



The Consumer Voice in
Europe



Ref.: BEUC-X-2019-008/MGO/cm

Brussels, 21 February 2019

Re: Reform of the European Supervisory Authorities and financial consumer protection

Dear Mr. Teodorovici,

Dear Honourable members of the Council of the European Union,

We are writing to express serious concerns over the Council of the EU proposal for reforming the European Supervisory Authorities (ESAs) and urge you to grant them real power related to consumer protection. The ESAs are at the heart of the European System of Financial Supervision, which should help to ensure that EU citizens are able to safely consume financial products.

The ESAs must be given the tools, mandate and resources they need to put financial consumer protection first and to be effective. The debate around the review of the ESAs is not over taking powers away from the national level, it is about ensuring the ESAs can be effective at what they have been set up to do and where they are needed.

If the right balance of powers and resources for the ESAs is not found, they will not be able to fulfil their crucial role of harmonising supervision of financial services and ensuring that citizens using financial services across the EU are properly protected. An unwillingness to strengthen the ESAs is tantamount to sending a market signal to all financial service providers, clearly notifying them that this is not a priority of policy makers, which may further spread moral hazard.

The European Parliament has proposed concrete improvements to the ESAs, which the Council must now fully consider supporting to ensure that the authorities have true added value for EU citizens as financial consumers. These proposals include:

- A stronger mandate to contribute to achieving a level playing field where consumers can have access to fair and comparable financial services, products and redress.
- A mandate to develop standards on conduct of business supervision addressed to national competent authorities, such as on minimum powers and tasks.

.../...

- Reinforcing product intervention powers, by allowing the ESAs to ban financial products and activities that may cause significant consumer detriment.
- The possibility for the ESAs to conduct investigations into particular products / financial institutions if they constitute a potential threat to consumer protection.
- Mystery shopping activities to be coordinated with the National Competent Authorities (NCAs).
- Genuine balance between industry and non-industry members of the ESAs Stakeholder Groups, and adequate compensation to non-industry, non for profit stakeholders to ensure their independence and participation in the Stakeholder Groups.
- A broader competence to consider environmental, social and governance factors in their mandate.

As the major EU public interest organisations working on financial services, we strongly urge all members of the Council of the EU to use the opportunity of discussions with the European Parliament to ensure the right consumer protection improvements to the ESAs are made.

Yours sincerely,

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