

Opinion of the European Economic and Social Committee on the 'Green Paper on Financial Services Policy (2005-2010)'

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On 3 May 2005 the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the *Green Paper on Financial Services Policy (2005-2010)*.

The Section for Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 20 October 2005. The rapporteur was Mr Ravoet.

At its 422nd plenary session, held on 14 and 15 December 2005 (meeting of 15 December), the European Economic and Social Committee adopted the following opinion by 115 votes with 1 abstention.

1. Background

1.1 The European Commission's Green Paper on financial services policy launches ideas to further integrate EU financial markets. It focuses primarily on implementing existing rules agreed under the Financial Services Action Plan (FSAP) and on cooperation, rather than on proposing new laws. It explores ways of improving cross-border access to retail financial services and asset management.

1.2 The Green Paper emphasizes the short-term need to complete unfinished business and finalise legislation currently under negotiation in the European Parliament and the Council. It also stresses that existing legislation must be implemented effectively, in three phases: effective transposition of EU rules into national law; more rigorous enforcement by supervisory authorities; and continuous ex-post evaluation. At all stages of any future regulatory process, the Commission has stated that it will apply the rigorous 'better regulation' approach, with thorough impact assessment and extensive consultation.

1.3 In a few areas, the Commission may propose new initiatives. Separate Green Papers on asset management and mortgage credit were published in July 2005.

1.4 The Commission notes that the EU retail financial services market remains fragmented. It has therefore undertaken to examine, among other things, ways to make cross-border use of bank accounts more consumer friendly and to break down barriers so that customers can shop around across the EU for the best savings plans, mortgages, insurance and pensions, with clear information to facilitate product comparison.

1.5 Other issues covered in the Green Paper include ensuring that supervisory practices and standards converge across Europe, encouraging cross-border investment and taking advantage of the EU's strategic opportunity to influence the regulatory parameters of the emerging global financial market.

The Commission proposes strengthening financial relations with the US, Japan and China.

2. General observations

2.1 The European Economic and Social Committee (EESC) welcomes the opportunity to offer its opinion on the European Commission's priorities for financial services policy from 2005 to 2010. As we move into a post-FSAP environment, it is right for the Commission to take stock of what has been achieved and what its future priorities should be.

2.2 The Commission rightly considers the FSAP to have been one of the successes of the first phase of the Lisbon strategy. During the strategy's crucial second and final phase through to 2010, it will be more essential than ever to ensure that financial services policy promotes the achievement of the Lisbon goals of growth and jobs.

2.3 The EESC thus supports the Commission's aim of encouraging depth, liquidity and dynamism in financial markets so as to enable capital and financial services to be channelled efficiently to all parts of the economy. A stable, integrated and competitive financial sector, in which consumers have a high level of confidence inculcated through effective consumer protection measures, is a necessary condition for the EU economy to thrive.

2.4 The EESC also endorses the Commission's proposal to refocus its efforts over the next five years and to concentrate on bringing to fruition the initiatives taken so far. At this stage, past initiatives should be monitored and evaluated, and any new initiatives should be introduced with caution and due consideration of the consumer angle. A cost/benefit analysis should automatically become an integral part of new legislation; legislation that must be drafted sufficiently clearly to avoid subsequent 'gold plating' by the Member States.

3. Specific observations

3.1 The EESC congratulates the Commission for the high quality of the proposals contained in the Green Paper and broadly supports most of the proposals it sets out. This EESC opinion on the Green Paper thus seeks to underline those areas considered to be of particular importance for EU organised civil society while at the same time asking the Commission for more specific details on its planned proposals on a number of key issues.

3.2 Key political orientation of the Green Paper

3.2.1 The EESC agrees with the overall objectives of Commission policy over the next five years and with the proposed key political orientation.

3.2.2 The EESC supports the European Commission's overall aim of creating an open and economically efficient European financial market governed by adequate supervisory rules that guarantee a sufficiently high level of consumer protection. The Commission must be mindful that consumer protection and consumer confidence go hand in hand. Therefore, while we feel that the Commission's objectives are moving towards the right balance between recognising the role of employers and employees, or financial institutions and consumers, in organised civil society, the central role of an effective consumer protection policy should also be acknowledged. Competent and sufficient personnel has a key role to play in creating consumer confidence and in providing consumer education.

3.2.3 The EESC shares the Commission's view that the **watchwords of** cross-border competition, market access, enhanced transparency, market integrity, financial stability, international competitiveness of the EU financial sector and efficiency are still valid today. However, the Commission should also recognise that consumer needs must be considered too as a determining criterion for any initiative it proposes. Consumer confidence in financial services would be a good yardstick by which the Commission could measure how successful it has been in meeting consumers' demands.

3.2.4 Small and medium-sized enterprises (SMEs) are economic catalysts whose needs should be at the heart of EU policymaking. The EESC strongly supports the notion that a climate which encourages **entrepreneurship, supported by a well-functioning risk capital market**, is essential for promoting new and innovative firms, thereby raising productivity and the sustainable rate of economic growth in the EU. The EU's financial services policy has improved the legal

environment for capital-raising by SMEs, for example through the Prospectus Directive⁽¹⁾. Non-regulatory initiatives may also be appropriate.

3.2.5 Given the EESC's commitment to the EU's global competitiveness and competition, we agree with the Commission that the **'better regulation' approach** must be rigorously applied to all its initiatives. However, the EESC would strongly advocate that a number of factors be taken into account before the 'better regulation' approach is pursued. Firstly, the EESC would expect impact studies to be carried out by independent and competent organisations. There should be no overemphasis on financial services integration per se without taking consumers' interests into account: both sides of the coin have to be considered. Social and employment aspects must be included into all assessments. Extensive consultation before the impact studies are finalised and a balanced, evidence-based approach are needed. It must also be borne in mind that consumer groups usually have more limited resources than the industry. For instance, participating in Forum Groups for specific retail products might put serious strain on consumer organisations' staff resources.

3.2.6 The EESC considers the stated **evidence-based policy-making** approach to be the right one, provided it gives due consideration to the consumer dimension. It also asks the Commission to state explicitly that this commitment not only applies to the legislation emanating from DG Internal Market and Services, but also to that proposed by the other directorates-general. The EESC would also strongly support the Commission in calling for the European Parliament and, in our view, the Council in particular, to apply the same 'better regulation' principles as outlined above, as a safeguard against Commission proposals emerging from the co-decision negotiations as overly complex versions of the original Commission text. Finally the EESC notes that the 'better regulation' approach also needs to be applied by the Level 3 committees⁽²⁾ and the global standard setters⁽³⁾.

3.2.7 The EESC notes that unless proposed regulations and standards undergo a **competitiveness test**, the prospects of the EU ever meeting the Lisbon objectives will be much diminished. This would undermine the EU's global competitiveness, its financial stability and its ability to create jobs. The EESC considers this too great an opportunity to be missed. At the same time as testing the competitiveness of new initiatives, the Commission must also test its ability to deal with issues that consumers and providers might face in the market.

⁽¹⁾ Directive 2003/71/EC, OJ L 345, 31.12.2003.

⁽²⁾ Level 3 committees refer to the Committee of European Securities Regulators (CESR), the Committee of European Banking Supervisors (CEBS) and the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) established under the Lamfalussy process.

⁽³⁾ Such as the Basel Committee on Banking Supervision (BCBS), the International Organisation of Securities Committees (IOSCO), the OECD's Financial Action Task Force on money laundering (FATF) and the International Accounting Standards Board (IASB).

3.2.8 The EESC is pleased to see that the Commission is willing to make greater use of all its **competition powers** to ensure that the broad FSAP objectives of furthering integration are not hindered by anti-competitive behaviour. However, it would call on the Commission to provide legal certainty, for example through the creation of a 'safe harbour', regarding the conditions under which self-regulation is not deemed to breach competition law.

3.2.9 The EESC supports the continued use of the **Lamfalussy approach**. Thus, at Level 2 of the Lamfalussy process, the EESC calls on the EU institutions to come to an (inter-institutional) agreement to put the European Parliament in the same position as co-legislator as it would have had under Article I-36 of the Constitutional Treaty. Among other things, this will prevent the sunset clauses from taking effect from April 2007 (as would be the case in the Market Abuse Directive) ⁽⁴⁾.

3.2.10 However, while the Commission may well claim that 'European decision-making and regulatory structures have become more rational and efficient as a result of the Lamfalussy process,' questions have been raised as to the efficiency and speed of that process. Lawmaking may not be faster and more efficient since the consultation required for the implementing measures impacts on the time it takes to agree the final package. It is, therefore, up to all sides to strike the right balance between sufficient consultation on the one hand, and expediency on the other. Moreover, the EESC hesitates to express its support for applying the Lamfalussy process to retail financial services issues if Member States' discretionary powers in the field of consumer protection would thereby be called into question.

3.3 Better regulation, transposition, enforcement and continuous evaluation

3.3.1 The EESC agrees in principle with the **priority measures** identified by the Commission. It is now equally important for the Commission to state explicitly how it will seek to turn its well-intended language on better regulation into practical and tangible steps to meet its own objectives. It is especially important for the Commission to communicate these ideas clearly so that its stakeholders have a very real picture of how the Commission intends to deliver on its objectives and how its stakeholders can become involved in the process.

3.3.2 The EU needs the most effective strategy to stimulate growth and create jobs in a way that benefits society as a whole. Excessively burdensome and inappropriate legislation only serves to stymie economic growth and job creation. The EESC thus notes with interest the proposed evaluation of whether existing directives and regulations are delivering the expected economic benefits. It welcomes the Commission's commitment to **modify or repeal those measures that**

clearly fail to pass such a test and looks forward to words consistently being turned into action. Nonetheless, the EESC feels that consumer interests need to be given high priority in any such assessment. Account must therefore be taken not only of economic benefits as such, but specifically of economic benefits to consumers, including any potential harm they may suffer.

3.3.3 The EESC welcomes the Commission's strong emphasis on the **proper transposition, implementation and enforcement of the FSAP measures** and considers this a *sine qua non* for successful delivery of the FSAP's intended objectives. The EESC notes however that the buy-in of the Member States and of the Lamfalussy Level 3 committees is essential to the process as without their unconditional and unequivocal commitment nothing will be achieved, however well intentioned and determined the Commission may be.

3.3.4 The EESC therefore urges the Commission to keep the momentum going and maintain the commitment of the heads of state or government, the ECOFIN members and the Level 3 committees, as it is important that they take ownership of the single market. Moreover, the EESC feels that in the current mood of reflection on the role and destiny of the European Union, the Commission must urge **Member States to communicate clearly to their citizens** the purpose of decisions taken at European level, and the reasoning behind them. Importantly, society should be made aware of how it could and should be involved in European policymaking in general, and in building the single market in particular.

3.3.5 In order to facilitate the global competitiveness and financial stability which the single market is designed to create, the EESC particularly endorses the Commission's recommendation 6 ⁽⁵⁾. In relation to what is commonly referred to as '**gold-plating**', this recommendation states that Member States should 'refrain from adding to national implementation legislation conditions or requirements that are not necessary to transpose the Directive concerned, where such conditions or requirements may hinder attainment of the objectives pursued by the Directive'.

3.3.6 That said, the EESC encourages the Commission to make sure that the language used in the EU legislation is sufficiently clear. Indeed, the EESC notes that what is sometimes described as 'gold-plating' might simply be an attempt by Member States to clarify EU texts, thereby saving a burden on business rather than imposing one. Either way, whether it is a case of EU Member States seeking 'super equivalency' with EU legislation or an attempt to clarify EU legal texts, a burden does accrue. Since such burdens often have a disproportionately large impact on SMEs, the Commission must be mindful to ensure that entrepreneurs and innovators in society are not stifled by bureaucracy and legislation.

⁽⁴⁾ Directive 2003/6/EC, OJ L 96, 12. 4.2003.

⁽⁵⁾ SEC(2004) 918.

3.3.7 Moreover, the single market must not increase consumer risk by removing existing, national-level protection. National consumer protection rules and regulations grew up to address issues relevant to national markets, and should not therefore necessarily be viewed as barriers to an internal market. The EESC is not convinced that current national consumer protection provisions ordinarily distort competition and innovation as such or restrict the development of a cross-border market. It is not enough to assume that the removal of perceived barriers will necessarily result in a functioning and effective cross-border consumer market. Nonetheless, Member States must be mindful not to introduce additional consumer protection measures with the result that their respective local markets are in some way protected from competition from other European markets. The EESC considers full harmonisation of key retail banking elements (such as pre-contractual information, Annual Percentage Rate of Charge, etc.), i.e. 'targeted full harmonisation', as the most effective means of creating a genuine European internal market for retail banking services while at the same time providing an adequate level of consumer protection.

3.4 Consolidation of financial services legislation over the 2005-2010 period

3.4.1 Finish remaining measures

3.4.1.1 It is logical that existing initiatives should be completed and consolidated before embarking on new undertakings. The EESC thus agrees with the Commission that the overriding priority for the next 12 months must be to **complete the remaining elements** of the FSAP. This means completing negotiations in the European Parliament and Council, finalising the implementing measures that are in the pipeline at the Commission and, subject to a conclusive and thorough impact assessment, submitting a framework Directive for securities clearing and settlement.

3.4.2 Efficient and effective supervision

3.4.2.1 While the EESC welcomes an evolutionary approach as recommended by the Commission, it strongly feels that the Green Paper has missed an opportunity to set out clear and ambitious policy objectives on banking supervision. We believe it is essential to outline the **critical path**, i.e. to show how the many separate but interrelated issues are to be dealt with in the coming years. The EESC hopes therefore to see more concrete proposals set out in the White Paper. Proposals put forward for banking supervision should also read across to the insurance sector.

3.4.2.2 In a bid to foster a proper culture of consumer protection, where the most vulnerable consumers are afforded more protection than experienced investors, thereby enabling the EU to compete globally and to generate growth, the EESC

has identified a number of issues that need to be addressed in a way that gives prime importance to consumer interests:

- the elimination of duplicative supervision;
- the elimination of inconsistencies between directives and obsolete exceptions to the home-country principle;
- a review of the safety nets and possible examination of supervisory models;
- supervisory convergence around best practice standards;
- cooperation between Level 3 committees (CESR, CEBS and CEIOPS);
- cooperation between all stakeholders.

3.4.2.3 In line with its opinion⁽⁶⁾ of 9 March 2005 on the proposed Capital Requirements Directive the EESC welcomes the Commission's acknowledgement that **consolidated supervision** is a legitimate demand from industry. Assuming that consolidated supervision in no way encroaches on Member States' ability to react if operators breach the rules to the detriment of consumers active in their market, the EESC believes that such supervision would provide an appropriate degree of consumer protection while keeping any duplication of regulatory requirements to a minimum. This would in turn enhance the efficiency of the EU financial sector. However, the EESC feels that the Commission paper is not clear on whether supervisory convergence is needed before consolidated supervision can be delivered. The EESC believes that the objective and eventual implementation of consolidated supervision should, within a short space of time, act as a catalyst for supervisory convergence.

3.4.3 Enabling cross-border investment and competition

3.4.3.1 Removing unjustified barriers to consolidation will indeed bring economic benefits. These economic benefits will translate into increased dynamism in the European economy, which will mean an EU that can better create jobs and raise the standards of living for its citizens. The EESC therefore supports the Commission's objective of eliminating or reducing unjustified barriers to cross-border transactions, such as consolidation through **mergers and acquisitions** (M&A). In recent years, cross-border activity has grown significantly, yet we have seen a relatively low level of M&A in EU banking, although a number of such transactions have been completed in recent months or are in the pipeline. The reason lies partly in structural obstacles within the European banking market, many of which cannot be justified on grounds of enhancing customer value or financial stability, and could be removed or alleviated by policy action. A restructuring of the industry will lead to great changes for all parties involved — employees, companies and customers. An overall strategy is needed on how to tackle the effects of change.

⁽⁶⁾ OJ C 234, 22.9.2005.

3.4.3.2 The EESC agrees with the view expressed in the Green Paper that consolidation is not an end in itself, but a means to achieve economies of scale and scope. These in turn enable banks to offer their customers, whether individuals, SMEs or larger players, a wider range of services at a better price. It should also be noted that consolidation and realising synergies does not automatically imply a reduction in staff numbers across a merged banking group; in fact the opposite is often true. Therefore, the EESC considers this to be an important factor for employment since the financial sector is already an important employer in Europe. Banks will not take on the costs and risks associated with M&A unless they see that these economic benefits, or synergies, are achievable. In this context, the EESC looks forward to the up-coming European Commission study of barriers to cross-border M&A in Europe.

3.4.3.3 It is logical therefore that the EESC should call on the Commission to publish a 'roadmap' of intended measures in this area with specific reference to a timeframe within which these measures will be addressed.

3.4.4 The external dimension

3.4.4.1 The EESC broadly endorses this section and fully agrees with the Commission that the EU's financial sector must be competitive in global markets. The EESC thus welcomes in particular the Commission's initiatives to deepen the EU-US **financial markets dialogue**, to strengthen financial relations with Japan, China and India and to widen the agendas of the above-mentioned dialogue. The EESC feels that this is of crucial importance, not least given the increasingly prominent role played by China and India in the global economy.

3.4.4.2 The globalisation of capital markets and financial services and the absence of truly international decision-making bodies have resulted in **global standard setters** playing a very important role in policymaking. The EESC believes that the EU does not sufficiently speak with one voice in some of these fora. In some cases, this may affect the EU's ability to influence these standards and may thus run counter to European interests.

3.4.4.3 Given the different nature and role of these fora, ad-hoc solutions should be preferred over a one-size-fits-all approach whilst ensuring that Europe speaks with one strong single voice in international standard setting. The EESC highlights that the objective in this arena is to arrive at single global standards, especially appropriate in accounting, where Europe's views are well represented and not to develop separate European standards that are at odds with the global norm. This approach would not only ensure that Europe's financial services industry and its consumers have a single strong voice on the

global stage but would help to create a global level playing field with all the economic advantages that this development would imply.

3.5 Possible, targeted new initiatives

3.5.1 With regard to possible, targeted new initiatives, the EESC would draw particular attention to those in the field of retail financial services, as it is convinced that the quality of choice matters as much as — if not more — to consumers than the quantity of choice. The EESC therefore feels that adaptation to local markets is a key issue for retail service providers, irrespective of the method of distribution adopted.

3.5.2 With regard to the recommendations produced by the Forum Group on **mortgage credit**, the EESC is persuaded that instead of harmonising mortgage products, a competition-based approach would be more appropriate since this would lead to a better choice as well as to a better quality of product. The EESC also recognises the sound preparatory work undertaken by the Commission to review current legislation governing the **asset management** industry. As for whether this work should give rise to concrete initiatives on mortgage credit and/or asset management in 2006, following consultations by the Commission earlier this year, the EESC feels there is a need for a meaningful impact assessment beforehand, including a cost/benefit analysis.

3.5.3 The EESC remains to be convinced about merits of a so-called **26th regime**, especially for consumers. It agrees with the Commission that the benefits of such 26th regime remain to be proven and that it will be difficult to agree on optional European standards designed only for certain products. Consumers may also be confused by national information norms and regulations and those that apply elsewhere. A 26th regime is likely to be as complicated to establish as common European civil law, including procedural law, court layout etc. Nevertheless, the idea of the 26th regime is challenging and worthy of exploration.

3.5.4 What is clear, however, is that any additional, alternative or optional regime should not lead to or result in straight-jacketing providers into product standardisation as this would be detrimental to the competitive and innovative capacity of the financial services industry to meet the evolving needs of its customers.

3.5.5 Given the ongoing debate, therefore, the EESC would welcome any further clarification that the Commission can bring to the better understanding of the 26th regime. The EESC welcomes the feasibility study that has been announced.

3.5.6 The greater use of **Forum Groups** is on the whole positive. However, as noted earlier, the establishment of Forum Groups for specific retail products could place a significant strain on consumer organisations' resources.

3.5.7 Areas of possible future action

3.5.7.1 The EESC is pleased that the European Commission is willing to codify and possibly simplify the **existing rules on information requirements**. It would, however, argue the case more strongly for simplification rather than codification. The EESC takes the reference to simplification as an indication of the Commission's intention to improve the quality as opposed to the quantity of the information provided to consumers. To enhance quality requirements, the EESC would ask the Commission to look into the current legal requirements (both at EU and national level) in order to streamline the relevant information obligations and standardise information provision (even by way of codification) bearing in mind the medium chosen by the consumer.

3.5.7.2 The EESC considers that consumers could benefit from better standards of essential information, in the shape, for instance, of understandable, structured, comparable data on all crucial aspects of a contract. A high level of consumer protection must thereby be guaranteed in order to ensure that the information is adequate and informative and secures the appropriate legal protection.

3.5.7.3 As for **financial mediation** and the relations of financial institutions and consumers with intermediaries, the EESC notes, in the first place, that financial intermediation is subject to varying degrees of regulation at EU level. The Insurance Mediation Directive ⁽⁷⁾ and the Markets in Financial Instruments Directive (MiFID) ⁽⁸⁾ set out different concepts and levels of regulation for the intermediation of financial services and products. Greater coherence and convergence in this area should be encouraged, but the EESC believes that the MiFID regime, as the more comprehensive approach, should be given time to prove its efficiency before any fresh conclusions are drawn as to the potential need for further regulation in the area of credit mediation.

3.5.7.4 Given the need for further alignment of rules on conduct of business and sales advice, consideration could be given to establishing a level playing field for all providers of financial services to retail customers whilst taking different national conditions into account. It would, however, be more beneficial to secure the convergence or harmonisation of

domestic marketing and distribution rules than to launch new initiatives on conduct-of-business rules.

3.5.7.5 As for the role of professional and independent advice, the Committee feels that a clear distinction should be made between (i) providing advice as a separate, paid-for service at the request of the client and (ii) providing information that the consumer needs to be able to make a conscious choice.

3.5.7.6 Above all else, it is of the utmost importance to have clear rules and standards for financial intermediaries, who play a key role in the field of investment products in particular, but also in loan intermediation as well. Intermediaries also need to prove they have a solid knowledge of their trade and products. Brokers and independent agents should be liable for giving clients appropriate, fair and reliable advice. Arrangements must also be in place to resolve disputes rapidly and effectively. The expertise needs to be specific — i.e. it could be split up into sections: savings, investment, insurances, mortgages/credits. Dealing with these issues would also be in line with developments at national level.

3.5.7.7 The EESC notes with interest the Commission's desire to examine in more detail the perceived obstacles to opening **bank accounts** cross-border and issues regarding the handling, portability, transferability and closure of bank accounts. On these latter points, the influence of existing electronic and IT systems must not be overlooked.

3.5.7.8 The EESC strongly feels that Commission's Green Paper should have explicitly tackled tax issues. Since the adoption of the 6th VAT Directive ⁽⁹⁾ and particularly over the last decade, the lack of neutrality of the **VAT treatment of financial services** and the lack of legal certainty under the current system have become increasingly problematic.

3.5.7.9 In its report on the state of financial integration in the EU, the Expert Group on Banking ⁽¹⁰⁾ points out that 'a less punitive application of VAT on outsourcing is a key condition for a further integration of functions in centres of excellence that will provide services to different parts of EU banking groups'. It should now be officially recognised that the current VAT system for financial services prevents efficient implementation of a single European market. The Commission's post-FSAP agenda should be the framework for such an official statement. The EESC therefore urges the Commission to set out its forward agenda in this area.

⁽⁷⁾ Directive 2002/92/EC, OJ L 9, 15.1.2004.

⁽⁸⁾ Directive 2004/39/EC, OJ L 145, 30.4.2004.

⁽⁹⁾ Sixth Council Directive 77/388/EEC, OJ L 145, 13.6.1977.

⁽¹⁰⁾ 'Financial Services Action Plan: Progress and Prospects', Expert Group on Banking, Final Report, May 2004.

3.5.7.10 Finally, the EESC would stress that consumers can handle financial products more effectively if they receive more professional and independent, high-quality advice. Consumers should get the best possible advice on products and services that are best suited to their needs and (financial) circumstances. However, consumers cannot completely shirk the responsibility that choice brings with it (whether in relation to product features or the expert providing advice on those features). Consumer should also be equipped to make a conscious choice and to understand the consequences of that choice.

3.5.7.11 The EESC thus supports the principle of consumer education and of raising standards of **financial literacy** across the EU. In particular, the EESC considers that the notion of risk and return must be a key theme of investor education. It also advocates intermediaries' obligation to provide appropriate, fair and reliable advice. This is all the more necessary as workers will increasingly have to make their own arrangements for much of their retirement income. Consumers must be given sufficient information empowering them to compare different products and make informed choices from a range of competing products and across a range of risk profiles.

4. Conclusion

4.1 The EESC feels that this stocktaking exercise of what has been achieved and what still remains to be done in the field of financial services is an opportunity for the EU to make substantial progress towards invigorating Europe's economy, reducing red tape, creating jobs and boosting not just prosperity but also confidence in the financial system for all Europeans. In other words, it is an opportunity to make real progress towards meeting the objectives the EU set itself in the Lisbon Agenda.

Brussels, 15 December 2005.

4.2 In financial services, the EU can take significant steps towards meeting the Lisbon goals by tackling a number of key issues. The EESC feels that these issues include:

- rigorously applying a better regulation framework to all new and existing legislation;
- measuring consumers' confidence by their readiness to buy into a given proposal;
- having the EU institutions and Member States work together to transpose and implement legislation on time and in the spirit in which it was conceived;
- focusing on completing remaining FSAP measures applying targeted fully harmonised measures where appropriate;
- working towards removing the obstacles to the optimal supervisory framework for Europe: consolidated supervision;
- removing the unjustifiable impediments to increased M&A activity in Europe, especially in the banking sector; and
- recognising that, for consumers, quality is as — if not more — important than quantity of products on the market.

4.3 The external dimension of the EU's financial services policy over the next five years is also of paramount importance for its long-term global competitiveness. Hence, the EESC vigorously backs efforts to strengthen and deepen regulatory dialogue with the EU's global competitors, such as the United States, Japan, China and India.

4.4 Reflection on the future priorities for financial services in 2005 gives organised civil society as a whole an opportunity to participate in efforts to achieve the Lisbon objectives. There is too much at stake here both for Europe's economy and, importantly, for the consumers of the services provided by that economy, to let this opportunity slip away.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND