

Procedure file

Basic information		
INI - Own-initiative procedure	2016/2056(INI)	Procedure completed
Green paper on retail financial services		
Subject 2.50.08 Financial services, financial reporting and auditing		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Economic and Monetary Affairs	 LUDVIGSSON Olle	17/12/2015
		Shadow rapporteur	
		 CADEC Alain	
		 FOX Ashley	
		 IN 'T VELD Sophia	
		 GIEGOLD Sven	
		 VALLI Marco	
		 KAPPEL Barbara	
		Committee for opinion	Rapporteur for opinion
 Internal Market and Consumer Protection	 GUTIÉRREZ PRIETO Sergio	02/02/2016	
 Legal Affairs	The committee decided not to give an opinion.		
European Commission	Commission DG Economic and Financial Affairs	Commissioner HILL Jonathan	

Key events			
10/12/2015	Non-legislative basic document published	COM(2015)0630	Summary

28/04/2016	Committee referral announced in Parliament		
11/10/2016	Vote in committee		
17/10/2016	Committee report tabled for plenary	A8-0294/2016	Summary
21/11/2016	Debate in Parliament		
22/11/2016	Results of vote in Parliament		
22/11/2016	Decision by Parliament	T8-0434/2016	Summary
22/11/2016	End of procedure in Parliament		

Technical information

Procedure reference	2016/2056(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/05919

Documentation gateway

Non-legislative basic document		COM(2015)0630	10/12/2015	EC	Summary
Committee draft report		PE583.922	25/05/2016	EP	
Amendments tabled in committee		PE585.531	29/06/2016	EP	
Committee opinion	IMCO	PE582.122	19/07/2016	EP	
Committee report tabled for plenary, single reading		A8-0294/2016	17/10/2016	EP	Summary
Text adopted by Parliament, single reading		T8-0434/2016	22/11/2016	EP	Summary
Commission response to text adopted in plenary		SP(2017)148	22/03/2017	EC	

Green paper on retail financial services

PURPOSE: to launch a debate at EU and national level on how to ensure a further opening of the European market in retail financial services.

CONTENT: retail finance provides a number of services that are essential for citizens: current accounts, pensions and savings, mortgages and financing other purchases, personal insurance against health problems or accidents and property insurance.

But Europe-wide markets in retail financial services do not really exist at present. Only a small minority of retail financial service purchases take place across borders. There are many good products that exist in domestic markets, but it is difficult for consumers in one EU Member State to buy products provided in another. Furthermore, prices vary widely across the EU: for example, motor insurance for ordinary citizens.

The Commission considers that digitalisation could help bring down prices and improve the comparability of products, empowering consumers in their financial choices. In the long run, digitalisation should allow firms to make their products available anywhere in the Union, bringing a single European market closer to reality.

Building confidence, will, however, be crucial to the expansion of the single market in this area: confidence among companies that they can do business across borders and trust among consumers that if they use a service across borders their interests will be protected.

The Commission's goal is to maximise the practical benefits of a single market in retail financial services for as many European consumers as possible by opening up the market, so that they have a bigger and better choice of financial products.

The Green Paper complements other key pieces of Commission work:

- the [Digital Single Market](#), which intends to ensure better access for consumers and businesses to online goods and services across Europe by tackling the problem of unjustified 'geo-blocking' (supplier-imposed restrictions on purchases);
- the [Capital Markets Union](#) (CMU), which aims to offer businesses more choices of funding at different stages of their development and to provide more options and better returns for savers and retail investors;
- the [Single Market Strategy](#), which consists of targeted actions in three key areas: (i) creating opportunities for consumers, professionals and businesses, (ii) encouraging modernisation and innovation and (iii) ensuring practical delivery that benefits consumers and businesses in their daily lives.

Retail financial services are also subject to a wide variety of requirements and regulations at EU and national levels with the aim of protecting consumers and encouraging an internal EU market for these services.

CONTENT : the Green Paper is an opportunity to make proposals on how the European market for retail financial services namely insurance, loans, payments, current and savings accounts and other retail investments might be further opened up, bringing better results for consumers and firms, whilst maintaining an adequate level of consumer and investor protection. It seeks to identify the specific barriers that consumers and firms face in making full use of the single market and ways in which those barriers could be overcome, including by making best use of new technology, subject to appropriate safeguards.

The goal is to make it easier:

- for companies based in one EU Member State to offer retail financial services in other EU Member States;
- for consumers to be able to buy retail financial services offered in other EU Member States; and
- for citizens to take their financial service products with them if they move from one Member State to another, whether to study, work or retire "portability".

The Green Paper therefore explores:

- the current state of the Single Market for retail financial services, and the recent trend of digitalization;
- the need for action at the EU or national level to overcome the barriers which currently stop consumers and firms from going cross-border.

Obstacles to cross-border activity in the market for retail financial services: the Commission states that the obstacles originate from two main groups of root causes affecting both suppliers and consumers, which act together to keep the European market fragmented:

- consumers do not know about or do not have enough confidence in offers from other Member States and if they do, they have trouble accessing them;
- suppliers do not offer products to consumers in other Member States because fragmented markets create excessive operational and compliance costs.

The Commission is particularly interested in whether the use of innovative digital technology can assist in solving any of these obstacles.

Helping consumers to buy financial products cross-border: whether purchasing life insurance, using a mortgage to buy a home, moving abroad or saving money for the future, consumers should be able to (i) know what is available elsewhere in the EU, (ii) get competitively-priced products suited to their needs, and (iii) be confident that their products are safe and suitable and will act in the way they intend.

Customers should be better informed of the different financial services and insurance products available in the EU. It is also necessary to determine whether new measures are needed to:

- improve the comparability of products and/or facilitate switching of retail financial services providers;
- tackle complex and prohibitively high fees for foreign transactions;
- prohibit unjustified discrimination on grounds of residence in the retail financial services sector, including insurance;
- facilitate the portability of retail financial products for example, life insurance and private health insurance or facilitate access to and recognition of professional indemnity insurance cross-border;
- improve the transparency and comparability of financial products (particularly by means of digital solutions) to strengthen consumer trust;
- increase possibilities of compensation or remedies in the retail financial services sector in the case of cross-border purchases;
- ensure that victims of car accidents are covered by guarantee funds from other Member States in case the insurance company becomes insolvent;
- increase transparency and comparability of ancillary insurance.

Creating new market opportunities for suppliers: the Green Paper also focuses on how the Commission could help to reduce the costs and risks inherent in providing financial services cross-border, making this possible for firms and increasing competition and consumer choice across the EU. It is necessary to determine if new measures are needed to:

- support firms in creating and providing innovative digital financial services across Europe, with appropriate levels of security and consumer protection;
- enable electronic signature and verification of identity;
- improve access to and usability of financial data for credit-worthiness assessments;
- facilitate the provision of after-sales services in another Member State, without a subsidiary or branch office;
- encourage lenders to provide mortgage or loans cross border;
- make practical assistance available from Member State governments or national competent authorities (e.g. through 'one-stop-shops') in order to facilitate cross-border sales of financial services, particularly for innovative firms or products.

Next steps: interested parties are invited to send their answers to the questions in the Green Paper by 18 March 2016 through the online questionnaire.

The Commission will organise a conference in early 2016 to examine the evidence yielded by the consultation and discuss priority areas mentioned in the Green paper. It envisages publishing an action plan on retail financial services to follow up the consultation around summer 2016.

Green paper on retail financial services

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

Members welcomed the Commission Green Paper on retail financial services and stated that its publication is 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. They stated that digitalisation will continue to create new opportunities for consumers, investors, SMEs and other companies in terms of competition, cross-border activities and innovation. They also emphasised, 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.

The report underlined that greater consumer trust in financial services is necessary, since it remains low, especially with regard to financial products with high currency exchange risks. The Commission is called on 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.

Furthermore, 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. The EU-level capacity for data collection and analysis in this field will probably need to be strengthened.

Short-term priorities: the report emphasised 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.

The Commission is called upon, inter alia, to:

- ensure 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;
- 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;
- intensify its work against discrimination on grounds of residence in the European market on retail financial services;
- set up a well-organised and easy-to-use EU comparison portal covering most or all parts of the retail financial services market;
- present a coherent and comprehensive strategy for making EU-wide cross-border switching easier for the consumer;
- strengthen the Alternative Dispute Resolution (ADR) structures and to look into the possibility of introducing a European system of collective redress;
- 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;
- 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;
- 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.

Long-term considerations: the Commission is invited 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;
- monitor attentively the transposition and implementation of the [Mortgage Credit Directive](#) attentively and to analyse the impact of this legislation on the retail financial services market;
- conduct, with the Member States, a joint analysis of the implementation and impact of EU legislation on retail financial services as well as the legal barriers and other remaining obstacles to cross-border operations and to the completion of an EU retail financial services market;
- analyse what data are necessary to enable lenders to assess the credit-worthiness of their customers and, on the basis of this analysis, and introduce proposals for regulating this assessment process;
- 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.

Lastly, Member States should ensure that digital communications and sales related to retail financial services are available in forms accessible to persons with disabilities.

Green paper on retail financial services

The European Parliament adopted by 552 votes to 128, with 11 abstentions, a resolution on the Green paper on retail financial services.

Members found 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.

They emphasised, 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. They acknowledged the positive value of providing customers with simple, safe and standardised products.

The resolution called on the need to:

- simplify legislation to make products more easily comparable across the Member States markets, particularly in the insurance sector;

- monitor closely the transposition and implementation of this legislation, avoiding duplication and overlaps;
- promote 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;
- ensure that greater consumer trust in financial services is necessary, since it remains low, especially with regard to financial products with high currency exchange risks;
- identify the advantages and risks that digitalisation can bring benefits for retail investors and ensure that the use of personal data and big data by financial service providers should comply with the EU data protection legislation and be strictly limited to what is necessary to provide the service and bring benefits to consumers.

Furthermore, 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. The EU-level capacity for data collection and analysis in this field will probably need to be strengthened.

Short-term priorities: Parliament emphasised that the enforcement of EU and national financial and consumer legislation needs to be strengthened and should be consistent and rigorous enforcement thereof across the Member States.

It stressed that the European Supervisory Authorities should step up their activities on consumer and retail investor issues.

The Commission is called upon, inter alia, 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;
- 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;
- set up a well-organised and easy-to-use EU comparison portal covering most or all parts of the retail financial services market;
- present a coherent and comprehensive strategy for making EU-wide cross-border switching easier for the consumer;
- strengthen the Alternative Dispute Resolution (ADR) structures and to look into the possibility of introducing a European system of collective redress;
- 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;
- 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;
- 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.

Parliament reminded the Commission that financial institutions continue to cancel payment cards if the holder moves to another Member State.

Long-term considerations: the Commission is invited 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;
- monitor attentively the transposition and implementation of the [Mortgage Credit Directive](#) attentively and to analyse the impact of this legislation on the retail financial services market;
- conduct, with the Member States, a joint analysis of the implementation and impact of EU legislation on retail financial services as well as the legal barriers and other remaining obstacles to cross-border operations and to the completion of an EU retail financial services market;
- analyse what data are necessary to enable lenders to assess the credit-worthiness of their customers and, on the basis of this analysis, and introduce proposals for regulating this assessment process;
- 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.

Member States should ensure that digital communications and sales related to retail financial services are available in forms accessible to people with disabilities.