

Subject: Consumer mission letter for financial services

Dear Commissioner McGuinness,

On behalf of BEUC, The European Consumer Organisation, I wish to congratulate you on your recent appointment as the European Commissioner for Financial Services, Financial Stability and Capital Markets Union. In this capacity, you will oversee many areas of EU policy that concern European consumers of retail financial services products. Retail financial services are essential to consumers' daily lives, yet consumer trust in financial service providers across the EU remains low in comparison to many other sectors.

To support you in this important task, we would like to present to you the most important priorities to integrate consumer interests into your policy portfolio:

Trustworthy financial advice: Consumers often rely on financial advice when taking important financial decisions, such as saving for their retirement, taking out a life insurance policy or investing money for the future. When taking such decisions, consumers should be able to rely on impartial, competent, and trustworthy financial advice. However, in Europe, advisers are often remunerated by product manufacturers through the payment of inducements when recommending a specific financial product to consumers, leading to biased financial advice, including many recent mis-selling scandals.¹ We welcome the European Commission's recent Action Plan on the Capital Markets Union which includes an assessment of how inducement rules are working for consumers. To ensure that advice is always in the best interest of the client, BEUC believes that the European Commission should propose a ban on the payment of inducements to financial advisers.

Sustainable finance: BEUC welcomes the European Commission's recent consultation on its renewed sustainable finance strategy², in which we call on the EU to adopt further measures to support consumers interested in taking out green financial products. Consumers have a huge role to play in steering funds and investments towards more sustainable financial activities. BEUC believes that the sustainable choice should become the default and the 'easy' choice for consumers when taking out financial services products. We urgently call on the European Commission to adopt rules requiring advisers to assess the ESG preferences of their clients. In addition, we believe that advisers need to be adequately trained about sustainability matters to give good advice to consumers on ESG products. Low interest rate green loans and new innovative ways of financing energy-efficient renovations need to be made more widely available to European consumers. The EU should also support projects aimed at raising consumer awareness about sustainable financial products and providers (such as the [Fair Finance Guide](#)).

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¹ For an overview of our campaign demands and recent mis-selling scandals to have affected retail financial services consumers in Europe, please consult our website on <https://www.thepriceofbadadvice.eu/>.

² Please see our full [consultation response](#) and [factsheet](#) on the European Commission's Sustainable Finance Strategy.

Protection of borrowers: In 2018, the European Commission proposed to create a single secondary market for non-performing loans. This legislative proposal raises serious concerns regarding the protection of vulnerable borrowers who would be exposed to debt investors and collectors from across Europe, especially in the context of the Covid-19 pandemic. BEUC believes that consumer loans should be exempted from the scope of the Directive. At the very least, the European Commission should introduce adequate safeguards³ to protect distressed borrower, including: forbearance measures by creditors, borrowers' right to buy back their own debt, strict conduct rules for credit servicers and credit purchasers, and maintaining any existing national measures aimed at protecting distressed borrowers, including a Member States' right to adopt further measures, as well as a strong supervisory role for host authorities.

Over-indebtedness: The importance of measures to tackle over-indebtedness has considerably increased in the light of the Covid-19 pandemic, as many consumers are being hit by unemployment and income loss. Borrowers should also be protected from the outset from irresponsible lending practices which can be an important cause of over-indebtedness. BEUC welcomes the European Commission's recent consultation on its New Consumer Agenda⁴, and believes that the expected revision of the 2008 Consumer Credit Directive should foresee strict and consumer-centric lending obligations⁵ for all consumer credit providers and intermediaries in Europe. While this file falls within the remit of DG JUST, we invite DG FISMA to closely cooperate with DG JUST in this context.

Retail payments policy: The world of payments is changing rapidly due to the development of new technologies. For example, the development of instant payments offers a huge opportunity to create a new European scheme based on credit transfers. Although we fully support this idea⁶, consumers are unfortunately poorly protected when making credit transfers. In recent years, many consumers have been tricked into transferring money to fraudulent accounts and there is no opportunity for them to receive redress. The Commission should upgrade the EU payments legislation to provide all consumers with the same protection irrespective of the payment instruments used.

Consumer's right to use cash: Consumers should have the right to choose how they pay for something. However, they increasingly face difficulties in accessing cash via ATMs and bank branches, as well as in using it for making payments.⁷ Cash is a public good, and public measures are needed to ensure its continued existence alongside electronic and innovative payment options. The Commission should propose legislation on consumer access to cash and the acceptance of cash by traders. We believe that such legislation is even more important when taking into account the risks to consumer privacy in a digital age.

I know that you will have a busy agenda but hope that you will find the time to (e)meet with us. I would be very interested to discuss these topics with you in further detail.

Thank you for your consideration.

Yours sincerely,

Monique Goyens
Director General

³ Secondary market for non-performing loans: The European Commission's proposal is a bad deal for distressed borrowers, BEUC position paper, July 2018: https://www.beuc.eu/publications/beuc-x-2018-068_secondary_market_for_non-performing_loans.pdf.

⁴ BEUC's Response to the Public Consultation on the European Commission's Consumer Agenda, 2020, https://www.beuc.eu/publications/beuc-x-2020-090_commissions_consumer_agenda_2021-2027.pdf.

⁵ Review of the Consumer Credit Directive, BEUC position paper, 2019, https://www.beuc.eu/publications/beuc-x-2019-019_review_of_the_consumer_credit_directive.pdf.

⁶ A Retail Payments Strategy for the EU: BEUC Response to the Commission's consultation https://www.beuc.eu/publications/beuc-x-2020-072_a_retail_payments_strategy_for_the_eu.pdf

⁷ Cash versus cashless: Consumers need a right to use cash. BEUC position paper, September 2019: https://www.beuc.eu/publications/beuc-x-2019-052_cash_versus_cashless.pdf.