

HEADING 1A: Competitiveness for growth and jobs

Enhancing consumers' involvement in EU policy-making in the field of financial services

Lead DG: FISMA

I. Overview

What the programme is about?

The objective of the programme is to give consumers and other financial services end-users a stronger voice in EU policy-making. Thus, the programme aims at involving consumers and other financial services end-users in Union and relevant multi-lateral policy-making in the area of financial services as well as informing them about issues at stake in the financial sector. Details on the history of the programme are available in the next section.

The programme has two beneficiaries: Finance Watch ⁽¹⁾ and Better Finance ⁽²⁾. Finance Watch is a non-profit association, its mission being to strengthen the voice of consumers and end-users of financial services and to defend their interests in the financial sector. Finance Watch strives to address also the bigger societal challenges related to finance, focusing on financial inclusion and sustainable finance. Better Finance is a European federation of investors, shareholders and financial services users, who are independent from the financial industry. Better Finance grew into a centre of financial expertise, advocating for an open, transparent and efficient financing of the real economy, served by financial institutions that keep in mind the interests of customers and the public.

Every year since 2011, both beneficiaries have been submitting work programmes annually focussing on activities that would broaden their outreach and sharpen their impact on EU policy-making in the area of financial services. In general terms, these activities include:

- publications of research and policy papers;
- activities engaging existing members and stakeholders (workshops, conference calls, public events, etc.), including in Member States;
- increased and diversified membership, in particular covering more Union Member States;
- communication and outreach activities, including organisation of high-level conferences, participation in hearings, good press coverage and social media activities, and financial education and training;
- increased representation of consumer and end-user interests in the Union policy-making through regular meetings with policymakers and through participation in expert or stakeholder groups with EU institutions and European Supervisory Authorities (ESAs).

EU added value of the programme

The new regulation establishing a Union programme for the period 2017-2020 follows on a previous pilot project and preparatory action, which were positively evaluated in 2015. In particular, the evaluation assessed positively the Union added value of the previous pilot project and preparatory action since national organisations dealing with various consumer issues lack technical expertise and cannot cover such a broad and highly specialised scope of policy areas related to financial services. In addition, no other similar organisations were identified at EU level at the time. The new regulation also complies with the subsidiarity principle since, in accordance with Article 5 of the Treaty on the European Union, its objectives cannot be sufficiently achieved by the Member States and can, by virtue of the scale and the effect of the action, be better achieved at Union level.

Implementation mode

Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) is the lead DG for the programme. The programme is implemented through direct management with annual work programmes.

II. Programme Implementation Update

Implementation status (2017-2019)

Through the pilot project and subsequent preparatory actions, the Commission awarded, via yearly calls for proposals, grants to two Brussels-based non-profit entities, Finance Watch and Better Finance since 2012. On 17 May 2017, a new legal basis entered into force transforming the former pilot programme into a multi-annual programme ending on 31 December 2020, hence ensuring that the interests of consumers and other financial services end-users continue to be represented in EU policy-making in the area of financial services.

The programme is being implemented as foreseen. The two beneficiaries effectively contributed to the objectives of the programme by performing research, advocacy and awareness raising in relation to a comprehensive range of EU financial legislation.

⁽¹⁾ <http://www.finance-watch.org/fr>

⁽²⁾ <http://www.betterfinance.eu/>

In the first half of 2019, both beneficiaries dedicated their efforts to awareness raising in view of the EP electoral campaign and were seeking support from leading candidates in favour of consumers of financial services. These activities followed the EU policy and governance cycle as that was the right moment to plead for political commitment. On the other hand, because of the EP recess period (i.e. stalled legislative activities) there was a reduced need for advocacy.

In addition, Finance Watch invested its efforts in further specialising in sustainable finance and digital matters (namely, Libra cryptocurrency) while Better Finance, on the other hand, continued working on its research on pensions, investment funds and robo-investing.

Key achievements

The importance of this small programme outstrips its modest budget (EUR 1.5 million per annum). Through intensified advocacy actions with increased influence on policy-making, a better outreach to users of financial services, including a wider geographical coverage in the EU, the beneficiaries continue to substantially raise the profile of the interests of consumers and other financial services end-users in EU policy-making.

Better Finance has asserted itself as a specialised EU non-industry association with a primary focus on retail investments. In 2019, notwithstanding the EP electoral period, Better Finance kept researching, publishing and lobbying on its main topics, e.g. Pan-European Pension Product (PEPP), Sustainable Finance, Packaged retail and insurance based investment products (PRIIPs), Collective Redress and New Deal for Consumer. For instance, they published the reports 'Efficient Portfolio Management Techniques: Attribution of profits derived from Securities Lending by UCITS Exchange-Traded Funds' and 'Study on the Correlation Between Cost and Performances in EU Equity Retail Funds'. They also provided 13 responses to public consultations/feedbacks, own-initiative publications and open letters on the above mentioned topics.

Finance Watch continued to develop comprehensive expertise in financial services policy. It was particularly active in the area of sustainable finance, a policy area of increasing importance. In this context, in 2019 Finance Watch published the third edition of the Global Green Finance Index, an index measuring the 'greenness' of financial centres. These achievements came ahead of the President Von der Leyen's priorities for the new Commission, and demonstrate that Finance Watch activities are highly relevant and the organisation is equipped, in terms of expertise, knowledge and strategic outlook, to advocate for sustainable finance and for a green deal in the financial sector to the benefit of the financial services end-users and of the environment.

Evaluation/studies conducted

Evaluation of the pilot project and subsequent preparatory action took place in 2015 and the outputs of this evaluation were made publicly available in a Commission Staff Working Document ⁽³⁾ on DG FISMA's website. This evaluation confirmed the EU added value of the programme, together with the effectiveness and relevance of the two organisations. The evaluation identified scope for improvement in the sustainability of the organisations' business model in terms of diversification of financing and of the coverage of consumer perspectives. The two organisations have been trying to diversify their funding sources, however the Union contribution remains crucial for the implementation of their activities.

A thorough assessment of the programme is currently ongoing and its results are expected shortly. Preliminary results indicate that the involvement of citizens in financial policy matters continues to be a challenge and confirms the need of a dedicated programme.

Forthcoming implementation

In 2017, a new legal basis entered into force (See next section) transforming the former pilot programme into a multi-annual programme ending on 31 December 2020. The substance of the beneficiaries' activities continues from predecessor initiatives. No changes are expected until end-2020. According to their work programmes and strategic priorities for 2020 and beyond, the two beneficiaries will continue to contribute to the achievement of the programme's objectives. Better Finance plans to focus on: promoting the European capital markets to individual investors and SMEs; fair and equal access to redress for individual investors; consistent consumer protection rules, and promoting financial education. Finance Watch plans to focus on financial inclusion, on promoting simple and standardised financial retail products, including default options, as a way to avoid discrimination and improve financial inclusion, and on sustainability by raising awareness among citizens of the need to consume financial products with responsibility.

Outlook for the 2021-2027 period

The Commission has proposed that Union support for enhancing the participation of consumers, other financial services end-users and civil society in financial services policy-making as well as for promoting a better understanding of the financial sector be continued during the 2021-2027 period under a new Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics [see COM(2018)441 final]. The 2021 work programme shall focus on the challenges posed to the financial services end users by the digitalisation of the financial sector and by the increasing call for sustainability.

In line with the Commission's proposal for the new SMP and the LFS attached thereto, it is the foreseen that in 2021 commitment appropriations for the grants to the Finance Watch and Better Finance will be of a similar value as in 2020.

⁽³⁾ https://ec.europa.eu/info/sites/info/files/staff-working-document-22122015_en.pdf

III. Programme key facts and performance framework

1. Financial programming

Legal Basis	Period of application	Reference Amount (EUR million)
OJ L 129, 19.5.2017, p. 17–23 Regulation (EU) 2017/826 of the European Parliament and of the Council of 17 May 2017 on establishing a Union programme to support specific activities enhancing the involvement of consumers and other financial services end-users in Union policy-making in the area of financial services for the period of 2017-2020 (Text with EEA relevance.)	2017 – 2020	6,0

	Financial Programming (EUR million)							Total Programme
	2014	2015	2016	2017	2018	2019	2020	
Operational appropriations				1,1	1,5	1,5	1,5	5,6
Total				1,1	1,5	1,5	1,5	5,6

2. Implementation rates

	2019				2020			
	CA	Impl. Rate	PA	Impl. Rate	CA	Impl. Rate	PA	Impl. Rate
Voted appropriations	1,500	100,00 %	1,487	100,00 %	1,500	82,33 %	1,500	41,17 %
Authorised appropriations (*)	1,500	100,00 %	1,487	100,00 %	1,500	82,33 %	1,500	41,17 %

(*) Authorised appropriations include voted appropriations, appropriations originating from assigned revenues (internal and external) as well as carried-over and reconstituted appropriations; the execution rate is calculated on 15 April 2020

3. Performance information

Programme performance

Since the launch of the programme in 2017 the two organisations have been successfully working towards the achievement of the programme’s objectives. They have acquired the knowledge and expertise needed to participate in EU and other relevant multilateral policy-making in the area of financial services, in line with the objectives of Regulation (EU) 2017/826. In parallel, the two organisations built up a network and implemented a number of dissemination activities that enabled them to inform consumers and other financial services end-users as well as stakeholders representing their interests, about issues at stake in the regulation of the financial sector.

Preliminary indications from an assessment of the programme’s implementation and its achievements are that the beneficiaries have contributed to EU policy-making by producing research aimed at measuring the impact of policies on consumers and then using this research to advocate for policy options that favour users of financial services. To this end, they have been publishing position papers and other policy-oriented materials, speaking at conferences/seminars, running campaigns, meeting policy-makers, organising events, proposing amendments and participating in stakeholders’ groups. Although the two organisations have different focuses and expertise areas, they both prioritised some policy aspects and pursued them in line with the objective of Regulation 2017/826.

Nonetheless the preliminary results of the assessment also indicate that the involvement of citizens in financial policy matters continues to be a challenge. Yet it also continues to be important to further increase the active participation and involvement of consumers and other end-users of financial services in policy-making for the financial sector. Together this confirms the on-going need for a dedicated programme pursuing these objectives.

Specific objectives

Specific Objective 1: To further enhance the participation and involvement of consumers and other financial services end-users in Union and relevant multi-lateral policy-making in the area of financial services

Indicator 1: Number of position papers and responses to public consultations for both beneficiaries (both a tangible output of advocacy activities)

Baseline	2014	2015	2016	2017	2018	2019	2020	Target
	Milestones foreseen							2020
56	Actual results							Maintain positive trend
					30	47		

Methodology: Absolute value – yearly

Specific Objective 2: To contribute to the information of consumers and other financial services end-users about issues at stake in the financial sector

Indicator 1: Number of Twitter followers – Twitter is an efficient means to distribute information and to link followers to websites or Facebook pages where more material can be retrieved

Baseline	2014	2015	2016	2017	2018	2019	2020	Target
	Milestones foreseen							2020
1 740					2 100	2 300	Maintain positive trend	Maintain positive trend
	Actual results							
					9 624	11 207		

Methodology: Absolute value – yearly

Expenditure related outputs

Outputs	Budget line	Budget 2020	
		Number	EUR million
Action grants awarded to two beneficiaries	12 02 08		1.5
Total			

4. Programme related additional information

On 15 June 2016, the Commission proposed a regulation to establish a Union Programme to provide support for the development of a financial expertise centre to the benefit of European end-users and other non-industry organisations with the objective to enhance the latter’s capacity to participate in the Union policymaking in the area of financial services.