

INTEGRATION OF RETAIL FINANCIAL MARKETS IN THE EU: A CHALLENGE FOR EUROPE?

28th October 2004

Venue: CEPS, 1 Place du Congrès, 1000 Brussels

09:30 Registration and coffee

CHAIRMAN: MARC DASSESSE, PROFESSOR IN LAW AT THE ULB

I. EVALUATION OF THE MARKET AND BUSINESS EXPERIENCE

10:00 Integration of EU Retail Financial Markets Today

The integration of EU retail financial markets seems to be the next objective of the EU institutions. Effective policy strategies need to be based on a sound assessment of the current situation.

- Evaluation of the level of integration of retail financial markets
- Benefits of a higher level of integration
- Obstacles to retail financial market integration

Nick R. Page, Partner, Corporate Finance, PricewaterhouseCoopers

10:30 The Multinational European Experience

The number of banks and financial institutions operating on a multinational basis within the EU is considerable and has significantly increased in recent years. The way to enter foreign markets is normally not on a cross-border basis but through M&As or joint ventures.

- Difficulties encountered by industry in operating in foreign countries
- Strategies successfully applied to overcome these difficulties

Pierantonio Rumignani, Managing Director, Santander Consumer Finance, Grupo Santander

Eric Spielrein, Senior Vice-President and Corporate Secretary, RCI Banque (Groupe Renault)

11:30 Coffee Break

II. THE REGULATORY PERSPECTIVE

11:45 Regulatory Needs for the Achievement of a Single EU Integrated Retail Financial Market

The regulatory framework for the achievement of an integrated EU retail financial market needs to be discussed with the market players. This session brings together institutions, industry and consumers to debate the guidelines of a positive regulatory policy.

- Strategies and programme for the achievement of a single market of retail financial services. How will the EU Commission approach this objective?
- The difficulties of the industry to develop cross-border retail finance in the EU. Regulatory needs and views on consumer protection.
- The role of consumer protection legislation as a key issue for the integration of the market.

Erik Ducoulombier, Deputy Head of Unit, European Commission, Internal Market DG Retail Issues and Payment Systems

Rosa María Gelpi, Vice President, Cetelem Group/Chairman EBIC CCD Working Group

Donal Walshe, Secretary General, Euro Coop

13:15 Lunch

III. THE PARTICULAR CASE OF CONSUMER CREDIT

14:00 Revisiting the Role of the Consumer Credit Directive: Views and Concerns of the EU Council

Discussion on the draft consumer credit directive is taking place in the Council. After the amendments agreed in the European Parliament, it is for the Council to decide which regulatory model is the most suitable.

The issues raised in this debate also reflect the key questions in the discussion on integration of the EU retail financial markets.

- National perspectives on the amended proposal in the Council
- Social impact of the consumer credit directive from a national perspective
- The meaning of the directive for the integration of retail financial markets

Speakers are drawn from national representatives in the Council:

Hergen Hays, Consumer Credit, Department of Trade and Industry, UK

Peter Horne, Consumer Protection Department, Ministry of Justice, Germany

Stephan Huber, assistant to MPE Joachim Würmeling in the European Parliament

Karel Lannoo, CEO, CEPS/ECRI

15:30 Adjournment

Integration of Retail Financial Markets in the EU: A challenge for Europe?

The integration of retail financial markets is still a challenge for the EU. The positive outcome of the FSAP has not been reflected in the field of retail financial services today. Action needs to be taken but there remain questions on how to define a realistic policy strategy.

The needs and benefits of achieving a Single Market for retail financial services

A variety of views are encountered regarding the desirability of integrating the EU market for retail financial services. Some argue the difficulty to export many retail financial products from one country to another for deep-seated reasons that cannot be tackled through Single Market rules. The pace of cross-border delivery should hence not be forced through legislation. Moreover, there are also certain doubts regarding the real benefits that an integrated market of retail financial services would bring, especially for the public at large.

While these concerns might be valid for many products at this stage, service providers are nevertheless finding ways around the barriers to retailing basic products (savings accounts, mortgages) across borders. Some retail financial products, in fact, are ripe for cross-border commercialisation (consumer credit, savings accounts, savings products).

As stated by Frits Bolkenstein, there is a "need to look at the balance between overly interfering in local retail markets and preventing motivated European players from pursuing cross-border sales. There may be ways of giving options to the 'avant-garde' while avoiding overly burdensome compliance costs for locally oriented institutions".

EU legislation: The way towards market integration?

It is not clear whether EU legislative intervention to facilitate cross-border delivery will materially influence market outcomes.

First it needs to be clarified whether potential trade is being stifled by legal or regulatory barriers and/or whether cross-border trade is taking place in a manner that is detrimental to consumers.

It also needs to be established which retail financial services require legislative intervention in the EU in order to support cross-border delivery.

Consumer trust and confidence is a pre-requisite for cross-border delivery of financial services. Any legal intervention must contribute to developing such trust.

A realistic policy needs to be developed to define the utility of achieving a single retail financial market and the cost-efficiency of introducing legislative measures for this purpose must be evaluated.

ECRI offers an effective forum for discussion where representatives of the EU institutions, industry and consumers come together to assess on the real possibilities to achieve market integration in the field of retail finance.



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ECRI Seminar

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