

PRESS RELEASE

Joint Committee of ESAs holds its first Consumer Protection Day

The Joint Committee of the European Supervisory Authorities (Joint Committee) held its first Consumer Protection Day on 25 June 2013 in Paris.

Consumer protection is a major objective for the European Supervisory Authorities (ESAs – EBA, ESMA, EIOPA) and under the auspices of the Joint Committee, they continue to place this high on their agenda for 2013.

The aim of the event was to provide a forum for exchange and discussion on important and current cross-sectoral consumer issues.

The Joint Consumer Protection Day attracted around 250 consumer representatives, academics, legal and financial consultants, national supervisors, experts from the EU institutions and financial services industry (banking, securities, insurance and pensions).

In his opening speech **Gabriel Bernardino, Chairman of EIOPA and the current Joint Committee Chair**, called for regulatory consistency across the three financial sectors and urged the application of sound conduct of business practices by market participants. He also spoke about the emergence of a new paradigm on transparency and fairness towards consumers. "In order to regain trust and confidence by consumers, financial institutions need to develop simpler and more understandable products, devote further attention to the fairness of contractual conditions and definitely they need to review the charges and commissions applied ensuring that they are not disproportionate", he said.

During the **panel discussion on PRIPs** (proposal for a 'Regulation on key information documents for investment products') participants discussed the scope of the proposal together with considerations as to personalise the so-called Key Information Document enabling comparison between covered products (e.g. by including national information on tax implications). The importance of behavioural finance in product disclosure was also addressed and

views were shared on which kind of information consumers generally need in order to take informed decisions on whether to buy or not to buy a product.

Different **break-out sessions** on consumer trends, sales incentives and product intervention were held.

In this respect, the panellists discussing consumer trends, agreed that the ESAs need enhanced data collection powers to ensure data of quality with a view to continuously collect, analyse and report on consumer trends. The usefulness of comparison websites and payment protection instruments, two current trends in some of the financial sectors, was highlighted whilst focus was given to the consumer detriment also surrounding these types of distribution channels and instruments.

On the topic of sales incentives, it was felt that in order to avoid mis-selling of financial products, several changes in sales culture are urgently required.

On product intervention, participants debated whether these powers would have the most value as a 'threat' in influencing firms to act in the best interests of their clients, and that product intervention should be seen in the round, as part of product design, product governance, and product distribution in order to address consumer protection issues before and up to point of sale, rather than playing catch-up after products hit the market.

Summarising the panel discussions, **Andrea Enria, Chairman of EBA**, said: "Today's conference has stimulated a lively and fruitful discussion. The ESAs will continue to join forces to identify cross-cutting issues and to address them jointly to the benefit of consumers across the EU".

Steven Maijor, Chairman of ESMA, in his closing remarks, indicated: "Whilst the financial crisis is mainly a stability crisis, and the regulatory response has been focussed on stability issues, we must not lose sight of our mandate, at European level, to promote the interests of consumers and to ensure a high level of consumer protection. But delivering on protecting consumers' needs buy-in from industry (and consumers) too.

"It is not all about regulation, supervision and enforcement. Industry should internalise clients' interests and business models need to focus better on client needs".

Notes for editors

The Joint Committee is a forum that was established on 1st January 2011, with the goal of strengthening cooperation between the European Banking Authority (EBA), European Securities and Markets Authority (ESMA) and European Insurance and Occupational Pensions Authority (EIOPA), collectively known as the three European Supervisory Authorities (ESAs).

Through the Joint Committee, the three ESAs cooperate regularly and closely and ensure consistency in their practices. In particular, the Joint Committee works in the areas of supervision of financial conglomerates, accounting and auditing, micro-prudential analyses of cross-sectoral developments, risks and vulnerabilities for financial stability, retail investment products and measures combating money laundering as well as consumer protection and financial innovation. In addition to being a forum for cooperation, the Joint Committee also plays an important role in the exchange of information with the European Systemic Risk Board (ESRB).

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