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Consumers sidelined in Capital Markets Union

Today, the European Commission has kicked off an action plan to reduce companies' reliance on banks and diversify their funding sources across the EU's 28 member states. Part of the package is to stimulate consumers to invest increasingly on financial markets.

The European Consumer Organisation (BEUC) stresses that this project can only succeed if concrete actions to protect retail investors are included. Assurances that current consumer protection rules will be scrutinised by the end of 2018 do not meet this benchmark.

The complexity of financial products, mis-selling and poor advice continue to harm small investors and require additional measures.

A Capital Markets Union should include the following consumer-relevant proposals:

- Improving and harmonising investor protection rules for all savings and investment products (including pension products, shares and bonds);
- Strengthening supervision and enforcement in retail financial markets;
- Promoting the development and sales of simple and standardised investment products;
- And banning inducements when giving investment advice.

Monique Goyens, Director General of The European Consumer Organisation, commented:

"If the Commission intends to encourage consumers to fall for financial markets, upgrading investor protection must be the preeminent concern.

"Bypassing consumer needs in the number one financial markets project of this Commission would be negligent. Facilitating access to European capital markets should go hand in hand with guaranteeing that consumers are not sold a bad deal when investing their savings. The Commission's proposal necessitates an upgrade to avoid consumers getting a bad surprise when navigating the Capital Markets Union.

"Convincing consumers to invest in this capital market without borders is putting the cart before the horse. It is imperative to first restore consumer trust in financial markets. According to the Commission's own figures, 57% of investments products sold to consumers are unsuitable, and only every third consumer trusts their financial advisors. The prerequisites for consumers to take advantage of capital markets include access to simple products and reliable financial advisors."

END

Notes:

1 See our [letter](#) to Commissioner Hill outlining the demands of consumer organisations for the Capital Markets Union.

2 http://ec.europa.eu/consumers/financial_services/reference_studies_documents/docs/investment_advice_study_en.pdf

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