

PRIIPs - BETTER LITTLE THAN NOTHING

Brussels, 07 April 2014 - Following last week's political agreement between the European Parliament, the European Commission and the Council of the EU on the proposed Regulation on key information document (KID) for packaged retail investment and insurance products (PRIIPs), the ECON Committee of the European Parliament finally adopted the Regulation on key information that small investors should be given before putting money in a retail investment product.

In a joint letter dated November 2013 to all members of the European Parliament, BETTER FINANCE, Finance Watch and BEUC, the European consumer organization stated that « since the beginning of the current Commission and Parliament term in 2009, this is the one and only legislation exclusively devoted to the protection of individual investors, who badly suffered - and continue to suffer - from the financial crisis. »

Unfortunately the scope of this welcome Regulation was thoroughly reduced following lobbying by the industry that succeeded in excluding all shares, bonds, personal and occupational pensions and bank savings products.

This agreement « falls short of expectations » states Guillaume Prache, head of the European Federation of Financial Services Users (BETTER FINANCE for all).

Seven years of battling against the positions of vested interest groups representing various sectors of the financial services world still yielded some results for consumer interests: at least most life insurance products will eventually be subject to these common disclosure requirements. This Regulation should also to some extent make it easier for consumers to understand, choose and compare products.

Prache cautiously welcomes the fact that eventually most life insurance products will be subject to the same transparency and disclosure rules as other retail investment products.

« It is a step in the right direction » he says « but the most sensitive and long term retail investment products such as equities and bonds and all personal and occupational pension saving products, remain in the dark. »

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