

PRESS RELEASE**THE EC'S CONSUMER FINANCIAL SERVICES ACTION PLAN:
A GOOD START BUT MANY HURDLES REMAIN**

29 March 2017 - As part of its commitment to developing a deeper and fairer Single Market, the European Commission (EC) published an action plan setting out a strategy to strengthen the EU single market for retail financial services. Better Finance welcomes this initiative and insists that an effective rollout of the EC's Consumer Financial Services Action Plan is critical for financial services users across the EU. For now – 60 years after the Treaty of Rome – there is still no Single Market for retail financial services. What's more is that financial services continue to be ranked as the worst performing consumer markets in Europe according to the 2016 Consumer Scoreboard monitoring consumer markets across the EU.

This Action Plan includes several important steps in the right direction. The proposal by the EC for an amendment to the Regulation on Cross-Border Payments to further extend the Regulation's scope to other currencies and align the fees for cross-border and domestic payments is a very welcome development. That being said, this proposal does not even come close to addressing the major issues at the heart of the most opaque and least regulated market of all... the Foreign Currency Market. Indeed, for retail financial services users, the total cost of purchasing goods and services in foreign currencies is still very high and opaque, and there seems to be very little competition in this area.

Better Finance also joins BEUC, the European Consumer Organisation, in strongly supporting action by the EC to tackle the high and hidden costs consumers have to deal with abroad when faced with a payment system known as "Dynamic Currency Conversion" (DCC), which offers the choice to either pay in the local currency or their own. The proposal by the EC to impose more transparency with regards to the fees charged by such systems does not seem workable in practice, so in the absence of a better solution, Better Finance tends to join BEUC in calling for a ban of DCC.

Also on a positive note, an important initiative put forth by the EC is aimed at addressing the lack of objective and credible information about financial products available to consumers. Whereas many comparison websites exist, there is an urgent need to address their perceived lack of objectivity and impartiality. To this end Better Finance welcomes the "Key Principles for Comparison Tools" as to be developed by the future EC's Multi-Stakeholder Group on Comparison Tools. Such tools are indispensable with view on harnessing the potential of digitalisation and technological developments (FinTech) to improve retail financial services across the EU.

The EC's Consumer Financial Services Action Plan is definitely a first step in the right direction but it doesn't seem to aim for the eventual completion of the single market for financial services, and does not set any target date for it.

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