

PRESS RELEASE

European Parliament takes Consumer and Investor Protection Seriously in Financial Supervision Reform

10 January 2019 –BETTER FINANCE welcomes the latest amendments adopted by the ECON Committee to the reform of the European System of Financial Supervision (including the European Banking Authority (EBA), the European Insurance and Occupational Pension Authority (EIOPA), the European Markets and Securities Authority (ESMA) and the European Systemic Risk Board (ESRB).

This reform of the European Financial Supervisors is long overdue and BETTER FINANCE is very happy to note that consumer and investor protection has finally been taken into account, following years of neglect in favour of “financial stability” by the EU Public Authorities.

Back in November 2017, BETTER FINANCE formed an Alliance together with the other major EU public interest organisations working on financial services [to voice their disappointment](#) with the European Commission's proposal for the review of the European Supervisory Authorities (ESAs), and make proposals to remedy the situation. The Alliance [reiterated its frustration in a joint statement](#) in July 2018 following the report on the review by the ECON Committee.

BETTER FINANCE is pleased to see that, thanks in large part to the work by co-rapporteur Pervenche Berès (MEP), many amendments are now fully in line with the ones proposed by the Alliance. Amongst others:

- The ESAs committee on financial innovation is to be transformed into the committee on consumer protection and financial innovation, with participation also of national authorities in charge of consumer protection.
- The ESAs are to work towards achieving a level playing field, where consumers across the EU have access to comparable products, services and redress.
- Product intervention powers would be reinforced: the ESAs will be able to ban financial products and activities that may potentially cause significant consumer detriment.
- The ESAs will have the power to carry out investigations into particular products / financial institutions if they constitute a potential threat to consumer protection.
- The ESAs stakeholder groups will have to have a balanced representation of stakeholders (13 industry, user-side and employee representatives and 4 academics) and provide decent compensation for non-industry stakeholders.

These would all constitute very valuable improvements for individual investors and financial services users and would go a long way towards addressing the continuous poor rankings of financial services markets across EU Member States.

The ball is now in the court of the European Council. BETTER FINANCE hopes the Member States will see the value in strengthening financial supervision in the EU and not sabotage these long-awaited and very necessary improvements to the protection of EU citizens as financial services users.

A few months before the European elections, BETTER FINANCE is committed to closely monitor the conduct of Member States in this process to make the Reform of the European Supervisory Authorities work for EU Citizens.

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