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20. Notes with satisfaction the desire expressed by the JPA Committee on Economic Development, Finance and Trade to deal with issues relating to food security, especially at a time when the World Food Programme is sounding the alarm due to the rise in prices, the consequences of climate change and the decline in world food stocks;
21. Highlights the importance of the report on the effectiveness of aid adopted at the abovementioned Kigali JPA session and urges the JPA to hold an in-depth debate on the concept of official development aid, budgeting issues and forms of alternative funding in development cooperation;
22. Stresses the role played by the JPA Committee on Social Affairs and the Environment with regard to the migration of skilled workers and neglected diseases and supports its decision to study the impact of structural adjustment programmes;
23. Notes with satisfaction the growing participation of non-governmental stakeholders in JPA sessions and the fact that events taking place on the sidelines of these sessions are now making a positive contribution; calls on the JPA, the EU and the ACP countries to encourage, from a financial and technical point of view, the participation of the civil societies of ACP countries in this work; considers the request and proposals aimed at achieving this that are to be put to the JPA Bureau in September 2008 to be a constructive development;
24. Instructs its President to forward this resolution to the Council and Commission, the ACP Council, the JPA, the parliaments of the ACP countries and the governments and parliaments of the Federal Republic of Germany and the Republic of Rwanda.
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Competition: Sector inquiry on retail banking

P6_TA(2008)0260

European Parliament resolution of 5 June 2008 on Competition: Sector inquiry on retail banking (2007/2201(INI))

(2009/C 285 E/09)

The European Parliament,

- having regard to the Commission Communication on the Sector Inquiry under Article 17 of Regulation (EC) No 1/2003 on retail banking (Final Report) (COM(2007)0033),
- having regard to the Commission's Interim report I of 12 April 2006 on payment cards and its Interim report II of 17 July 2006 on Current accounts and related services,
- having regard to the Green Paper on Retail Financial Services in the Single Market (COM(2007)0226),
- having regard to the Commission Communication on A Single market for 21st century Europe (COM(2007)0724),
- having regard to Commission Decision COMP/34.579 Europay (Eurocard-MasterCard) of 19 December 2007 on Mastercard's intra-EEA multilateral interchange fees,

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- having regard to the Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast) ⁽¹⁾ (Capital Requirements Directive) and Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (recast) ⁽²⁾ (Capital Adequacy Directive),
 - having regard to the Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market ⁽³⁾ (Payment Services Directive),
 - having regard to its position at second reading of 16 January 2008 on the common position adopted by the Council with a view to the adoption of a directive of the European Parliament and of the Council on credit agreements for consumers and repealing Council Directive 87/102/EEC ⁽⁴⁾ (draft Consumer Credit Directive),
 - having regard to its resolution of 11 July 2007 on financial services policy (2005-2010) — White Paper ⁽⁵⁾,
 - having regard to its resolution of 4 July 2006 on further consolidation in the financial services industry ⁽⁶⁾,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A6-0185/2008),
- A. whereas a well-functioning integrated financial market is a necessary precondition for the achievement of the Lisbon agenda which aims to provide the European Union with the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs,
- B. whereas an essential role is played by retail banks in passing on, as appropriate, monetary policy conditions to the market, particularly to small and medium-sized enterprises (SMEs) and consumers,
- C. whereas in order to complete the Financial Services Action Plan and deliver its full benefits to consumers and retailers, there is a need to improve retail financial services,
- D. whereas access to basic banking services, such as opening a bank account, is a right for every citizen,
- E. whereas the retail banking sector is important to the EU economy in terms of growth and employment and to consumers and SMEs,
- F. whereas difficulties relating to the harmonisation of consumer policy in the European Union and the inherent complexity of financial products persist,
- G. whereas Community competition policy is important for the completion of the internal market and the good functioning of a real level playing field for all actors,
- H. whereas the diversity of legal models and business objectives of financial entities in the retail banking sector (banks, savings banks, cooperatives, etc.) is a fundamental asset to the EU's economy which enriches the sector, corresponds to the pluralist structure of the market and helps to increase competition in the internal market,
- I. whereas there is a need to balance a high degree of consumer protection with the proper functioning of the internal market,

⁽¹⁾ OJ L 177, 30.6.2006, p. 1.

⁽²⁾ OJ L 177, 30.6.2006, p. 201.

⁽³⁾ OJ L 319, 5.12.2007, p. 1.

⁽⁴⁾ Texts Adopted, P6_TA(2008)0011.

⁽⁵⁾ Texts Adopted, P6_TA(2007)0338.

⁽⁶⁾ OJ C 303 E, 13.12.2006, p. 110.

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General

1. Supports the integrated approach of the Commission, which comprises supporting internal market policies with well-targeted sector inquiries; regrets, nevertheless, the timing of the sector inquiry and the fact that there has been no examination of how monetary policy conditions are passed on to the retail market; encourages the Commission to follow up its work once the Capital Adequacy Directive, the Single Euro Payment Area (SEPA), the Payment Services Directive and the Consumer Credit Directive will have demonstrated their effects in practice;
2. Regrets that the sector inquiry on retail banking does not take sufficient account of the specificities of the strictly regulated banking sector and the importance of culture, habits and language in consumer choices and protection available for financial products; considers that the lack of consumer mobility in the European Union is often dictated by the long-term relationship of trust which is frequently established between bank and consumer; is concerned that the Commission's assessment of market integration builds on too few economic indicators and may consequently fail duly to reflect the characteristics of the retail banking sector;
3. Recalls that competition policy is a powerful tool for completing the internal market but that aiming for more competition should neither lead to weakened risk management in the banking sector nor endanger the stability of a particularly crucial and strategic sector of the world economy; emphasises that market and consumer confidence are both essential for the further development of financial services, and that promoting consumer information relating to financial services is necessary to strengthen the role of consumers as market participants;
4. Points out that a highly fragmented regulatory framework is an impediment to the development of the cross-border supply of banking services; supports, therefore, the Commission initiative to reopen its assessment of Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services ⁽¹⁾, which must also involve a review of the directives on electronic commerce ⁽²⁾ and electronic signatures ⁽³⁾ in order to enable these effectively to achieve their stated aims;
5. Takes the view that even the implementation of money laundering legislation may constitute an obstacle to consumer mobility in terms, for example, of the opening of cross-border current accounts, given the varying requirements relating to identification and verification that the banks must fulfil; calls on the Commission to assess the impact on consumer mobility of the rules laid down in money laundering legislation;

Consumer mobility

6. Requests the Commission to work towards facilitating consumer mobility and to monitor Member States' progress in allowing consumers more easily to change provider, thus reinforcing healthy competition between providers; would like to see, to the greatest extent possible, no disruption of service even when closing a current account or changing provider and to avoid any costly duplication of services;
7. Urges that the simplification of the financial service regulations and the dismantling of barriers to consumer mobility should not lead to lower standards of consumer protection in the Member States;

⁽¹⁾ OJ L 271, 9.10.2002, p. 16.

⁽²⁾ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce) (OJ L 178, 17.7.2000, p. 1).

⁽³⁾ Directive 1999/93/EC of the European Parliament and of the Council of 13 December 1999 on a Community framework for electronic signatures (OJ L 13, 19.1.2000, p. 12).

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8. Recommends permitting only fully justified charges for closing accounts, if any, in order to encourage mobility and competition; encourages the banking industry to develop best practices on swift and efficient procedures for account switching, taking into account both the duration of the procedure and the associated costs; is of the opinion that switching current accounts should cause no harm to consumers; opposes any unnecessary contractual terms that impede consumer mobility;

9. Underlines that, as regards product-tying, a clear distinction must be made between product combinations favourable to both consumer and bank and common to all branches of the economy on the one hand, and practices resulting in unfair competition on the other;

10. Considers that access to basic financial services, such as opening a bank account, is a right and calls on the Commission to identify the obstacles to the exercise of that right and the best practices of operators in the retail financial sector in that respect;

Information and transparency

11. Is of the opinion that information for consumers is fundamental for ensuring competition among banks; requests information that is of a better quality, more readable and hence accessible to consumers; is of the opinion that, for the time being, it is too often time-consuming and onerous for consumers to obtain such information;

12. Recognises that there is a tension between preventing information overload and providing consumers with sufficient information; favours information quality over quantity; calls on the Commission, therefore, to invite consumer organisations to define which information they deem to be essential to enable consumers to make appropriate choices;

13. Requests the Commission to work towards ensuring that the industry, as a supplement to existing national provisions, provides consumers, before they open an account, with a succinct compilation detailing all costs, including closing costs, if any, in a way that is comparable across the European Union; calls on the Commission to propose appropriate legislation in the event that the industry fails to respect its commitment;

14. Welcomes the Commission's study of the regulatory landscape for retail investment products and trusts that this will lead to better disclosure of costs, risks and conditions and thereby provide useful cross-border comparisons;

15. Recommends the creation of a single EU standard for providing information to the customer by the supplier on their basic products, related costs and conditions in order to allow an easy and transparent comparison where tied products do not allow at the moment; calls for disclosure upon request of value chain costs of retail financial products to ensure level playing field for competition; suggests to the industry to work on the feasibility of setting up a EU-wide research engine to allow easy and free cross-border comparison;

Consumer education relating to retail banking

16. Calls for the development of financial education programmes aimed at increasing the awareness of consumers as regards their money-management options;

17. Supports the efforts made by the Commission and the financial services industry to raise consumers' level of knowledge about financial services products and run educational programmes in that area, as the information supplied by financial service product providers must also be understood and used by the consumer;

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18. Recalls the importance of developing financial education as a complement to adequate consumer protection, especially in the field of retail banking (for instance as regards loans, mortgages, diversified and safe saving and investment); calls on the Member States and the banking sector to take and coordinate measures to raise financial literacy among citizens, including children, young people, employees and retired people, with a view to educating and empowering consumers in order to enable them to seek better, cheaper and more appropriate products and services and to foster competition, quality and innovation within the banking industry; recalls that confident investors can provide additional liquidity for capital markets;

19. Asks Member States to consider setting up an institution of independent national ombudsmen responsible for financial services;

Credit registers and intermediaries

20. Stresses the importance of reliable credit and fraud data for banks and other credit providers, accessible on a fair and transparent basis; insists, nevertheless, on the necessity to protect consumers' personal data; requests the Commission to identify obstacles to data sharing and to make proposals for the interoperability of data registers while respecting consumers' private lives and their rights of access and rectification; considers that consumers should be informed in the event of cross-border credit data inquiries relating to them; welcomes the Commission's intention to establish a group of experts on credit histories in order to assist the Commission in the preparation of measures in that regard;

21. Calls on the Commission to intensify its work on credit intermediaries (agents or brokers) in order to ensure consumer protection and avoid opaque practices which are particularly damaging to more vulnerable groups of consumer; welcomes the Commission's commitment, in this context, to publish a study analysing the EU credit intermediation market, reviewing its regulatory framework and examining whether any provisions are detrimental to consumers;

22. Requests the Commission to clarify and harmonise the responsibilities and liabilities of credit intermediaries following the principle 'same business, same risks, same rules', since problems often arise in the sale, administration and enforcement of financial services agreements; points out that an undifferentiated 'one-size-fits-all' approach would adversely affect product diversity; draws the Commission's attention to the difference between information, which has to be clear, concise, readable and cost-free on the one hand, and tailor-made client advisory services on the other;

Cooperation among banks

23. Welcomes the Commission's further examination of the cooperation among banks in order to assess where such cooperation could result in economic and consumer benefits and whether it could lead to a restriction of competition; underlines, however, that cooperation among banks, for example credit institutions operating in decentralised networks, can result in benefits for the economy and consumers and that, therefore, a careful analysis and an unbiased approach are necessary;

24. Is of the opinion that savings and cooperative banks, as well as other credit institutions, contribute substantially to the financing of the local economy and the development of the endogenous potential of regions and facilitate access to financial services for all consumers; stresses that the pluralism of the banking markets and the diversity of providers are pre-conditions for competition throughout the EU banking market provided that there is no distortion of competition and a level playing field is guaranteed for all market participants on the principle, 'same business, same risks, same rules';

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25. Maintains that non-discriminatory cooperation between independent credit entities, which, as they are still competing with each other, is more efficient and ensures greater interoperability and variety of services to the end consumers, can help the sector to function and contribute to achieving the above objectives;

Payment systems

26. Is confident that the SEPA and the Payment Services Directive should provide solutions for the fragmentation and lack of competition identified by the sector inquiry concerning payment infrastructures; recalls that the first phase of the SEPA entered into force on 28 January 2008 and requires integrated clearing and settlement platforms, operating on the basis of the same rules and technical standards; emphasises that the access criteria to SEPA should be fair and transparent, and that governance should take into account all stakeholders in the system, not just financial institutions; recalls also that the Payment Services Directive provides that there should be no discrimination as regards access to payments systems other than that necessary to safeguard against risk and protect financial and operational stability; points out that under the principle of neutrality of Community policies, no single method of payment should be favoured over another, and the costs related to the use of the various payments systems should be transparent so that consumers can choose their method of payment in full knowledge of the facts;

27. Calls on the Commission to investigate whether the transposition of the Payment Services Directive is reducing the number of providers of payment settlement services and to take immediate steps if major providers develop a monopoly position that might reduce competition;

28. Notes that the Commission and many national competition authorities have stated on numerous occasions that multilateral interchange fees (MIFs) are not prohibited per se under Article 81 of the EC Treaty; notes, nevertheless, that the Commission recently focused on the compatibility of a MIF system with Community competition law; recommends that the Commission propose clear guidelines and indications to correct market imperfections; reminds the Commission of the importance of legal certainty for market participants as well as new market entrants to develop and innovate their services;

29. Believes in a strong need for better clarification concerning the methodology and rules for the management of MIFs for card payments and for the mechanism to calculate interbanking fees for automated teller machines and non-card payments; recalls that direct debit and credit transfer schemes, such as those under the SEPA, support services that are jointly offered by two payment service providers and jointly requested by two consumers, creating economic benefits thanks to so-called network effects; suggests that the Commission establish and communicate to all stakeholders the criteria for the definition by market operators of a the methodology to be used to calculate all MIFs, to which the Commission should have regard in order to ensure a real level playing field and the enforcement of all competition rules;

30. Reminds the Commission that it is as important to focus on fees and prices, as it is to achieve greater transparency of the industry in communicating to consumers the characteristics of payment products and services and their rights and obligations as users, thus stimulating more competition in the market;

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31. Instructs its President to forward this resolution to the Council, the Commission, the European Central Bank and the Committee of European Banking Supervisors.