BETTER FINANCE

The European Federation of Investors and Financial Services Users

Fédération Européenne des Épargnants et Usagers des Services Financiers

Better Finance response to the European Commission Green Paper on retail financial services: better products, more choice, and greater opportunities for consumers and businesses

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Better Finance is the most involved European end user and civil society organisation in the EU Authorities' financial advisory groups, with experts participating in the Securities & Markets, the Banking, the Occupational Pensions and Insurance and Reinsurance Stakeholder Groups of the European Supervisory Authorities; as well as in in the European Commission's Financial Services User Group. Its national members also participate in national financial regulators and supervisors bodies when allowed. For further details please see our website: www.betterfinance.eu

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Executive Summary

Better Finance welcomes this European Commission's second Green Paper on Retail Financial Services issued last December 2015. Indeed, we have a dream: a common market for retail financial services in the EU; the same dream the signatories of the Treaty of Rome had back in 1957.

60 years of European Common market, two green papers, but very little progress

We believe that this is another opportunity to eventually bring about a common European market for retail financial services. We dearly hope it does not fail as all previous attempts in the last 60 years or so:

- in 2007, nine years ago a first "Green Paper on retail financial services" failed in this objective (it would be interesting for the EC to analyse why when issuing a second one).

- These are not the first efforts of the European Union on this topic: The ECC Treaty was signed in Rome almost 60 years ago in 1957 established the Single Market, and so far there has been very limited success: so far only UCITS funds have proven to be a popular cross-border financial product across the EU. That being said, it is mostly sold to institutional investors rather than to citizens as individual savers and investors.

An area under performing other EU consumer markets

Indeed, thanks to the EU Single Market 500 million consumers should benefit from cross-border competition, resulting in a better choice of products, better services and lower prices. But not so for retail financial services… even though nearly all EU citizens are financial end-users with savings and bank accounts, insurance and pension scheme subscriptions or loans and mortgages to their name.

However, retail financial services are a consumer segment that requires most improvement in terms of performance and prices as the EC Consumer Scorecard shows: many of these services are among the worst ranked of all consumer markets in the EU.

Today consumers across the EU have indeed very little confidence in retail financial services, as shown by the annual EU Consumer Scoreboard, which ranks "investment products, private pension and securities" as the worst of all 31 consumer markets, listing a lack of trust, the absence of comparability and the difficulty of switching between services and products as the main reasons for this poor score.

Our reply and several recent research reports show that a common market of retail financial services would bring huge benefits to EU citizens in terms of performance and prices. We refer in particular to the following services:

- with profit insurance,
- retail investment funds,
- personal pensions,
- card transactions in foreign currencies and
- Bank accounts.

Consumer benefits from common markets in these services certainly amount to tens of billions of euros per year and would have a significant impact on EU growth and jobs as well.

Cross-border barriers must not be understated but digitalisation and the implementation of the free flow of capital rule should lower them.

Whereas technology continues to help the creation of a single market by enabling companies to improve the availability and comparability of

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information, facilitating cross-border transactions, simplifying disclosure and driving down prices, further integration of payment services and systems remains a necessary precondition for companies to reach customers in other Member States.

The same applies to the widespread and massive tax discriminations against EU citizens who reside in different Member States than the financial providers (see for example the case of with profit life insurance policies). This is totally inconsistent with the very goals of the Treaty of Rome and with any attempt to progress towards a common or “single” market. Member States bear the full responsibility for keeping this major barrier to a common market up.

Of course another key barrier to cross-border retail financial services is the language barrier. There also one can hope that technology will further lower the cost of providing multi-lingual information and communication.

As a result financial suppliers do not offer products to consumers in other Member States than their own, weary of excessive operational and compliance costs. Consumers on the other hand do not have enough information or confidence to acquire services from companies based in other member states and if they did, they would have trouble accessing them.

Another key barrier to cross-border retail financial services is the insufficient and inconsistent enforcement of existing EU rules. The FSUG believes that this major obstacle to the procurement of better retail financial services to EU citizens can only be really solved through the setting up of an EU financial user protection Authority. FSUG and other stakeholders have been requesting this priority reform during the review process of the European System of Financial Supervision (ESFS) in 2014. It matches what has been done post-financial crisis for example by the US (creation of the Consumer Financial Protection Bureau) and by the UK (creation of the Financial Conduct Authority). It implies a fundamental reshuffling of responsibilities between the existing European Supervisory Authorities (ESAs).

Set tangible goals and target dates for achievements

Finally, as a general comment, we believe that the Green Paper should be quickly followed by a timetable for concrete and measurable objectives in order to ensure that, unlike the previous initiatives of the European Commission in this area, there will be real progress towards a common market for retail financial services to the benefit of European citizens and of the economy as a whole.

It is important that these objectives be based on clear consumer outcomes not theoretical competition or market based objectives such as ease of market entry, numbers of providers and products on the market.

General questions

1. *For which financial products could improved cross-border supply increase competition on national markets in terms of better choice and price?*

At this respect, we would like to refer to the work done by the FSUG (Financial Services Users Group) of the European Commission to this same consultation. Several Better Finance experts were involved in this work. The FSUG reported last year on the EU retail financial

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services market integration[1], and made a ranking of issues to be addressed using three criteria to select priority areas for further work:

- The scale of the consumer detriment and potential impact on financial users;
- Probability of intervention making a difference; and
- Is the issue already being dealt with effectively by another intervention (for example, by a new directive)?

Then the experts of the FSUG scored ten priority financial services. Based on total scores, the top priorities were:

1. Personal pensions
2. Retail investment funds
3. Life insurance
4. Mortgage credit
5. Consumer credit
6. Card purchases and cash withdrawals in foreign currencies
7. Payment services
8. Car insurance
9. Investment life/unit linked insurance
10. Savings accounts

The ranking is slightly different if based just on the amount of detriment caused:

1. Personal pensions
2. Mortgage credit
3. Retail investment funds

[1] http://ec.europa.eu/finance/finservices-retail/docs/fsug/papers/1510-retail-integration-report_en.pdf

4. Consumer credit
5. Life insurance
6. Card purchases and cash withdrawals in foreign currencies
7. Payment services
8. Car insurance
9. Savings accounts
10. Investment life/unit linked insurance

Finally, the FSUG also considered which of these priority areas would be easiest to deal with. The FSUG did not come up with a ranking for this criterion, but identified the following product areas (not ranked):

- Personal pensions (if the EIOPA PEPP project is endorsed by the EC)
- Card purchases in other EU currencies
- Investment funds
- Payment services
- Basic and savings bank accounts
- Basic life insurance (death benefits)

This analysis from the FSUG is fully consistent with the priority areas identified by Better Finance:

- personal and occupational pensions
- retail investment funds
- Investment life insurance
- card transactions in foreign currencies.

2. *What are the barriers which prevent firms from directly providing financial services cross-border and consumers from directly purchasing products cross-border?*

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First of all, we do not believe "more choice" should be an objective per se. Better choice is what EU consumers need. We must say that increasing further the number of products which are currently offered at retail level is not the answer to this question: for example, there are currently tens of thousands of investment funds available to retail investors in the EU (four times more than in the US for a market that is half the size of the US one, and EU domiciled equity funds are two to three times more expensive than the US ones[2]), while actual access to quality retail products (performing, cost effective) is very restricted.

There are also issues to consider as regards to national tax and labour laws: the PEPP (Pan European Personal Pension) project is especially depending on advancing in these subjects.

The widespread and massive tax discriminations against EU citizens who reside in different Member States than the financial providers (see for example the case of with profit life insurance policies) is a major issue. This discrimination against EU citizens residing in other Member States is totally inconsistent with the very goals of the Treaty of Rome and with any attempt to progress towards a common or "single" market. Member States bear the full responsibility for keeping this major barrier to a common market up.

Tax discriminations by Member States against EU citizens not residing in those MS are as well an important issue. The widespread and massive tax discriminations against EU citizens who reside in different Member States than the financial providers (see for example the case of with profit life insurance policies below) or the issuer is a major issue. This

[2] "An EU Capital Market Union for Growth, Jobs and Citizens", Better Finance Briefing Paper, 2015, pages 25 and 26 http://www.betterfinance.eu/fileadmin/user_upload/documents/Position_Papers/Financial_Markets_Infrastructure/en/CMU_Briefing_Paper_-_For_Print.pdf

discrimination against EU citizens residing in other Member States is totally inconsistent with the very goals of the Treaty of Rome and with any attempt to progress towards a common or "single" market. Member States bear the full responsibility for keeping this major barrier to a common market up.

It is important to remember that when it comes to tax incentivised savings or investment products there are two things to consider: First, the savings/ investment product itself and second, the tax 'wrapper' – that is, the tax incentives that MS provide to encourage savings. Our view is that the product itself should be treated neutrally in tax terms. However, tax incentives to encourage savings are a matter of public policy and are for MS to decide. So, if we want to encourage a single product market, EU citizens (regardless of which MS they live in) should be able to use products from other MS on a tax neutral basis within the specific tax 'wrapper' available in their own MS. However, citizens should not be able to take advantage of tax wrappers which are more generous than those in their own MS. This would simply encourage tax avoidance.

Of course another key barrier to cross-border retail financial services is the language barrier. There also one can hope that technology will further lower the cost of providing multi-lingual information and communication.

The life insurance with profit policies case (BE/FR)

With profit policies (capital guaranteed life insurance contracts) are called "*contrats en euros*" in France and "Branche 21" insurance contracts in Belgium. The market is huge in France (by far the

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number one retail investment product there: € 1,250 billion in assets).

The best French with profit contracts delivered returns above 3% in 2015. Almost no Belgian contract got even close, and most of their 2015 returns are closer to 2%[3]. These 2015 results confirm longer-term track records. Belgian residents would be better off buying those French contracts. But it is very difficult for Belgian residents to purchase the better performing French contracts:

- First several French insurers ban the sale of the contracts to non French residents; they do not tell why
- Second and more importantly, non French residents are strongly discriminated tax wise: For instance there is no Belgian income tax on policy profits if policy holders hold them for 8 years or more, but the French Government will anyway tax Belgian holders of French domiciled life insurance contracts held for more than 8 years with a 7.5 % tax.
- Worse, in that case, Belgians holders of a French domiciled insurance policy not only pay a tax when other Belgian policy holders do not, but they are also more taxed then French residents holding the same policy, as French residents are taxed only after a threshold of € 4,600 (for an individual) or € 9,200 (for a couple) of interest earned per year, a threshold that is brought down to zero for non French residents!

In front of this outright discrimination an association of Belgian savers (AFER Europe) worked with a French based insurer (Aviva France) to have this insurer open a Branch in Belgium to enable Belgian savers to subscribe to the performing French insurance contract (+3.05 % return in 2015) without having to pay

[3] Source: http://www.guide-epargne.be/epargner/branche-21-meilleur-interet.html

discriminatory taxes to the French Government on their returns. From then on, those Belgian savers did not pay any tax on their returns if they held their contracts for 8 years or more like all the Belgian holders of Belgian domiciled contracts.

But in 2015, the French based insurer closed the contract to new subscribers for unclear reasons. So Belgian savers again have no possibility of avoiding the discriminatory taxes if they want to subscribe to more performing French-based insurance contracts. The detriment could well amount to hundreds of millions of euros per year for Belgian savers.

The bank accounts case (BE/FR)

This is exactly the opposite case where this time consumers residing in France would be much better off if they could use Belgian bank accounts instead of those offered by local French banks.

Indeed, bank account fees are on average significantly lower in Belgium than in France. Most major banks in Belgium even offer internet-based bank accounts for free (no fees).

In France, the major banks do not offer such cost free internet bank accounts, and on average their bank account fees are significantly higher and on the rise.

French consumers would benefit a lot from more open competition between France and Belgium to choose their bank account provider.

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3. *Can any of these barriers be overcome in the future by digitalisation and innovation in the FinTech sector?*

Digitalisation can certainly help to overcome these barriers. It should be considered especially as regards to the distribution of products with multilingual information. Also, it would be key to pressure downwards the costs that citizens pay for certain services like financial advice (robo advisors). Digitalisation also lowers the time and cost incurred by consumers to compare products and services cross-border.

4. *What can be done to ensure that digitalisation of financial services does not result in increased financial exclusion, in particular of those digitally illiterate?*

Regulators should identify/define basic services in every retail finance area that must be also provided by traditional (non digital) means.

5. *What should be our approach if the opportunities presented by the growth and spread of digital technologies give rise to new consumer protection risks?*

We agree on the fact that new technologies may give rise to consumer protection risks. That is why supervisors have to follow closely the developments of financial markets and in view of innovations, such as it is the case nowadays with crowdfunding, establish appropriate regulatory frameworks in order to avoid unduly discriminations versus other traditional competitors already regulated and publicly supervised.

6. *Do customers have access to safe, simple and understandable financial products throughout the European Union? If not, what could be done to allow this access?*

We clearly consider that this is currently not the case. The only significant Pan European financial product is the UCITs investment fund[4], but unfortunately our research shows that UCITS funds are mostly sold to institutional investors, not to individual ones. For example, there are 11,500 funds domiciled in France, only 3500 are UCITs and 8000 are so-called “alternative Investment funds” or “AIFs” mostly sold to individuals, in particular inside packaged products such as unit-linked insurance contracts or corporate savings plans. The legal term “alternative” is quite misleading, as many of these funds are very traditional and long only investment funds. They just do not have the EU passport. They are on average much smaller in size than UCITs funds, therefore more costly, and also less transparent[5]. The same situation can be found in Germany, or to some extent in Belgium.

To address this issue there are a number of policy interventions that could be undertaken:

-Create Pan European products, in particular in the field of personal pensions (the PEPP designed by EIOPA at the request of the EC)

-Promote competition on order to bring fees down through standarisation of disclosure requirements (retail investment in general)

[4] ELTIFs (European Long Term Investment Funds) launched end of 2015, and other such products are Pan European but they are not targeted to retail clients.

[5] The French Authorities require that retail AIFs follow the UCITS IV disclosure rules regarding the obligation to issue a KIID (Key Investor Information Document), but that may not be the case elsewhere.

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-Cap on fees for services where choice is limited like the EC did for cross border telecom services. This would apply to the very similar case of card payments in foreign currency[6], which currently suffer from very high and uncompetitive, fees.

- As far as retail investment funds are concerned, Better Finance has been advocating for the ban of the use of national only AIFs (usually poorly performing and highly priced for one reason because of their small average size[7]) in retail packaged products, to be replaced by Pan European UCITS funds.

7. *Is the quality of enforcement of EU retail financial services legislation across the EU a problem for consumer trust and market integration?*

Yes, currently there is little supervisory convergence in retail financial services. Access to redress (private enforcement) is problematic many times due to the lack of collective redress mechanisms since there are large scale cases with numerous citizens suffering of an abuse, but often they are very technical and it is very difficult for consumers even to evaluate their prejudice or even to be aware of it.

8. *Is there other evidence to be considered or are there other developments that need to be taken into account in relation to cross-border competition and choice in retail financial services?*

[6] See the full study done by the FSUG on cross-currency credit and debit card transactions in the EU

[7] See the study done by Getter Finance in its research and briefing paper « a CMU for growth, jobs and citizens »

At this regards, and as we said before, stress should be put on quality and not on quantity. The way to increase cross-border competition and choice in financial services is to promote quality products and not just launching new products since there are already a huge number of retail products, especially funds and packaged products, which mostly do not serve well the interests of financial services users.

9. *What would be the most appropriate channel to raise consumer awareness about the different retail financial services and insurance products available throughout the Union?*

Better Finance advocates for the development of EU wide independent (from providers) comparative websites.

10. *What more can be done to facilitate cross-border distribution of financial products through intermediaries?*

Harmonising and standardising key disclosures throughout Europe is an important requisite. The EU has been pushing it and achieving it with the KIID for UCITS funds (UCITS IV Directive). However, the newer PRIIPs Regulation, which meant to extend it to other retail investment products, does not apply to personal pensions, to occupational pensions and to securities (shares and bonds). Furthermore, the ESAs are currently eliminating the crucial past performance disclosure in the KID for PRIIPs in general and also in particular for UCITS funds. EU savers will no longer know whether a retail investment product has made money or not, or whether a comparable product has performed better or not. This is a huge step backward denounced by many instances and not only consumers. The replacement of past performance disclosures by foggy, misleading and inaccurate "future performance scenarios" will only compound the problem.

The EU Parliament and the EU Council have nearly killed the EC proposal to standardise the key disclosures for occupational pension savers: see the current status of the IORP II Directive where all provisions to standardise and therefore to allow comparability of the future "pension benefit statements" have been erased. Certainly, the proposed delay of the entry into force of PRIPS will have a negative effect on the facilitation of cross-border distribution of retail investment products.

Harmonising certain tax provisions would eliminate many of the barriers that intermediaries have to face when distributing products cross-border. Furthermore, in the field of personal pensions a PEPP that would address those tax issues would enable financial advisors to distribute pension products cross-border, which is something that happens very rarely nowadays. Better Finance has proposed for Member States to agree to give the PEPP the "most favoured nation" treatment tax wise, i.e. not to tax more the PEPP than comparable national personal pension products.

11. *Is further action necessary to encourage comparability and / or facilitate switching to retail financial services from providers located either in the same or another Member State? If yes, what action and for which product segments?*

As the EU Consumer Scoreboard shows, difficulties of switching is one of the many reasons why retail financial services rank so low. The possibility of setting EU-supported on-line comparators would be an option to consider by EU institutions.

12. *What more can be done at EU level to tackle the problem of excessive fees charged for cross-border payments (e.g. credit transfers) involving different currencies in the EU?*

This is an important issue, and especially as regards to retail payments in foreign currencies due to the potentially high consumer detriment in this area, since the volume of such operations is enormous and there is virtually no disclosure on the exchange rates charged by banks and merchants to clients paying in foreign currency.

The capping of fees, plus transparency and reporting the relevant supervisors should be considered by EU institutions to address the situation. As mentioned above (question 6), we do not ee why the EC would not tackle this issue the same way it did very effectively for cross-border telecom services. This is really the kind of moves that would reconcile EU citizens with the EU institutions as they could see the tangible benefits of its actions.

13. *In addition to existing disclosure requirements, are there any further actions needed to ensure that consumers know what currency conversion fees they are being charged when they make cross-border transactions?*

Yes, see above questions 6 and 12: there is an obvious lack of competition and transparency in the very high fees charged by intermediaries for cross currency transactions, in particular with cards.

The EC must tackle this issue the same way it successfully tackled it for cross-border telecom fees.

14. *What can be done to limit unjustified discrimination on the grounds of residence in the retail financial sector including insurance?*

We are aware of the fact that discrimination from insurers to EU citizens on the basis of residence is a huge problem. Life insurance policies very often include the caveat "*only available if you are resident*" and there are enormous differences between the rates that are paid in neighbouring EU countries. A very striking example are the large differences in guaranteed rates between French and Belgian life insurance policies (see the with profit life insurance policies case in Question 2)

15. *What can be done at EU level to facilitate the portability of retail financial products – for example, life insurance and private health insurance?*

As regards to life insurance, see replies to 2 and to 14 above.

16. *What can be done at the EU level to facilitate access for service providers to mandatory professional indemnity insurance and its cross-border recognition?*

17. *Is further EU-level action needed to improve the transparency and comparability of financial products (particularly by means of digital solutions) to strengthen consumer trust?*

Indeed, the comparability of retail financial products, especially investment ones, is an area where improvement is badly needed. In spite of the work that EU institutions have done during the latest years (PRIIPS Regulation) and the current dossiers that are in the pipeline (Prospectus, IORP) pre-contractual disclosure and selling practices for retail investment and pension product is uneven causing unduly discrimination between products. Work from institutions to address this issue would be most welcome.

We refer to our replies to questions 9 and 10.

18. *Should any measures be taken to increase consumer awareness of FIN-NET and its effectiveness in the context of the Alternative Dispute Resolution Directive's implementation?*

We agree with the fact that FIN-NET is not extremely well-known by consumers, but especially FIN-NET should be known by the relevant consumer associations and national authorities who are in charge of processing consumers' claims. Another important point would be to generalise investor and consumer collective redress and especially to enable EU citizens to claim collectively through an EU-wide collective redress. This would be important in the field of financial services, since especially in the latest years we have witnessed a plethora of financial scandals that have affected investors and consumers in different EU countries in most of the cases.

19. *Do consumers have adequate access to financial compensation in the case of mis-selling of retail financial products and insurance? If not, what could be done to ensure this is the case?*

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This is usually not the case because private enforcement is very weak in the area of financial services. We refer to our reply to question 7.

20. *Is action needed to ensure that victims of car accidents are covered by guarantee funds from other Member States in case the insurance company becomes insolvent?*

21. *What further measures could be taken to enhance transparency about ancillary insurance products and to ensure that consumers can make well-informed decisions to purchase these products? With respect to the car rental sector, are specific measures needed with regard to add-on products?*

Ancillary insurance products are now regulated by article 1 paragraph 3 (scope) and article 21 (information to customers) of the new Insurance Distribution Directive (IDD). But these are only minimum standards. The cross-selling practices of these insurances (cf. IDD article 24) should therefore be regulated in detail by EIOPA as clearly as it is already made by ESMA following to MIFID II (Guidelines published in december 2015; cf. ESAs consultation paper in december 2014). The advice on and the sale of additional cover letters in the car rental sector is quite usual - at least in Germany ("Schutzbriefe / Auslandsschadenschutz").

22. *What can be done at the EU level to support firms in creating and providing innovative digital financial services across Europe, with appropriate levels of security and consumer protection?*

Financial service providers are no different than other firms, they need legal certainty and a level playing field to thrive. Innovative digital financial services can develop only when existing barriers that are common to both “physical” and digital services are successfully dealt with.

These barriers include:

- *Administrative barriers such as a proof of residence from the country in which the financial service is sold.*
- *Availability of data including credit data and differing methodologies for assessing creditworthiness*
- *Debt recovery procedures across EU countries*
- *Language barriers*
- *Risk assessment*
- *Tied products/conditions*
- *Taxation*

To ensure appropriate levels of security and consumer protection, we need to increase the supervision consistency for ESAs across Member States. A concrete example of issues arising from innovative digital financial services are FOREX contracts provided from Cyprus to other EU Member States. ESAs from other Member States are trying to contact the ESA from Cyprus to ensure that it exerts enough control over such firms.

23. *Is further action needed to improve the application of EU-level AML legislation, particularly to ensure that service providers can identify customers at a distance, whilst maintaining the standards of the current framework?*

AML legislation has to be encompassed with the protection of data of citizens as users of financial services.

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24. *Is further action necessary to promote the uptake and use of e-ID and e-signatures in retail financial services, including as regards security standards?*

25. *In your opinion, what kind of data is necessary for credit-worthiness assessments?*

26. *Does the increased use of personal financial and non-financial data by firms (including traditionally non-financial firms) require further action to facilitate provision of services or ensure consumer protection?*

27. *Should requirements about the form, content or accessibility of insurance claims histories be strengthened (for instance in relation to period covered or content) to ensure that firms are able to provide services cross-border?*

Related to motor insurances a standardization of bonus-malus-systems does not appear to be possible, because the systems used by the insurers are too different. But usually it is not impossible for a customer to find an individually favourable agreement with his agent or broker via bargaining. Generally spoken we clearly stress that good terms and conditions of a contract are more important than more or less strongly reduced premiums.

28. *Is further action required to support firms in providing post-contractual services in another Member State without a subsidiary or branch office?*

29. *Is further action necessary to encourage lenders to provide mortgage or loans cross-border?*

Yes. These providers should identify precisely why they do not offer their services cross-border. Like life insurance and bank accounts, this is an area where there are very significant price (interest rates) conditions between Member States, to the detriment of EU consumers.

30. *Is action necessary at EU level to make practical assistance available from Member State governments or national competent authorities (e.g. through 'one-stop-shops') in order to facilitate cross-border sales of financial services, particularly for innovative firms or products?*

YES, this could be the case, but as long as NCAs can still review marketing material, brochures, etc. distributed locally by companies domiciled in another Member State and aiming at selling cross-border. This is especially necessary for those NCAs which so far have proven not to fully comply with those EU rules that bind them to supervise national financial markets and the institutions that are registered to operate in those. For example, the information provided by some companies domiciled in Cyprus and selling forex and binary options to French individuals has been often misleading and has forced the French supervisor to issue warnings to try to protect French retail investors.

31. *What steps would be most helpful to make it easy for businesses to take advantage of the freedom of establishment or the freedom of provision of services for innovative products (such as streamlined cooperation between home and host supervisors)?*

The most helpful step EU authorities could take is to ensure truly innovative providers are able to compete on a level playing field against dominant providers in local markets. This will not happen by deploying demand side interventions. Tough, consistently enforced supply side interventions are needed.

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Assuming these supply side failures can be addressed; there is also an opportunity for regulators at EU level to collaborate to enable innovative providers to negotiate the complexity of regulations in different Member States.

32. *For which retail financial services products might standardisation or opt-in regimes be most effective in overcoming differences in the legislation of Member States?*

We believe that there may be highest potential at this regard for the PEPP (Pan-European Pensions Product) and also for UCITS funds.

33. *Is further action necessary at EU level in relation to the 'location of risk' principle in insurance legislation and to clarify rules on 'general good' in the insurance sector?*

No. We believe that those laws regarding the „general good“ principles are invoked by the insurance industry as a way to prevent EU harmonisation and the progress towards a common market in the field of insurance, which as a matter of fact is one of the areas where during the last 60 years the EU Internal Market has had fewer impact.