

## PRESS INFORMATION

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### **ESBG submits response to the European Commission's Green Paper on Retail Financial Services**

With its Green Paper, published in May 2007, the Commission sought views on proposed policy objectives and actions in retail financial services. In a recently published response<sup>1</sup>, the ESBG welcomes this consultation exercise, which ought to give rise to a fruitful and in-depth exchange of views between all interested parties in this highly important area of financial services.

Describing customers of retail financial services, the Commission notes that they are likely to remain domestically focused. The ESBG supports the view that the reference market for retail banking activities is regional or even local. This being said, the ESBG regrets that the Commission seems to leave aside the natural barriers to integration – culture, language, and tradition – and instead highlights essentially legal and economic obstacles, thereby failing to acknowledge the specific characteristics of the retail banking markets. Looking ahead, this could lead to the proposal of policy measures, which would not respond to the real needs of the parties involved in retail financial services.

One key objective of the Green Paper is to find ways to empower consumers and enhance their confidence. While these are important objectives, the Commission should also give due consideration to the costs associated with excessive levels of consumer protection. Likewise, attempting to ensure very high levels of consumer protection can be counterproductive and may lead to a decrease of the range of products and services on offer and to information overload.

The ESBG believes that especially in the area of retail financial services, all steps must be taken to ensure that new regulation is proposed only after conducting impact assessments, in line with the principles of Better Regulation. It is also important to acknowledge the huge efforts the industry is currently making to finalise the implementation of the complex rules adopted in recent years. Given that adapting business practices to new legislation requires time, the focus of the Commission in the near future should be on the completion of the FSAP, prior to developing new legislative initiatives.

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#### **Notes to Editors:**

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<sup>1</sup> [ESBG response to the European Commission Green Paper on Retail Financial Services in the Single Market](#)



ESBG

**About ESBG:**

ESBG (European Savings Banks Group) is an international banking association that represents one of the largest European retail banking networks, comprising about one third of the retail banking market in Europe, with total assets of €5,215 billion (1 January 2006). It represents the interests of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects.

ESBG members are typically savings and *retail* banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their *region*. ESBG members banks have been reinvesting *responsibly* in their region for many decades and they are a distinct benchmark for corporate social responsibility activities throughout Europe and the world.