

Joint ESAs Consumer Protection Day 2019

Protecting consumers together

Opening Remarks by Gabriel Bernardino, Chairman of the European Insurance and Occupational Pensions Authority (EIOPA) on 28 June 2019 in Dublin

Dear distinguished guests, speakers and colleagues,
a very good morning to all of you and a warm welcome to the 7th edition of the Joint ESAs Consumer Protection Day.

Thank you all for having accepted our invitation.

It is a great pleasure, in my capacity as current Chairman of the Joint Committee of the three ESAs (EBA, ESMA and EIOPA) to open this year's consumer protection day.

I am sure you agree that the Mansion House with a history of more than 100 years - when the first Assembly of Ireland convened - and today being the residence of the Lord Mayor of Dublin is a fine setting to discuss consumer protection topics. I would like to thank the Central Bank of Ireland in particular for hosting this event and their work in promoting consumer protection in Ireland.

The theme of this year's event is "Protecting consumers together" a very appropriate theme because it is a collective responsibility for all us.

For the Joint Committee and each European Supervisory Authority, protection of consumers is a top priority. We take a leading role. It is the "needle in the compass" in our work. And the important dialogue – as the one of today - helps us to continue to shape the direction of our work, to "navigate" sometimes through "stormy waters", but also "calm seas", to conduct consumer-centric regulation and sound and preventive supervision.

Strong and positive consumer outcomes will always be the most fundamental measure of success or failure. To achieve these outcomes we need sound

regulation, but we also need effective implementation, supervision and enforcement.

Following the financial crisis we dedicated a lot of time and effort to upgrade the financial sector regulatory framework, and overall we did it well.

Now the focus needs to be on the implementation, supervision and enforcement.

The first responsibility for achieving positive consumer outcomes lies with the financial industry. We expect them to apply the highest standards of conduct and culture.

We need to ensure stronger conduct of business supervision throughout Europe:

- Supervision that goes beyond checking compliance with point of sale disclosures;
- Supervision that reinforces market monitoring, product assessment, and if needed uses product intervention powers;
- Supervision that is attentive to business models and the way that they potentially deliver consumer detriment;
- Supervision that implements a sound conduct risks assessment, uses sound retail risks indicators to define priorities, but also supervision that communicates clearly to the industry and consumers, in a language that can be well perceived and understood.

Let's face it: We are not yet there.

We all need to learn from our best experiences and leave our comfort zones.

To quote Oscar Wilde: *"Experience is simply the name we give our mistakes."*

Since the very beginning, the main objective of this annual conference has been not only to present our activities and achievements and to discuss key themes in the field of consumer protection but most importantly to listen to and engage with you, our stakeholders especially those representing consumers.

That is why each year we seek to make this event more and more interactive to engage indeed in a truly open and transparent dialogue.

I am very pleased that all the topics we will touch on during the day, some of which are more novel, but others that already very well known to us, will force us to "think more out of the box" in terms of the necessary steps to take to protect consumers. This is particularly important in this time of increasing use

of modern technologies and digitalisation, which is driving and changing the way consumers interact with financial firms.

We have an excellent list of panellists, with lots of knowledge and expertise and, in between each of the three panel sessions; we have an excellent array of speeches. I am delighted that we can have Emily O'Reilly, the European Ombudsman with us here today. I cannot think of anyone better to focus our minds on the issue of protecting consumers and ensuring they receive adequate address. The same counts for Klaus Mueller, Executive Director of the Federation of German Consumer Organisations.

Let me just “whet your appetite” for the day, by depicting the three panel sessions ahead of us.

I. Financial education

The first panel session is dedicated to Financial Education.

Surveys on financial literacy, such as the one run by the OECD in 2016, show us that less than 40% of the adult population in Europe are able to understand very basics principles such as compound interest.

Given this low level of financial education in Europe and the fact that European citizens are confronted increasingly with significant financial decisions, it is crucial for regulators and supervisors alike to play a role in ensuring that consumers receive more education about financial products. We all know that this cannot start early enough in the education system.

The panel will discuss what the ESAs could do differently or better to fulfil their financial education mandate and I am expecting a lively debate and much food for thought on this issue.

II. Sustainable Finance

In the afternoon, we move onto the 2nd panel, which concerns a very topical issue, given the current geopolitical developments – Sustainable Finance.

Sustainability has long been at the heart of the European project. Following the adopt of the 2016 Paris Agreement on Climate Change and the United Nation 2030 Agenda for the Sustainable Development, the European Commission published last year an Action Plan on Financing Sustainable Growth.

This step was, in my view, truly an act of leadership.

A vision that should inspire and motivate all of us to contribute to a more sustainable world.

The Action Plan has been followed by a package of legislative proposals from the European Commission and the ESAs have been particularly active recently in providing, for example, technical advice on the integration of sustainability risks and factors in risk management and product design processes. Going forward, there is also important work to be done on sustainability-related disclosures to consumers.

Investing in sustainable products creates new opportunities for consumers and new business opportunities for product manufacturers and distributors alike. However, investing into sustainable financial products can equally pose new risks and challenges for all participants of the distribution chain – for manufacturers and issuers of sustainable products, the distributors and the consumers interested in acquiring those products.

This panel will address the main challenges market participants face when distributing or buying sustainable products. It will also tackle whether adequate safeguards are in place to avoid greenwashing of products. I expect an absorbing and thought-provoking discussion on this topic.

III. PRIIPs

Finally, the last but certainly not least panel, cover an “old favourite”, which continues to be an important deliverable on the Joint Committee’s Work Programme since the inception of the ESAs and that is PRIIPs.

Much has been said on this topic over the years and maybe you are thinking like Brexit, you have “PRIIPs fatigue”!

Even though there has been recent criticism directed at the PRIIPs regime, particularly around performance scenarios, I have also heard compliments in terms of it bringing about much needed transparency particularly as regards the costs of retail investment products.

I would like to stress that the ESAs have not sought to shy away from this issue, but to tackle criticism head on and we are currently in the process of carrying out a targeted review of the existing Level 2 regime, complemented by consumer testing and close engagement with external stakeholders. We want to learn the lessons from the past and move forward.

We all know that the PRIIPs regime was an ambitious project given the sheer heterogeneity of the products in the scope of the PRIIPs Regulation, but I still think we have the opportunity to make this a valuable tool for consumers.

What we really need to do is take a step back and consider what the original objectives of the PRIIPs proposals were, namely to provide consumers with simple information to better understand the associated costs, risk and performance features embedded in the retail investment products they buy.

I expect this panel to provide us with a direction of travel for this ongoing work and to promote a constructive exchange of views so that we can find robust and pragmatic solutions.

Ladies and gentlemen,

Overall, we have another invigorating day ahead of us in which we will hear a variety of views on how to improve consumer protection in the European Union, from the thought leaders and experts. It will be a chance to discuss future challenges and priorities. Therefore, I very much encourage you to engage with the topics discussed today, and to exchange views with your colleagues from other sectors and disciplines.

I wish us all a very interesting and inspiring 7th Joint ESAs Consumer Protection Day.

Thank you for your attention and again a warm Welcome!

I now give the floor to Emily O'Reilly, the European Ombudsman, who, as said with no doubt, will give us much to think.