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Attempt to reform EU financial supervisory agencies keeps consumer protection sidelined

The European Commission has today proposed a weak reform of the agencies¹ that supervise financial services at European level. It is bewildering that the proposal still limits the agencies' role in protecting consumers, which is mostly devolved to national level where protection standards vary enormously. The reform means the agencies will continue to subordinate consumer protection to considerations about the stability of the financial sector.²

Mis-selling scandals, unfair commercial practices and the sale of rip-off, complex financial products continue unabated. Consumers are too often left to pick up the pieces when things go wrong for them.

Monique Goyens, Director General of the European Consumer Organisations BEUC said:

"Ten years on from one of the greatest financial crises and little has changed at EU level to protect consumers from the excesses of the financial industry.

"Government bodies should be monitoring trends in financial markets and take action when there are toxic products and consumer detriment. There is little oversight of this at EU level, as well as in many Member States. The agencies are in place but they have inadequate resources and mandates that will lead them to focus more on the financial sector's stability than on consumer protection.

"At the very least we need agencies at EU level that have a mandate and the resources to protect consumers and can intervene directly in the market when there are negative trends across several countries. The foreign currency loans scandal would have had much more limited consequences if this had been the case. Toxic products like binary options thrive online where there are no borders. This requires strong EU watchdogs."

The European Commission's proposal offers some measures to harmonise standards of consumer protection across Europe but, crucially, these are only voluntary. Leaving it up to Member States is very unlikely to produce a change in the way consumers are protected in the financial area.

BEUC is also concerned that the expert groups which advise the agencies are now given powers to challenge agency guidelines. These groups are heavily dominated by representatives from banks and financial service providers and would now more easily be able to block recommendations.

Having waited years for this reform, BEUC is very disappointed with the European Commission's proposal and calls on the European Parliament and ministers at national level to make wide-ranging changes.

ENDS

¹ These agencies are the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA).

² For more on the BEUC position on the review of the EU supervisors, click [here](#).