



Green Paper on retail financial services: better products, more choice, and greater opportunities for consumers and businesses


Fields marked with * are mandatory.

Introduction

The Green Paper seeks the views on how to improve choice, transparency and competition in retail financial services to the benefit of European consumers. It also inquires on how to facilitate cross-border supply of these services, so that financial firms can make the most of the economies of scale in a truly integrated EU market. Finally, it is discussing the impact of digitalisation on retail financial services with a view to allow for growth of innovative solutions in this area in the EU.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-retail-green-paper@ec.europa.eu.

More information:

- [on this consultation](#)
- [on the Green paper](#)
- [on the protection of personal data regime for this consultation](#) 

1. Information about you

* Are you replying as:

- a private individual
- an organisation or a company
- a public authority or an international organisation

* Name of your organisation:

European Financial Inclusion Network (EFIN)

Contact email address:

The information you provide here is for administrative purposes only and will not be published

olivier.jerusalmy@financite.be

* Is your organisation included in the Transparency Register?

(If your organisation is not registered, [we invite you to register here](#), although it is not compulsory to be registered to reply to this consultation. [Why a transparency register?](#))

- Yes
- No

* If so, please indicate your Register ID number:

34746653033-74

* Type of organisation:

- Academic institution
- Consultancy, law firm
- Industry association
- Non-governmental organisation
- Trade union
- Company, SME, micro-enterprise, sole trader
- Consumer organisation
- Media
- Think tank
- Other

* Please specify the type of organisation:

Coalition of a large range of stakeholders against financial exclusion

* Where are you based and/or where do you carry out your activity?

Belgium

* Field of activity or sector (*if applicable*):

at least 1 choice(s)

- Consumer protection
- General civil society representation (non-profit)
- Accounting
- Auditing
- Banking

- Credit rating agencies
- Insurance
- Financial intermediation
- Fintech firms
- Pension provision
- Payment provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Social entrepreneurship
- Other
- Not applicable



Important notice on the publication of responses

* Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?

(see [specific privacy statement](#) )

- Yes, I agree to my response being published under the name I indicate (*name of your organisation/company/public authority or your name if your reply as an individual*)
- No, I do not want my response to be published


2. Your opinion

Disclaimer: the proposed options as responses to some of the questions do not commit the European Commission to any follow-up action.

The questionnaire contains 34 questions which seek the views of a broad range of stakeholders. However, not every question will be relevant to everyone and therefore stakeholders are not obliged to respond to all the questions.

The questionnaire below follows the structure of the [Green Paper](#) in which Section 3 outlines all the consultation questions.

Section 3: Better products, more choice and greater opportunities for consumers and businesses

Please [refer to section 3 of the Green paper](#)  to read context information before answering the questions.

If you are a firm...

1A. For which financial products could improved cross-border supply increase competition on national markets in terms of better choice and price?

Please tick all relevant boxes

- Current accounts
- Saving accounts
- Mortgage credit
- Consumer lending
- Payment services (e.g. mobile payments)
- Car insurance
- Life insurance
- Private health insurance
- Saving and investment products
- Other
- Don't know / no opinion / not relevant

If you are a consumer or consumer organisation...

1B. Which financial products would you be most interested to buy cross-border from other Member States if they suited your needs better than products available on your local market?

Please tick all relevant boxes

- Current accounts
- Saving accounts
- Mortgage credit
- Consumer lending
- Payment services (e.g. mobile payments)
- Car insurance
- Life insurance
- Private health insurance
- Saving and investment products
- Other
- Don't know / no opinion / not relevant

Please specify which other financial products would you be most interested to buy cross-border from other Member States if they suited your needs better than products available on your local market:

This "right to a transaction account" is dedicated to limit and or eradicate payment account non-access for vulnerable people.

For the Belgian included customers, the cross-border supply will probably not really impact on costs of services (many online bank account are already partially or fully free of charges), but for the clients who are currently unsatisfied by the nature of their service providers (no cooperative, no savings, no public, no ethical bank), they might be willing to change for such players.

Bulgaria

Characteristics:

Relatively low level of financial education, a low confidence towards government and private financial institutions and poor information and respectively knowledge by a part of the Bulgarian population about their consumer rights at home and in other EU countries. Particularly disturbing are the data for the group of 16-17 year young people which declared that their financial education and knowledge about their rights in the financial sphere are poor.

Main sources of financial information that Bulgarian citizens daily use are: television (90%), radio (35%), newspapers (20%) and Internet. However the rapid development of the global Internet network in the country (for five years its users are increasing from 24% to 44%), the vast majority of people who are less financially educated, are not using a computer and Internet and pay primary attention of television news.

Payment account - YES

A right to access a bank account exists for years in Bulgaria, and most of the payment including the social payments for the vulnerable people in Bulgaria is done via bank accounts. The retired people have the right to receive their pensions at the Post office. The vast payment network in Bulgaria give reason to certify that there are a positive evolution of the bank inclusion in the country.

Belgium

Consumer credit : NO EVIDENCE FOR IMPROVEMENT

We are doubting about the capacity to a majority of non belgian credit providers to guarantee the same level of quality for a competitive price. Considering the consumer protection against usury practices, particularly efficient to protect vulnerable people from exploitation (consumer credit interest CAP), CAP which guarantee also rather competitive interest rates, we are doubting on the benefit that might come from cross-border supply.

We are also wondering if "less cautious" credit providers would bring any benefit to Belgians. If an increased access to credit is counterbalanced by an increased level of arrears, defaults and situation of over indebtedness, the global cost for the economy and the society will be much higher that the one made by these new players.

On the contrary, Belgian consumers should benefit from an increase in bank biodiversity: no more cooperative or mutual bank active on the market, also no real bank genetically involved in financial inclusion objectives.

On the contrary, Belgian consumers should benefit from measures that facilitate price comparison, improved portability of product: switching banks is still an exception.

Bulgaria

Consumer credits:

Despite the warnings disseminated by the Association of consumer protection rights in Bulgaria, many Bulgarian citizens are tempted to contact Private credit non bank institutions for receiving short term credits, and very often because of the low level of financial education, people are not aware about the rules and the conditions set out in the Credit Agreement. Very often the interest rates are higher than credits from banks and if the consumer is not

in a position to honor the debt because of different personal or other reasons, the interest rate is increased even further. That is why the nonblank credit providers are applying usury practices, without any counterbalances for the further arrangement of the debt. It raises the level of over indebtedness and defaults.

Mortgage credits: NO EVIDENCE FOR IMPROVEMENT.

The interest rate over mortgage credits is continuing to be higher in comparison with countries from Euro area. In case when someone lose his job and is not in the possibility to pay the monthly fees on the credit, banks are in the position to take away the property.

If you are a firm...

2A. What are the barriers which prevent firms from directly providing financial services cross-border?

Please tick all relevant boxes

- Language
- Differences in national legislation
- Additional requirements imposed by national regulators
- Impossibility of verifying the identity of cross-border customers
- Lack of knowledge of other markets
- Cost of servicing clients cross-border (without local infrastructure)
- No EU passport available
- Other
- Don't know / no opinion / not relevant

If you are a consumer or consumer organisation...

2B. What are the barriers that prevent consumers from directly purchasing products cross-border?

Please tick all relevant boxes

- Language
- Territorial restrictions (e.g. geo-blocking, residence requirement)
- Differences in national legislation
- Lack of knowledge of the offer of products in another Member State
- Lack of knowledge of redress procedures in another Member State
- Other
- Don't know / no opinion / not relevant

Please specify what other barriers prevent consumers from directly purchasing products cross-border:

Financially excluded people should find appropriate financial services to fit their need on their national market. It should be part of Member state duty to

their citizens and assumed by the whole national players on the market.

Bulgaria

If a Bulgarian citizen want or need to open a bank account in another EU country + Iceland, Liechtenstein and Norway, he must abide to the foreign bank's requirements. However, the bank is free to decide whether to accept or reject the request for the opening of a bank account.

Banks often refuse to open bank accounts of individuals if they don't live in the country where the bank is located. However, there are banks that offer banking products especially for persons who are not resident in the country or foreigners working in a country.

The Bulgarian firms are encountering the following problems: In most foreign banks (especially Austrian and Swiss banks) are required address of residence and often recommendations by a domestic firm of the bank.

Bulgarian companies (Internet providers, investment firms) that offer accounts opening abroad and in Europe prove that they can do this by offices settled in Malta, in Seychelles, however most of them are not inspiring confidence to Bulgarian firms.

When it comes to a bank account abroad, usually the first association is Switzerland. Customers of this destination are usually people with high incomes who are looking for some kind of confidentiality. In 2015 the Bulgarian Finance Minister announced that 34 individuals have declared deposit accounts in Swiss banks.

Another popular destination for people (companies) with higher incomes is the offshore centers, where those people can reveal anonymous and number of accounts. Their personal customer data are encrypted and the access to information on whom the money is, have a limited number of employees of the bank.

Costs of opening and maintaining an account in such areas are usually significant, as this is a service for which banks require higher charge and interest rate on deposited funds. However many products are structured so they do not bring income, but other type of benefits to customers, such as confidentiality, low or zero taxes, protection against political or economic instability in the country in which the firm (person) is operating.

3. Can any of these barriers be overcome in the future by digitalisation and innovation in the FinTech sector?

- Yes
- No
- Don't know / no opinion / not relevant

4. What can be done to ensure that digitalisation of financial services does not result in increased financial exclusion, in particular of those digitally illiterate?

Please tick all relevant boxes

- Improved access to digital means

- Digital training offered by the financial industry
- Digital training offered by NGOs
- Digital training offered by public authorities
- Other
- Don't know / no opinion / not relevant

Please specify what else can be done to ensure that digitalisation of financial services does not result in increased financial exclusion, in particular of those digitally illiterate:

On a financial inclusion perspective, the main remaining questions are:

1. What is proposed to the public who do not access to this technology ?

This question is very much related to the second one :

2. How the prices for the "non digitalised approaches" are going to be fixed ?

In a mutualisation or segmentation way ?

This question is very much related to the third one :

3. Are the costs going to change for a long term client because is not any more able to use computer or digital application because of illness, ageing or any other reason?

Today, vulnerable people faces reduced opportunities to deal with a person (in a bank branch or by phone). Considering the costs applied for non self made transaction, it is unsatisfying to observe segmentation : more and more transactions made in a bank branch have to be paid by the clients: even to get access to cash, with prices that are sometime far to be proportionate: in many case, they seem to be fixed for dissuasive purposes, but how to avoid them when you do not have other opportunities?

Recommendations :

1) to guarantee access to alternative means (from digital) to allow ALL clients who do not access or use digitalised instrument to make all the bank transactions required to live a normal life.

2) the prices of these alternative means should be kept at a low (very low?) level in order not to penalise vulnerable clients.

3) we invite the industry to develop user friendly technology for ALL clients. To do so, the clients should not be obliged to "possess" specific media or tools, to be obliged to pay for an subscription or other use cost for the required "media or tolls", to be obliged to have a specific "knowledge".

UK

The momentum behind public policy and market developments towards cashless economic interaction based on card and digital payments gives rise to a concern about digital inclusion for less advantaged groups. The value of digital inclusion activity is acknowledged for most citizens: there are global examples of dramatic change, such as that driven by MPESA mobile payments, and less dramatic but more local benefits in relation to access to lower prices for goods over the internet. There are also potential benefits of cash-free economic activity, notably in terms of physical security, convenience and - potentially - choice.

However, while the benefits are clear for most people, there could be some significant disadvantages for certain segments of society. There is an

assumption underlying public policy in this area that bank accounts, cards and other digital payment facilities give more control and choice to consumers. Certainly, for many they do.

However, there may be significant detrimental impacts on many people on low incomes struggling to manage household budgets or who prefer cash for a variety of reasons, and there is a risk that the new platforms could perpetuate old inequities.

There are demonstrable links between cash and financial control, such as the noted behaviour of some people with bank accounts who still take cash out for the vast majority or even all expenditure and the preference some people have for card meters rather than for paying utility bills by direct debit. This understanding of the connection between cash and financial discipline is illustrated by the advice of some debt counselling agencies to their clients to use cash to more effectively control expenditure.

It is important to recognise the ongoing role and meaning of cash for certain segments of the community, where government policy and the marketplace are driving towards a cashless society. In the UK, universal credit provides a live example of this approach that will over the coming years affect many people. It is important to understand how people on low incomes are making payments and undertaking other financial transactions, the value and significance they give to the use of cash, and how bridges could be built to enable greater use of digital and electronic payment services.

5. What should be our approach if the opportunities presented by the growth and spread of digital technologies give rise to new consumer protection risks?

We need a regulatory level playing field offering equivalent consumer protection and deterring sanctions no matter the medium or channel used to provide financial services.

Competent authorities should also actively monitor the evolution of products offered in order to identify early on excessive risk transfers to consumers. It should be emphasised that policy makers should not wait for consumer detriment to occur before they act. On the contrary the growth of digitalisation should follow and not precede the implementation of adequate consumer protection legislation.

From Sweden

Who's responsibility is it to assist and protect consumers in the transformation from "analogue" to "digital" money? For example, in Sweden this fall, all notes and coins will be replaced by a new generation of notes and coins, that are said to be more easy to handle and cheaper in terms of production costs. However, no one (e.g. the central bank or commercial banks) is taking on the responsibility in redeeming old notes and coins without fees. In addition, the time limit to redeem notes and coins is fairly short, which presents a threat to vulnerable groups of consumers such as old people and those immigrants whose language skills is not adequate.

ANSWER TO QUESTION 6:

Retail finance products remain unnecessarily complex in many segments. This is reflected in complicated pricing and charging features driving up costs for

consumers and overly complex product features.

For the majority of consumers it is very challenging to navigate well in an ocean of choice. In addition, the necessary “advice” that consumer need for certain choices is all too often biased by sales targets or third-party commissions.

There is compelling evidence that the most vulnerable customers do not always have access to safe, simple and suitable products, typically when they are offered revolving loans with a shorter maturity instead of longer dated consumer loans. Measures ensuring that basic and comparable products are offered to all customers and that maximum interest rates are capped well below usury rates should address this issue. Complementary measures should be implemented to make these products easily identified by the target group.

Belgium - Consumer personal credit - amount under € 5.000

The Belgian credit market of revolving credit has dramatically increased during the last years, but surveys (in France and in Belgium) have underlined its dangerousness when used by households with low and irregular incomes: in such cases, when the budget capacity to repay monthly statement is restricted, it is necessary to access (at least) to credit which allows a precise estimation of the instalment in order to check if it is sustainable. With revolving credit, this estimation is not possible and is therefore very dangerous.

Bulgaria - A big problem is how to arrange the transfer of pensions for people who worked for years in some other EU country, mostly in Greece and Spain. Delays in the granting of pensions from the Greek Social Insurance Institute are one of the most serious problems of Bulgarian citizens, who have been employed in Greece. They are forced to wait for a decision for several years, and expected pension reform in Greece caused more uncertainty for the future. The problem can be resolved with the participation of Governmental institutions and not by financial institutions.

6. Do customers have access to safe, simple and understandable financial products throughout the European Union?

- Yes
- No
- Don't know / no opinion / not relevant

7. Is the quality of enforcement of EU retail financial services legislation across the EU a problem for consumer trust and market integration?

- Yes
- No
- Don't know / no opinion / not relevant

8. Is there other evidence to be considered or are there other developments that need to be taken into account in relation to cross-border competition and choice in retail financial services?

ANSWER TO QUESTION 7:

Consumer trust relies strongly on the ability to seek redress in case of a problem with goods or services, something that is by definition difficult in distance selling across different cultures and languages. This even more applies to services where the "service" is only delivered much later, e.g. for travel insurance, where a consumer will often not really know what the claims process and detailed coverage looks like until an insured event has occurred.

In customer goods, experience with the Distance Selling Directive shows that consumers remain reluctant to order from a cross-border provider even when knowing they are entitled to a full refund, including shipping costs in some member states. This is either an issue of redress, or lack of confidence.

Market integration is hampered by national rules that unintentionally block customers residing in other member states from using financial services, such as identify or address verification requirements. In such situations, the issue is national legislation and there is no European "redress" mechanism to seek access to the desired service, not even through the court as the financial institution in question is not discriminating on the basis of nationality (but on member state of residence).

ANSWER TO QUESTION 8:

It is far from clear in our view that increasing the cross border provision of financial services will ultimately lead to more competition, more choice and better products.

The market structure of the digital economy in particular seems to concentrate over time into a "winner takes all" or oligopolistic market. Examples abound such as the dominance of Facebook in social networks, of Amazon in book sales, of Google in search engines, of Apple / iTunes in entertainment content, of Zalando in shoe sales. Consequently the growth of cross border digital providers of financial services could follow a similar path, with big players like Apple Pay, Google Wallet or others taking a dominant market share, and ultimately leading to LESS competition and new Too-Big-to-Fail entities.

On a related point, it is also unclear how such an initiative would contribute to jobs and growth: how many net jobs did companies like Amazon create for the economy? Some would argue that digital cross border providers of services are often net destroyers of jobs, when taking into consideration their impact on traditional providers.

Some would also argue that based on recent history, the growth of digital providers could lead to increased tax avoidance, as these large players tend to optimize taxes (they are more footloose than traditional players, and can shop amongst member states for the most favourable tax treatment), with related detrimental consequences for growth and society as a whole.

It is also not clear that customers lack choice in retail financial services in general: retail clients only really need basic products and services, and

in addition many providers are already global companies offering more or less the same product range everywhere. Unlike in other industries, innovation is often a very overrated word in financial services. As former chairman of the Federal Reserve Paul Volcker put it a few years ago: "the only useful thing that banks have invented over the past 20 years is the ATM".

Linked to the previous point, the idea that this initiative would automatically lead to better products for consumers is debatable: retail consumers' low financial literacy combined with the complexity and lack of comparability of the products and well-known behavioural biases means that in practice customers are often unable to tell which product is best for them.

In addition increased competition tends to be competition on prices only; the related compressed profit margins in turn can lead providers to come up with more exotic, complex and profitable products to compensate and restore their profitability.


This questions the idea that increased competition in retail financial products automatically leads to better products. It also suggests that additional measures are necessary to actively promote simple products, improve disclosure and increase comparability.

Another important aspect of the potential quality of the market competition relates to the diversity of the operators. Market players as saving banks, postal banks, Credit Union, ethical banks, cooperative banks play an important role in the provision of appropriate products and services for vulnerable people. Are these type of operator willing to participate to cross border market ? Their capacity to better serve vulnerable people rely on methods that might not be efficient in a cross border market.

More broadly, exacerbated competition on prices only might have other detrimental effects on key qualitative elements, such as the soundness of risk assessments, the willingness to support clients in difficult times, the procyclicality of lending and the risk of service disruption to name of few.

3.1 Helping consumers buy products cross-border

3.1.1 Knowing what is available

Please refer to section 3.1.1 of the Green paper  to read context information before answering the questions.

9. What would be the most appropriate channel to raise consumer awareness about the different retail financial services and insurance products available throughout the Union?

Please tick all relevant boxes

- Independent pan-European comparison websites, including the information on cross-border products

- Information campaigns by regulators
- Information campaigns by consumer organisations
- Marketing campaigns by financial services providers or their associations
- Financial intermediaries empowered to offer cross-border financial products
- Other
- Don't know / no opinion / not relevant

Please specify what other channel would be the most appropriate to raise consumer awareness about the different retail financial services and insurance products available throughout the Union:

Simple and safe basic products, easily comparable because of the set of clear, simple key information.

A guaranteed level of protection and effective, user friendly redress procedure.

In order to consolidate consumer trust, financial products should respect common EU safety requirements to receive a market access licence. This will impact very positively the cross border activity.

10. What more can be done to facilitate cross-border distribution of financial products through intermediaries?

Bulgaria

When a person is living in a EU country like Bulgaria, but no a member of the Euro area every time when there is a need to transfer money to a bank account in Euro area country, the sender from Bulgaria is charged twice. First a financial charge is taken by the domestic bank, and secondly by the bank-correspondent abroad. So if you want to transfer 100 EUR, you must pay fees at the amount of 80 EUR. It's a nonsense and a big obstacle for settlements.

When you use your credit card abroad, the individual is charged + 5 EUR and 2.5% over the withdrawn amount from the ATMs.

11. Is further action necessary to encourage comparability and / or facilitate switching to retail financial services from providers located either in the same or another Member State?

- Yes, at Member State level
- Yes, at EU level
- No
- Don't know / no opinion / not relevant

12. What more can be done at the EU level to tackle the problem of excessive fees charged for cross-border payments (e.g. credit transfers) involving different currencies in the EU?

Please tick all relevant boxes

- Aligning cross-border and domestic fees

- Before every transaction, consumers should be clearly informed what fee they will be charged and for comparison should be presented the fee for national payment
- Before every transaction consumers should explicitly accept the fee they will be charged
- No further action is needed
- Other
- Don't know / no opinion / not relevant

13. In addition to already existing disclosure requirements*, are there any further actions needed to ensure that consumers know what currency conversion fees they are being charged when they make cross-border transactions?

** Articles 59 and 60(3) of the revised Payments Services Directive (PSD2): European Parliament legislative resolution of 8 October 2015 on the proposal for a directive of the European Parliament and of the Council on payment services in the internal market and amending Directives 2002/65/EC, 2013/36/EU and 2009/110/EC and repealing Directive 2007/64/EC (COM(2013)0547 – C7-0230/2013 – 2013/0264(COD))*


Please tick all relevant boxes

- No further action is needed
Before every transaction, consumers should be clearly informed what conversion fee they will be charged and for comparison should be presented the average market conversion fee (e.g. provided by the European Central Bank)
- Before every transaction consumers should explicitly accept the conversion fee they will be charged
- Other
- Don't know / no opinion / not relevant

Please specify what other further actions needed to ensure that consumers know what currency conversion fees they are being charged when they make cross-border transactions:

Disclosure requirements about the cost of currency conversion must crucially not only consider fees but also the bid-offer spread, often the biggest cost for the consumer. Failure to include it would render the disclosure partial and meaningless.

3.1.2 Accessing financial services from anywhere in Europe

Please refer to section 3.1.2 of the Green paper  to read context information before answering the questions.

14. What can be done to limit unjustified discrimination on the grounds of residence in the retail financial sector including insurance?

15. What can be done at the EU level to facilitate the portability of retail financial products – for example, life insurance and private health insurance?

Please tick all relevant boxes

- Prohibit insurance firms from geographically limiting cover to the country where the policy-holder is living
- Encourage insurance firm to sell insurance products with wide geographical coverage
- Other
- Don't know / no opinion / not relevant


Please specify what else can be done at the EU level to facilitate the portability of retail financial products:

Bulgaria

When people has a health insurance in Bulgaria, in general he has the right to request health services abroad in other EU countries, however, given that the health insurances taxes are much more lower in Bulgaria, this right is in practice non functioning for Bulgarians. There are some financial help from the Ministry of health care for people who receive health care in other EU country.

16. What can be done at the EU level to facilitate access for service providers to mandatory professional indemnity insurance and its cross-border recognition?

3.1.3 Having trust and confidence to benefit from opportunities elsewhere in Europe

Please [refer to section 3.1.3 of the Green paper](#)  to read context information before answering the questions.

17. Is further action at the EU level needed to improve the transparency and comparability of financial products (particularly by means of digital solutions) to strengthen consumer trust?

- Yes
- No
- Don't know / no opinion / not relevant

18. Should any measures be taken to increase consumer awareness of FIN-NET* and its effectiveness in the context of the Alternative Dispute Resolution Directive's implementation?

** FIN-NET is a financial dispute resolution network of national out-of-court complaint schemes in the European Economic Area countries that handle disputes between consumers and financial services providers*

- Yes
- No
- Don't know / no opinion / not relevant

19. Do consumers have adequate access to financial compensation in the case of mis-selling of retail financial products and insurance?

- Yes
- No
- Don't know / no opinion / not relevant

19.1 If consumers do not have adequate access to financial compensation in the case of mis-selling of retail financial products and insurance, what could be done to ensure this is the case?

Please tick all relevant boxes

- Improved access to out-of-court collective redress procedures
- Improved access to class actions
- Other
- Don't know / no opinion / not relevant

20. Is action needed to ensure that victims of car accidents are covered by guarantee funds from other Member States in case the insurance company becomes insolvent?

- Yes
- No
- Don't know / no opinion / not relevant

21. What further measures could be taken to enhance transparency about ancillary insurance products and to ensure that consumers can make well-informed decisions to purchase these products?

ANSWER TO QUESTION 18:

We fear that digitalisation may lead to a decline in consumer trust as the purchasing experience becomes more impersonal compared to buying in your local branch from your usual advisor. Maintaining or strengthening consumer trust would thus require in our view creating a set of incentives to align interests and strengthen accountability between provider and customer: such incentives could for example reward providers that try and build a long term relationship with their clients, as it would incentivise them to take the client's long term interest at heart.

In addition, if tomorrow retail consumers purchase financial services online

through their mobile phone, as is envisioned, this could lead to less attention being given to terms & conditions, as is already the case when users are asked to agree to terms and conditions on various social media and other websites / applications and tend to agree without reading them. This could create a risk of additional mis-selling and should in our view be taken into consideration when assessing transparency and comparability of financial products.


Lastly, on a related point, we must ensure that customers are aware that they buy from a foreign provider that may be subject to different rules when they do. Different Member States can indeed offer different levels of insurance coverage, means of recourse etc.

21.1 With respect to the car rental sector, are specific measures needed with regard to add-on products?

- Yes
- No
- Don't know / no opinion / not relevant

3.2 Creating new market opportunities for suppliers

3.2.1 Meeting the challenges and opportunities presented by digitalisation

Please refer to section 3.2.1 of the Green paper  to read context information before answering the questions.

22. What can be done at the EU level to support firms in creating and providing innovative financial digital services across Europe, with appropriate levels of security and consumer protection?

Concern on credit access

This issue will be partially treated in the next answer, but an important risk of exclusion is connected to the use by the industry of the huge mass of data available on internet and the social media (included the one related to privacy) in the risk assessment of their clients.

The risk of exclusion (an undue one) is effective:

- even if the data analysed are "efficient" in the risk assessment, they might offend to privacy protection regulation;
- they might generate non proportionate and never ending exclusion (what will be the rules, the appropriate behaviour to "purge" you penalty, to clean the "big data" and then recover a legitimate access ?
- to access credit, you should not only prove the financial capacity to reimburse the credit but also your budgeting skills and general understanding of the contract terms and conditions... To guarantee an credit access recovery when relevant, the type of data used for risk assessment should be connected

and legitimate to the purpose and a procedure to recover a positive “score” clear and related to positive behaviour of the customer (to solve their debts, to balance their budget,...)

23. Is further action needed to improve the application of European Anti-Money Laundering legislation, particularly to ensure that service providers can identify customers at a distance, whilst maintaining the standards of the current framework?

- Yes
- No
- Don't know / no opinion / not relevant

24. Is further action necessary to promote the uptake and use of e-ID and e-signatures in retail financial services, including as regards security standards?

- Yes
- No
- Don't know / no opinion / not relevant

25. In your opinion, what kind of data is necessary for credit-worthiness assessments?

Responsible credit practices & privacy protection

Responsible credit practices require credit providers assessment of the creditworthiness of their clients in the pre-contractual period.

Some important questions are :

- the quality of the data collected : if we refer to credit register & credit database, in particular, it is necessary to guarantee for all EU citizens;
 - the information is real and correct;
 - the correct identification (via cross-data name- date of birth - place of birth,.... or national number)
 - every ones quick and easy right to contest and correct errors (if any)
 - the information cover all the credits, whatever the nature of the providers: otherwise, it is “useless”;
 - the information is up-to-date: every new credit contract should be seen by credits providers within the day.
- the limited access : the access to the database content should be exclusively restricted to a limited range of stakeholders including credit providers, who might access informations to identified “prospect” and not to the whole database. No commercial use of the information should be made.
- legitimacy : credit providers, when assessing the creditworthiness of the potential client, should use data that are “legitimate” for this purpose: ask for incomes and fix expenditures, credits, arrears and debts, budget management skills,...
- proportionality : to guarantee the previous requirements will already be an important task. We therefore recommend to limit the multiplication of databases. Indeed, if risk management requires creditworthiness assessment, financial inclusion requires a shared responsibility between clients and creditors: where creditors should ask the appropriate questions and check

credit database, clients should answer correctly. The information gathered at that time should document the quality of the assessment and the responsibility, in case things are turning to default credit. Mega database integrates high risk of domino effect and unfair exclusion or restricted access to goods and services.

26. Does the increased use of personal financial and non-financial data by firms (including traditionally non-financial firms) require further action to facilitate provision of services or ensure consumer protection?

- Yes, at Member State level
- Yes, at EU level
- No
- Don't know / no opinion / not relevant

If the increased use of personal financial and non-financial data by firms does require further action to facilitate provision of services or ensure consumer protection, please state additional comments on possible actions:

We have developed our views in the answer to questions 4 & 5 .

27. Should requirements about the form, content or accessibility of insurance claims histories be strengthened (for instance in relation to period covered or content) to ensure that firms are able to provide services cross-border?

- Yes
- No
- Don't know / no opinion / not relevant

28. Is further action necessary to support firms in providing post-contractual services in another Member State without a subsidiary or branch office?

- Yes, at Member State level
- Yes, at EU level
- No
- Don't know / no opinion / not relevant

29. Is further action necessary to encourage lenders to provide mortgage or loans cross-border?

- Yes
- No
- Don't know / no opinion / not relevant

30. Is action necessary at the EU level to 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?

- Yes
- No
- Don't know / no opinion / not relevant

31. What steps would be most helpful to make it easy for businesses to take advantage of the freedom of establishment or the freedom of provision of services for innovative products (such as streamlined cooperation between home and host supervisors)?

32. For which retail financial services products might standardisation or opt-in regimes be most effective in overcoming differences in the legislation of Member States?

Please tick all relevant boxes

- Life insurance (This work would build on existing EIOPA research on the Pan-European Personal Pension product)
- Mortgage
- Other
- None
- Don't know / no opinion / not relevant

Please specify for which other retail financial services products standardisation or opt-in regimes might be most effective in overcoming differences in the legislation of Member States:

We believe that simplification and standardisation would be beneficial for all retail financial services. Retail customers most often do not need complex financial products. Low financial literacy and behavioural biases also can lead to unsuitable choices when faced with more complex financial products. For all these reasons we believe that their needs can be served adequately by basic products that can more easily be standardised.

33. Is further action necessary at the EU level in relation to the 'location of risk' principle in insurance legislation and to clarify rules on 'general good' in the insurance sector?

- Yes
- No
- Don't know / no opinion / not relevant

34. Please provide any additional comments in the box below:

5000 character(s) maximum

Useful links

Details of the Green paper (http://ec.europa.eu/finance/consultations/2015/retail-financial-services/index_en.htm)

Green paper document (<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2015:630:FIN>)

Specific privacy statement

(http://ec.europa.eu/finance/consultations/2015/retail-financial-services/docs/privacy-statement_en.pdf)

More on the Transparency register (<http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en>)

Contact

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