

PRESS RELEASE

Working with a single market mindset in a post-€uro context

As part of its ongoing project to improve the internal market for financial services, the European Commission has recently published a *Green Paper on Retail Financial Services in the Single Market* on the 2 May outlining policies on the retail financial services sector which could further open up the European market to more cross-border competition. The Green Paper also intends to gather feedback from all stakeholders on the way forward. Retail financial services include everyday instruments such as current accounts, payments, personal loans, mortgages, savings, pensions, investments and insurance products.

Because of its direct relevance to the local business community and consumer representatives, *Forum Malta fl-Ewropa* together with the Institute of Financial Services-

Malta today organised a very well attended Business Breakfast Workshop on the theme ***‘Retail Financial Services – Working with a single market mindset in a post-Euro context’***.

In her welcoming address Dr Gabriella Pace, CEO *Forum Malta fl-Ewropa*, highlighted the importance of the organisation of today’s workshop to discuss the Commission’s Green Paper, given that it “seeks to strengthen and deepen the Commission’s understanding of the problems faced by consumers and industry in the field of retail financial services and aims to establish the scope for and impediments to further initiatives in this area”. Dr Pace also stressed the importance of consultation at the heart of better regulation, while reiterating that the increase in human resources at *Forum* aims at enhancing information services delivered by FME as well as a proactive role in ongoing consultation processes initiated by the European Commission.

In his opening speech, Parliamentary Secretary Hon. Tonio Fenech stated that the Commission’s Green Paper is a welcome development to the 2005 White Paper on Financial Services Policy as well as other Commission initiatives to assess the single market in retail financial services. Hon. Fenech said that exploiting the “potential and delivering benefits to EU consumers of the single market in financial services poses a formidable challenge”.

The Parliamentary Secretary stressed the importance of achieving further market integration through the introduction of legislation or corrective measures where there is lack of competitiveness or alternatively enable market competitiveness. He further stressed that a major hurdle for consumers when shopping around for financial services is the lack of information on the product on offer, and that the Commission’s Green Paper seeks to provide consumers with tools enabling them to shop around and take the most informed decisions before committing to a particular product or service.

Hon. Fenech said that on a national level, various organisations, of which the MFSA, issued a set of tariffs and charges for diverse bank services. This is commendable, however the Parliamentary Secretary reiterated that on an EU basis this might prove to be a feat in that the market offers an array of services and products. He also stated that the Commission should identify why providers are hesitant to offer products to consumers in other jurisdictions.

Hon. Fenech encouraged participants in the consultation process while commending *Forum Malta fl-Ewropa* and IFS-Malta for having organised yet another successful session with a view to linking developments taking place in the European Union to Maltese civil society and stakeholders.

Timothy Grange from the UK's Financial Services gave a brief overview of the salient issues presented by the Green Paper. Mr Grange believes in the intrinsic potential for consumers to shop cross-border and that there is much "potential to be unlocked from a systematic examination of competition in partnership with national competition authorities. He also applauded the Commission for conducting consumer testing in relation to pre-contractual information requirements in certain areas. However, he also stated that having consumer protection laws on level playing fields across the European market is not a practical possibility because this will not definitely further integration. In particular, Mr Grange reiterated that the Commission has not yet made a convincing case on consumer protection. In his concluding remarks, Timothy Grange encouraged participants and stakeholders at large to respond to the consultation process.

Geoffrey Bezzina, from the Malta Financial Services Authority, tackled the subject from a consumer perspective and whether the consumers and retailers priorities meet. He said that the Green Paper seeks to strengthen and deepen the European Commission's understanding of the problems faced by consumers and industry in the field of retail financial services by bringing about concrete benefits for consumers, enhancing consumer confidence and empowering consumers to make the right decision. Mr Bezzina sounded out 2005 Eurobarometer statistics which showed that most EU citizens prefer to obtain financial services from local providers in fact 85% of respondents spontaneously indicate that they have never purchased financial services from firms situated in another Member State. Geoffrey Bezzina noted other pan-European developments in the financial services sector that are underway.

Discussion from participating stakeholders ensued, which included comments querying on how the local providers and users can benefit from the European Commission's drive to open up the internal market to retail financial services.

The consultation period runs up to the 16 July 2007. An Open Hearing will be held in Brussels on 19 September this year.