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Where is the Single EU Market for Financial Services?

A new Green Paper from the EU

Brussels, 10 December 2015 - Thanks to the EU Single Market 500 million consumers should benefit from cross-border competition, often resulting in a wider 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.

Better Finance therefore welcomes the “Green Paper on retail Financial Services” issued today by the European Commission, but will it be the one to eventually bring about an integrated and competitive European market for retail financial services?

Eight years ago another “Green Paper on retail financial services” failed in this objective. Today consumers across the EU have very little confidence in the investment services offered to them by the financial industry, 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.

For most retail products it’s a given that *“information on their function, their cost and how they compare to other products should be available in a way that consumers understand”*. There is no reason why this should not be the case for retail financial services. Yet this is not even the case within individual EU Member States, never mind across borders. Currently there is very limited cross border activity in terms of retail financial services and performance as well as price differences between Member States remain very significant.

Whereas technology continues to contribute to the creation of a single market by enabling companies to improve the availability and comparability of 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 elimination of national barriers in terms of language, as well as tax discrimination against EU citizens from different Member States.

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.

If EU Citizens are to really benefit from a Capital Markets Union, a Banking Union and a Digital Single Market, and if the financial industry is to regain their trust, the Green Paper needs to herald the eradication of national barriers currently hampering access to and distribution of adequate and cost effective financial services.

Better Finance worries whether this new Paper is ambitious enough to tackle the many remaining obstacles and overcome 58 years of failure to achieve meaningful EU market integration on behalf of financial services users.

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