological transition in Europe;

48. Urges the Commission to clarify the use of the general good provisions, which currently could be vicariously used by Member States to block new products from entering their markets, and to empower the ESAs to become an active mediator between Member States when there are conflicting interpretations as to its use;

**Long-term considerations**

49. Asks the Commission to study further the feasibility, relevance, benefits and costs of removing existing barriers to the cross-border provision of financial services, thus guaranteeing domestic and cross-border portability in various parts of the retail financial services market, for example as regards personal pension and insurance products;
50. Emphasises that the Mortgage Credit Directive is currently being transposed, or is in the process of implementation, in the Member States; encourages the Commission to monitor its transposition and implementation attentively and to analyse the impact of this legislation on the retail financial services market; notes that there are still significant barriers to the creation of a stronger single market for mortgages and consumer credit; therefore encourages the Commission to move forward while ensuring financial stability, balancing privacy and data protection concerns with improved cross-border access to better-coordinated credit databases and making sure that credit-related incidents whereby consumers have been unreasonably exposed to currency exchange risks are not repeated;

51. Asks the Commission to conduct, with the Member States, a joint analysis of the implementation and impact of EU legislation on retail financial services; calls on the Commission and the Member States to examine in detail the legal barriers and other remaining obstacles to cross-border operations and to the completion of an EU retail financial services market; stresses that the specificities of SMEs must be taken into account in such an analysis;

52. Calls on the Commission to analyse what data are necessary to enable lenders to assess the credit-worthiness of their customers and, on the basis of this analysis, to introduce proposals for regulating this assessment process; calls on the Commission to investigate further the current practices of credit bureaux in relation to the collection, processing and marketing of consumer data with a view to ensuring that they are adequate and not detrimental to consumers’ rights; calls on the Commission to consider taking action in this area if necessary;

53. Asks the Member States to ensure that digital communications and sales related to retail financial services are available in forms accessible to people with disabilities, including via websites and downloadable file formats; supports the full inclusion of all retail financial services in the scope of the Directive on the accessibility requirements for products and services (the ‘European Accessibility Act’);

54. Welcomes the work towards greater transparency in the pricing of rental car services, including the sale of ancillary insurances and other fees; stresses that all fees or charges, whether mandatory or optional, connected to the rental of a vehicle should be visible to the consumer on the rental company or comparison website in a clear and highlighted manner; reminds the Commission of the need to enforce the Unfair Commercial Practices Directive, and welcomes the recent adoption of new implementing guidelines in the light of technological change;

55. Recalls the work done in relation to the Credit Rating Agencies Regulation; asks the Commission to review the impact of such legislation in terms of products sold to retail consumers;

56. Instructs its President to forward this resolution to the Council and the Commission.
EXPLANATORY STATEMENT

Looking at the initiative on retail financial services, your Rapporteur believes that the Commission has done the right thing. This procedure is an appropriate path to choose. There are at least three reasons why the Green Paper has been presented at the right time:

First, if we want the new pieces of legislation to work well in such a fast-changing market context, we need to be active right here and right now: in the later stages of the policy cycle. This is a key aspect of the Green Paper. We have to make sure that the level 2 measures get fit and proper. We have to keep a close eye on national implementation. We have to prepare for adequate evaluation already from the start. It is important to identify real world problems and opportunities as early as possible. The Green Paper targets a number of points where the legislation that is now being introduced might gain from being complemented in the coming years. In order to be able to do so, we have to constantly be familiar with the state of play. In all, the Commission initiative represents a dynamic approach to policy-making which appears to be necessary in this field.

Second, it is quite clear that although a lot of things have been done in recent years, there is a lot more left to do. We have to this day not reached very far in building a single market in retail financial services. When it comes to the majority of retail financial products, we are still facing 28 diverging and not-so-competitive national markets. Because of a multitude of barriers, cross-border activity is still limited. This is bad for consumers, for innovative enterprises and for the overall functioning of the European economy. There is a huge potential that we have not yet taken advantage of.

Third, the Green Paper is timely also because digitalization is now opening up new possibilities at a fast pace. If properly dealt with, digitalization could create exactly the momentum needed to start to take away those cross-border barriers. There is now a real chance to link financial actors established all around Europe to consumers residing all around Europe. This is a single market window of opportunity that should not be missed.

Against that background, there are some major challenges that have to be dealt with in bringing the retail financial services agenda forward:

One challenge is to build a stronger EU level capacity for data collection and analysis. While a number of the ideas in the Green Paper seem promising, most of them have to be underpinned by broad and adequate empirical information before moving on to any legislative process. As a general observation in this field, the Commission impact assessments could from time to time be stronger on the empirical side.

Another challenge is to make identification work in practice. On this issue, a lot more activity will be needed in the coming years. At present, ID problems generate various obstacles in the development of new services and in many types of cross-border situations. Authentication technologies are also a part of this picture. Coordinated action is necessary. The interpretation of anti-money laundering rules has to be fine-tuned within a tighter European framework for secure and efficient identification. This is not an easy task, but it has to be carried out.

Yet another challenge is to create and maintain a level playing field. Any new legislative initiative based on the Green Paper will have to be as technology and business model neutral as feasible. That is the only sound and sustainable way to do it when it comes to such a fast-
developing market. Who wins and who loses in this market should not be decided by politicians, but by the consumers that are actually using the financial products in question.

It is also important to highlight the challenge of making certain that there are no unnecessary or unfair differences between euro and non-euro Member States. For the single market to be really efficient, its integrity has maintained also in this vital regard.

A final challenge is to make sure that everybody is included. Financial exclusion is a widespread and serious problem across Europe. If you cannot get reasonable access to at least the most basic financial services, life gets very difficult. In whatever we do in the area of retail financial services, we have to keep the inclusion perspective in mind. An overall aim must consistently be to reduce exclusion. The new Payment Accounts Directive, to be fully implemented this autumn, will give every consumer a right to a basic payment account. While that is a bold step in the right direction, it is far from enough. Much more needs to be done.

There is a lot of work ahead of us. Building a well-functioning single market in retail financial services is a substantial project. At the same time, the project is definitely worthwhile. This is a clear case of the EU creating real added value.
OPINION OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION

for the Committee on Economic and Monetary Affairs

on the Green Paper on Retail Financial Services
(2016/2056(INI))

Rapporteur: Sergio Gutiérrez Prieto

SUGGESTIONS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Welcomes the Commission initiative, since opportunities for digitalisation, reducing market fragmentation and empowering consumers are crucial to achieving a genuine single market for retail financial services;

2. Agrees with the Commission that the lack of cross-border financial services is a major concern and may harm the interests of consumers and businesses, as well as undermine the functioning of the single market; supports all efforts to find new ways to relaunch the single market for retail financial services in practice, and calls on the Commission to ensure that retail financial services legislation is properly implemented and enforced;

3. Notes that it is particularly important to remove cross-border barriers in the insurance sector in order to boost the collaborative economy;

4. Recalls that, in response to the financial crisis, financial services, including certain retail financial services, have over the past five years been subject to major legislative action/activity aimed at increasing the soundness and transparency of financial products and services, and that several legislative measures have been transposed only recently or are still in the process of being transposed and implemented; encourages the Commission to ensure the proper transposition and implementation of the latest legislation, to analyse the impact of all legislation relating to the retail financial sector and to take this into account when assessing whether further legislation is needed;

5. Deplores the fact that businesses still face numerous difficulties in developing their cross-border operations; stresses, as outlined in the Green Paper, that barriers preventing retail financial products from being sold across borders and the lack of cross-border sales are
not primarily found at European level but are often caused by national legislation, including national requirements to establish a structure or register in the Member State of the consumer, or the segmentation of the single market into national markets, and that these barriers cannot be solved by the industry itself;

6. Asks the Commission to undertake a detailed examination and analysis of both national and cross-border obstacles and remaining barriers to cross-border operations and to the completion of the single market in the financial sector with the aim of identifying the reasons behind the existing market segmentation and price discrimination, and to recommend measures that, while respecting the freedom of contract, could be introduced to encourage financial institutions to compete beyond national borders and to challenge current national pricing structures;

7. Underlines the continued lack of cross-border sales of individual third-party liability vehicle insurance is especially concerning; notes that this lack of competition has led to some EU citizens paying rates that are hundreds of times higher than others for the same vehicle model; notes, while understanding that risk and costs are factors in prices, that these factors are not sufficient to explain such price fragmentation across Europe; asks the Commission to adopt a sector-specific action plan on the European market for individual motor vehicle insurances, including recommendations regarding EU-wide rules on guarantee funds, guidelines on the use of 'bonus-malus' data when an EU citizen moves to another Member State and other possible actions needed to create a true single market for vehicle insurance;

8. Welcomes the important potential brought by the digital transformation of financial services, technological innovation and the rise of non-traditional fintech companies; notes that these developments are changing the way in which retailers and consumers interact; calls on the Commission to assess the existing European legislation with regard to digitalisation and the needs of the digital society to ensure that digitalisation brings better market access for all types of businesses, including SMEs and fintechs on an equal footing, as well as fair competition among various players with the aim of creating a wider choice for consumers, helping to reduce prices and improving quality of financial services within the EU while aiming for a high level of consumer protection and cybersecurity;

9. Notes the increasing number of new types of service provider operating in this market; considers that this may bring significant benefits for consumers, if coupled with an adequate regulatory framework aimed at ensuring fair competition, and high levels of security and transparency;

10. Believes that the EU institutions should have suitable procedures at their disposal for governance and control in respect of new types of financial product; draws attention to the fact that all innovative products on the financial services market are unpredictable as regards their effects on consumers, the market and the system as a whole; considers that, in these circumstances, the authorities should subject such activity to appropriate supervision;

11. Underlines that greater consumer trust in financial services is necessary, since it remains low especially with regard to financial products with high currency exchange risks, and calls on the Commission to ensure that existing measures towards improved financial literacy and awareness are fully implemented and that further measures are introduced
where necessary in order to empower consumers to make informed decisions, to increase the transparency of these products, and to remove consumer barriers to switching and any unjustified costs relating thereto, or to the withdrawal from a product; underlines that the European Standardised Information Sheet (ESIS) and Standard European Consumer Credit Information forms should systematically be given to consumers before an agreement as part of a credit, loan or mortgage estimate;

12. Takes the view that comparison tools, which allow the prices and quality of the various financial services to be compared, can substantially improve transparency and comparability between various financial products, bring down price differences and ultimately help consumers to make a better and informed choice; asks the Commission to ensure that required comparison tools are accurate, comparing products and services that are comparable across jurisdictions, and to work with retailers, SMEs, consumer organisations and other relevant stakeholders towards the creation of an independent pan-European comparison website for the most sold financial services products;

13. Welcomes the work of various European-level agencies in protecting the interests of consumers in the financial sector; stresses, however, the need for better collaboration between these agencies to increase efficiency and avoid the duplication of tasks;

14. Calls on the Member States to fully transpose and implement the Mortgage Credit Directive (MCD), the Payment Accounts Directive (PAD), the Insurance Distribution Directive (IDD) and the Markets in Financial Instruments Directive II (MiFID II) as soon as possible, especially in relation to their consumer information requirements and protection measures;

15. Stresses the roles played by the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA) in ensuring the protection of the consumers of financial products; asks the Commission to ensure they have the independency and tools needed to carry out their missions and regrets the budget reductions which have led to the limiting of their working programmes;

16. Stresses that any new Commission proposal should be based on proper and accurate data;

17. Considers that unjustified discrimination based on residence, unjustified price differences, and unfair and unjustified geoblocking practices applied to common retail financial products between Member States require action;

18. Stresses that portability of products is essential for a real single market in retail financial services, especially regarding the portability of pension rights and private health insurance; calls on the Commission, therefore, to submit measures to ensure cross-border portability, harmonising the rights and obligations of businesses and consumers in the sector across the EU;

19. Notes that rising numbers of cross-border transactions are increasing demand for information on personal financial data such as solvency in private agreements, and stresses the need for better information sharing and for common rules on such exchanges of information, in compliance with data protection rules;
20. Calls for the elimination of obstacles to distance selling of financial goods and services while guaranteeing a high level of consumer protection and security; welcomes the increased use of e-signatures and e-identification within the framework of the eIDAS regulation and draws attention to the need to promote mutual recognition and interoperability of digital identification techniques for the private sector within the EU, without compromising the level of security of existing systems; calls on the Commission to promote the use of e-IDs as a means of remote identification which meets current safety requirements; asks the Member States to work to ensure that e-signatures become the norm for financial service transactions and agreements;

21. Notes that the contractual freedom of financial institutions to offer their services cross-border must be respected, as service providers should retain the ability to decide which customer segments and markets are appropriate as part of their business model;

22. Emphasises the importance of the availability of alternative dispute resolution (ADR) and online dispute resolution (ODR), especially cross-border, as efficient redress is key to the single market, SMEs and consumer trust; recommends that the Fin-NET programme be incorporated into the ADR and ODR structures in order to increase its efficiency and the work towards consolidating such services into 'one-stop-shops' for consumers;

23. Asks the Member States to ensure that digital communications and sales related to retail financial services are available in forms accessible to persons with disabilities, including via websites and downloadable file formats; supports the full inclusion of all retail financial services within the scope of the Directive on the accessibility requirements for products and services (the ‘European Accessibility Act’);

24. Asks the Commission for an action plan on retail financial services;

25. Asks the Commission to assess the impact of a proposal to ban all fees or charges relating to the sending or receiving of SEPA or national wire-transfers and the potential benefits to European consumers;

26. Welcomes the work towards greater transparency in the pricing of rental car services, including the sale of ancillary insurances and other fees; stresses that all fees or charges, whether mandatory or optional, connected to the rental a vehicle should be visible to the consumer on the rental company or comparison website in a clear and highlighted manner; reminds the Commission of the need to enforce the Unfair Commercial Practices Directive and welcomes the recent adoption of new implementing guidelines in light of technological change;

27. Recalls the work done in relation to the Credit Rating Agencies Regulation; asks the Commission to review the impact of such legislation in terms of products sold to retail consumers;

28. Supports the introduction of a fully transferable bank account number system to replace the current SEPA system, which ties a consumer to a single institution via the linking of an IBAN with a fixed BIC/SWIFT code; calls on the Commission to introduce a proposal to allow the portability of bank account numbers and believes that, at a minimum, portability should be possible between institutions within a single Member State.
RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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<td>Substitutes present for the final vote</td>
<td>Jan Philipp Albrecht, Pascal Arimont, Kaja Kallas, Julia Reda, Ulrike Trebesius, Lambert van Nistelrooij, Kerstin Westphal</td>
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<tr>
<td>Substitutes under Rule 200(2) present for the final vote</td>
<td>Gesine Meissner, Lieve Wierinck</td>
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RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

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| Result of final vote | +: 47  
|--: 7  
|0: 3  |
| Members present for the final vote | Gerolf Annemans, Pervenche Berès, Udo Bullmann, Esther de Lange, Fabio De Masi, Anneliese Dodds, Jonás Fernández, Sven Giegold, Neena Gill, Roberto Gualtieri, Brian Hayes, Gunnar Hökmark, Danuta Maria Hübner, Cătălin Sorin Ivan, Petr Ježek, Barbara Kappel, Othmar Karas, Georgios Kyrtos, Philippe Lamberts, Werner Langen, Bernd Lucke, Olle Ludvigsson, Ivana Maletić, Fulvio Martusciello, Marisa Matias, Costas Mavrides, Bernard Monot, Luděk Niedermayer, Stanislaw Ożóg, Dimitrios Papadimoulis, Sirpa Pietikäinen, Pirkko Ruohonen-Lerner, Alfred Sant, Molly Scott Cato, Pedro Silva Pereira, Theodor Dumitru Stolojan, Kay Swinburne, Michael Theurer, Ramon Tremosa i Balcells, Ernest Urtasun, Marco Valli, Tom Vandenkendelaere, Cora van Nieuwenhuizen, Miguel Viegas, Beatrix von Storch, Jakob von Weizsäcker, Pablo Zalba Bidegain, Sotirios Zarianopoulos |
| Substitutes present for the final vote | Alain Cadec, Ashley Fox, Sophia in ‘t Veld, Thomas Mann, Emmanuel Maurel, Siôn Simon, Joachim Starbatty, Tibor Szanyi, Romana Tomc |