



# Green Paper on retail financial services: better products, more choice, and greater opportunities for consumers and businesses


Fields marked with \* are mandatory.

## Introduction

The Green Paper seeks the views on how to improve choice, transparency and competition in retail financial services to the benefit of European consumers. It also inquires on how to facilitate cross-border supply of these services, so that financial firms can make the most of the economies of scale in a truly integrated EU market. Finally, it is discussing the impact of digitalisation on retail financial services with a view to allow for growth of innovative solutions in this area in the EU.

**Please note:** In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact [fisma-retail-green-paper@ec.europa.eu](mailto:fisma-retail-green-paper@ec.europa.eu).

More information:

- [on this consultation](#)
- [on the Green paper](#)
- [on the protection of personal data regime for this consultation](#) 

## 1. Information about you

\* Are you replying as:

- a private individual
- an organisation or a company
- a public authority or an international organisation

\* Name of your organisation:

ICI Global

Contact email address:

The information you provide here is for administrative purposes only and will not be published

giles.swan@iciglobal.org

\* Is your organisation included in the Transparency Register?

(If your organisation is not registered, [we invite you to register here](#), although it is not compulsory to be registered to reply to this consultation. [Why a transparency register?](#))

- Yes
- No

\* If so, please indicate your Register ID number:

296711210890-30

\* Type of organisation:

- Academic institution
- Consultancy, law firm
- Industry association
- Non-governmental organisation
- Trade union
- Company, SME, micro-enterprise, sole trader
- Consumer organisation
- Media
- Think tank
- Other

\* Where are you based and/or where do you carry out your activity?

United Kingdom

\* Field of activity or sector (*if applicable*):

at least 1 choice(s)

- Consumer protection
- General civil society representation (non-profit)
- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance
- Financial intermediation
- Fintech firms
-

- Pension provision
- Payment provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Social entrepreneurship
- Other
- Not applicable



## Important notice on the publication of responses

---

\* Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?

(see [specific privacy statement](#) )

- Yes, I agree to my response being published under the name I indicate (*name of your organisation/company/public authority or your name if your reply as an individual*)
- No, I do not want my response to be published

## 2. Your opinion


---

**Disclaimer:** the proposed options as responses to some of the questions do not commit the European Commission to any follow-up action.

The questionnaire contains 34 questions which seek the views of a broad range of stakeholders. However, not every question will be relevant to everyone and therefore stakeholders are not obliged to respond to all the questions.

The questionnaire below follows the structure of the [Green Paper](#) in which Section 3 outlines all the consultation questions.

### Section 3: Better products, more choice and greater opportunities for consumers and businesses

Please [refer to section 3 of the Green paper](#)  to read context information before answering the questions.

If you are a firm...

1A. For which financial products could improved cross-border supply increase competition on national markets in terms of better choice and price?

Please tick all relevant boxes

- Current accounts

- Saving accounts
- Mortgage credit
- Consumer lending
- Payment services (e.g. mobile payments)
- Car insurance
- Life insurance
- Private health insurance
- Saving and investment products
- Other
- Don't know / no opinion / not relevant

Please specify for which other financial products could improved cross-border supply increase competition on national markets in terms of better choice and price:

\* UCITS funds - Removing impediments and barriers imposed by Member States, [1] and developing a harmonised marketing regime for the cross-border sale of UCITS, would complete the internal market passport - increasing choice [2] and enabling EU investors to benefit from cost efficiencies derived from the management of pooled fund assets.[3] Removing requirements to provide information facilities and paying agents in each host Member State, [4] would remove unnecessary costs for UCITS funds and their investors.

\* Personal pensions - Minimising tax and administration barriers that prohibit or constrain EU investor access to cross-border retirement savings vehicles through a well-designed pan-EU personal pension product (PEPP) would:

- support cross-border pooling, management and administration of assets;
- complement existing pension systems and support efforts to ensure EU citizens have adequate retirement resources;
- facilitate long-term investments; and
- accommodate a mobile EU workforce better than a national personal pension product (PPP).[5]

-----  
 [1] For a discussion of the barriers to the single market passport, see Q11, ICI Global Response to European Commission Green Paper on "Building a Capital Markets Union", 13 May 2015, available from

<https://www.iciglobal.org/pdf/28990.pdf> and Issue 1, Example 2 and 3, ICI Global Response to the Call for Evidence on the EU Regulatory Framework for Financial Services, available from <https://www.iciglobal.org/pdf/29677.pdf>

[2] Regulated investment funds provide important advantages to investors including professional management, diversification and reasonable cost, as well as the benefit of substantive government regulation and oversight.

[3] A strong regulated funds industry will also support the EU Commission's goal of deepening and integrating EU financial markets.

[4] See Issue 8, Example 1 and 2, ICI Global Response to the Call for Evidence on the EU Regulatory Framework for Financial Services, available from <https://www.iciglobal.org/pdf/29677.pdf>

[5] Our recommendations for a pan-EU personal pension products are set out in more detail in our response to Question 32.

If you are a consumer or consumer organisation...

1B. Which financial products would you be most interested to buy cross-border from other Member States if they suited your needs better than products available on your local market?

Please tick all relevant boxes

- Current accounts
- Saving accounts
- Mortgage credit
- Consumer lending
- Payment services (e.g. mobile payments)
- Car insurance
- Life insurance
- Private health insurance
- Saving and investment products
- Other
- Don't know / no opinion / not relevant

If you are a firm...

2A. What are the barriers which prevent firms from directly providing financial services cross-border?

Please tick all relevant boxes

- Language
- Differences in national legislation
- Additional requirements imposed by national regulators
- Impossibility of verifying the identity of cross-border customers
- Lack of knowledge of other markets
- Cost of servicing clients cross-border (without local infrastructure)
- No EU passport available
- Other
- Don't know / no opinion / not relevant

Please specify what other barriers prevent firms from directly providing financial services cross-border:

The cross-border distribution of funds cannot be optimised without tax neutrality and enhanced treaty relief. Tax neutrality would be enhanced if all Member States provided the same withholding tax treatment to both resident-country funds and non-resident-country funds on dividends paid by their resident-country companies. Several Member States today provide more favourable treatment to resident-country funds - although several courts have ruled that this treatment violates Article 63 TFEU. Enhanced treaty relief has multiple components. Many funds cannot get treaty relief, despite being owned predominantly by treaty-eligible investors, because countries have not adopted the OECD's recommendations in the 2010 CIV Report; these recommendations would

allow funds to claim treaty relief either in their own right or on behalf of their treaty-eligible investors. Another difficulty is that intermediaries cannot provide “pooled information” (as would be permitted under the OECD’s Treaty Relief and Compliance Enhancement implementation package (TRACE)) regarding treaty-eligible investors.[1]

-----  
[1] See response to Q10.

If you are a consumer or consumer organisation...

## 2B. What are the barriers that prevent consumers from directly purchasing products cross-border?

Please tick all relevant boxes

- Language
- Territorial restrictions (e.g. geo-blocking, residence requirement)
- Differences in national legislation
- Lack of knowledge of the offer of products in another Member State
- Lack of knowledge of redress procedures in another Member State
- Other
- Don't know / no opinion / not relevant

## 3. Can any of these barriers be overcome in the future by digitalisation and innovation in the FinTech sector?

- Yes
- No
- Don't know / no opinion / not relevant

## 3.1 Please specify which of these barriers can be overcome in the future by digitalisation and innovation in the FinTech sector:

Please tick all relevant boxes

- Language
- Territorial restrictions (e.g. geo-blocking, residence requirement)
- Differences in national legislation
- Additional requirements imposed by national regulators
- Impossibility of verifying the identity of potential cross-border clients
- Lack of knowledge of other markets
- Lack of knowledge of the offer of products in another Member State
- Lack of knowledge of redress procedures in another Member State
- Cost of servicing clients cross-border (without local infrastructure)
- No EU passport available
- Other
- Don't know / no opinion / not relevant

Please specify what other barriers can be overcome in the future by digitalisation and innovation in the FinTech sector:

\* Improved access to, and delivery of, information to investors - innovation in electronic access and delivery of information can benefit investors [1] by reducing costs and helping investors obtain more personalised information in a timely, accessible manner.[2] Globally, as well as in the EU, investor research and surveys show that electronic delivery can improve investor understanding [3] and enable investors to more easily take follow-up actions (e.g. by clicking-through online).[4] Increased internet usage [5] and evolution in the delivery of fund information [6] suggest investors want, and will utilise, technology to electronically access and received fund and investment account information.[7];

\* More efficient subscription and redemption process - the UCITS host Member State paying agent requirement [8] has become redundant due to improved cross-border electronic payment systems,[9] including through the use of FinTech solutions.

-----  
[1] Experience in other markets demonstrates the benefits of electronic delivery, such as timely and easy access for investors to information, cost savings for funds and reduced environmental impacts, see Point of Sale Disclosure for Mutual Funds Initiative pursued by the Canadian Securities Administrators, available from

<https://www.securities-administrators.ca/aboutcsa.aspx?id=1309>

[2] Electronic delivery of information allows communications to be personalised (e.g. based on an investor's profile) and layered, enabling investors to click through if they require additional information.

[3] 48% of retirement savers surveyed in the US found online tools and calculators to project retirement savings as useful in assisting them plan, save and invest for retirement (see Slide 50, Findings from 16th Annual Transamerica Retirement Survey, available from

[http://www.transamericacenter.org/docs/default-source/resources/center-research/16th-annual/tcrs2015\\_sr\\_16th\\_compendium\\_of\\_workers.pdf](http://www.transamericacenter.org/docs/default-source/resources/center-research/16th-annual/tcrs2015_sr_16th_compendium_of_workers.pdf)

[4] A US survey shows the rising role of the internet as the channel through which defined contribution pension plan holders are carrying out transactions on their plans - 78% of all transactions in surveyed Vanguard plans in 2014 were processed by internet, see Figure 115, page 105, Utkus, Stephen P., and Jean A. Young. 2015. How America Saves 2015: A Report on Vanguard 2014 Defined Contribution Plan Data. Valley Forge, PA: The Vanguard Group, Vanguard Center for Retirement Research, available at

<https://institutional.vanguard.com/iam/pdf/HAS15.pdf>

[5] Eurostat estimates that 81% of EU households had internet access in 2014, compared to 51% in 2007 and, furthermore, that in 2014 78% of all individuals aged between 16-74 years used the internet at least one within the three months prior to the survey date, see

[http://ec.europa.eu/eurostat/statistics-explained/index.php/Information\\_society\\_statistics\\_-\\_households\\_and\\_individuals](http://ec.europa.eu/eurostat/statistics-explained/index.php/Information_society_statistics_-_households_and_individuals)

[6] A US survey shows the use of websites to deliver educational materials by 401(k) plans to participants increased from 34% to 57% between 2000 to 2013,

see Plan Sponsor Council of America, annual surveys; Plan Sponsor Council of America. 2001. 44th Annual Survey of Profit Sharing and 401(k) Plans: Reflecting 2000 Plan Experience and Plan Sponsor Council of America. 2014. 57th Annual Survey of Profit Sharing and 401(k) Plans: Reflecting 2013 Plan Experience.

[7] A report by the Hong Kong Securities and Futures Commission observes the move towards online distribution of funds, see Part 1, Chapter 2, Section 2, Asset Management: Looking Forward, Hong Kong Securities and Futures Commission, January 2015, available from [http://www.sfc.hk/web/EN/files/ER/PDF/2015%20RIM%20Report%20%28FINAL%29\\_ER.pdf](http://www.sfc.hk/web/EN/files/ER/PDF/2015%20RIM%20Report%20%28FINAL%29_ER.pdf)

[8] Article 92, Directive 2009/65/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (“UCITS Directive”)

[9] Also see Issue 8, Example 1, ICI Global Response to the Call for Evidence on the EU Regulatory Framework for Financial Services, available from <https://www.iciglobal.org/pdf/29677.pdf>

#### 4. What can be done to ensure that digitalisation of financial services does not result in increased financial exclusion, in particular of those digitally illiterate?

Please tick all relevant boxes

- Improved access to digital means
- Digital training offered by the financial industry
- Digital training offered by NGOs
- Digital training offered by public authorities
- Other
- Don't know / no opinion / not relevant

Please specify what else can be done to ensure that digitalisation of financial services does not result in increased financial exclusion, in particular of those digitally illiterate:

Member State authorities can support infrastructure and facilities to ensure public access to digital services (e.g. in public libraries and other municipal premises). Access to facilities should be commensurate with the increasing prevalence of the digital service delivery. Training and education also are essential to increasing digital literacy. Industry too can have a role, for example, by providing digital facilities at physical consumer-facing premises (e.g. internet access in branch) to complement online access by investors.

#### 5. What should be our approach if the opportunities presented by the growth and spread of digital technologies give rise to new consumer protection risks?

Regulatory approaches should accommodate and encourage [1] the adoption of digital technology and electronic delivery of information.[2] Digital technology can foster innovation and offer advantages to retail financial



services, including retail fund investors, such as easier access to information [3] and more efficient means of advice and investment (e.g. robo-advice, online accounts etc.) Effective use of technology can also mitigate some consumer protection risks (e.g. fraud) associated with the traditional delivery of information in paper form.[4]

All consumers, including fund investors, face varying and evolving cybersecurity threats when using digital technology. Regulatory approaches should provide a principle-based standard for firms to manage cybersecurity threats,[5] rather than mandating a prescriptive one-size-fits-all approach that is likely to be outdated by the time it is put in place or too inflexible. Such an approach risks creating standardised security that will be easier to defeat on a large-scale basis.

-----  
[1] The UK Financial Conduct Authority has launched “Project Innovate” to support the development of innovative financial products and services to the market (see <https://innovate.fca.org.uk/>). Similar initiatives are being pursued in other financial centres, for instance the Hong Kong Securities and Futures Commission has established a FinTech Contact Point (see <http://www.sfc.hk/web/EN/sfc-fintech-contact-point/>)

[2] For a discussion of the general principles that we recommend for the electronic delivery of information, see White Paper “Delivering ERISA Disclosure for Defined Contribution Plans”, Peter P. Swire and Kenesa Ahmed, available from [https://www.ici.org/pdf/ppr\\_11\\_disclosure\\_dc.pdf](https://www.ici.org/pdf/ppr_11_disclosure_dc.pdf), and Letter from Mary S. Podesta to the US Employee Benefits Security Administration, re: RIN 1210-AB50, Request for Information Regarding Electronic Disclosure by Employee Benefit Plans, dated 6 June 1011, available from <https://www.ici.org/pdf/25270.pdf>

[3] For example, Canada has pioneered a point of sale disclosure framework for mutual funds, permitting the electronic delivery of Fund Facts in lieu of prior paper based prospectus delivery requirements (see [http://www.osc.gov.on.ca/en/InvestmentFunds\\_point-of-sale\\_index.htm](http://www.osc.gov.on.ca/en/InvestmentFunds_point-of-sale_index.htm)).

[4] For instance, bounce-backs on email are more effective than paper change-of-address forms and authentication is more sophisticated online.

[5] As has already been provided under the Network and Information Security Directive, see <https://ec.europa.eu/digital-agenda/en/news/network-and-information-security-d-irective-co-legislators-agree-first-eu-wide-legislation>

6. Do customers have access to safe, simple and understandable financial products throughout the European Union?

- Yes
- No
- Don't know / no opinion / not relevant

7. Is the quality of enforcement of EU retail financial services legislation across the EU a problem for consumer trust and market integration?

- Yes
- No
- Don't know / no opinion / not relevant


8. Is there other evidence to be considered or are there other developments that need to be taken into account in relation to cross-border competition and choice in retail financial services?

ICI Global research into other major markets suggests that strong and appropriate regulation of funds, and the availability of large common markets - a goal of the Capital Markets Union - in which regulated funds can be purchased and sold, are factors in the worldwide growth of long-term mutual fund assets over the last twenty years.[1] Increased cross-border competition and choice should lower costs, and spur fund managers to innovate and find ways to offer superior services and products - all to the benefit of investors.

-----  
 [1] Plantier, L. Christopher. 2014, Globalisation and the Global Growth of Long-Term Mutual Funds, ICI Global Research Perspective 1, no. 1 (March), available from [https://www.iciglobal.org/pdf/icig\\_per01-01.pdf](https://www.iciglobal.org/pdf/icig_per01-01.pdf)

## 3.1 Helping consumers buy products cross-border

### 3.1.1 Knowing what is available

Please refer to section 3.1.1 of the Green paper  to read context information before answering the questions.

9. What would be the most appropriate channel to raise consumer awareness about the different retail financial services and insurance products available throughout the Union?

Please tick all relevant boxes

- Independent pan-European comparison websites, including the information on cross-border products
- Information campaigns by regulators
- Information campaigns by consumer organisations
- Marketing campaigns by financial services providers or their associations
- Financial intermediaries empowered to offer cross-border financial products
- Other
- Don't know / no opinion / not relevant

10. What more can be done to facilitate cross-border distribution of financial products through intermediaries?

\* Adoption of the OECD's Treaty Relief and Compliance Enhancement implementation (TRACE) package, would significantly enhance the cross-border distribution of fund shares through intermediaries. As intermediaries view the identities of their customers as confidential proprietary information, they are unwilling to provide funds with the names and tax residences of their customers who have bought fund units. TRACE addresses this issue by allowing intermediaries to qualify to pass along to tax authorities "pooled information" regarding treaty-eligible investors; the tax authorities retain the right to challenge inappropriate claims and the authorized intermediary remains fully liable for any inappropriately-provided relief.

\* Convergence in Know Your Customer (KYC) requirements, including supporting the use of electronic identity verification, and facilitating cross-border data sharing between distributors and funds, could reduce costs and operational complexities and better accommodate cross-border distribution, while ensuring a strong anti-money laundering (AML) framework.[1]

\* Actively encouraging digitalisation, including through the adoption of regulatory approaches for the distribution of regulated funds through technology and the electronic delivery of information to investors.

-----  
[1] Also see Issue 12, Example 2, ICI Global Response to the Call for Evidence on the EU Regulatory Framework for Financial Services, available from <https://www.iciglobal.org/pdf/29677.pdf>

11. Is further action necessary to encourage comparability and / or facilitate switching to retail financial services from providers located either in the same or another Member State?

- Yes, at Member State level
- Yes, at EU level
- No
- Don't know / no opinion / not relevant

12. What more can be done at the EU level to tackle the problem of excessive fees charged for cross-border payments (e.g. credit transfers) involving different currencies in the EU?

Please tick all relevant boxes

- Aligning cross-border and domestic fees
- Before every transaction, consumers should be clearly informed what fee they will be charged and for comparison should be presented the fee for national payment
- Before every transaction consumers should explicitly accept the fee they will be charged
- No further action is needed
- Other
- Don't know / no opinion / not relevant


13. In addition to already existing disclosure requirements\*, are there any further actions needed to ensure that consumers know what currency conversion fees they are being charged when they make cross-border transactions?

*\* Articles 59 and 60(3) of the revised Payments Services Directive (PSD2): European Parliament legislative resolution of 8 October 2015 on the proposal for a directive of the European Parliament and of the Council on payment services in the internal market and amending Directives 2002/65/EC, 2013/36/EU and 2009/110/EC and repealing Directive 2007/64/EC (COM(2013)0547 – C7-0230/2013 – 2013/0264(COD))*

Please tick all relevant boxes

- No further action is needed
- Before every transaction, consumers should be clearly informed what conversion fee they will be charged and for comparison should be presented the average market conversion fee (e.g. provided by the European Central Bank)
- Before every transaction consumers should explicitly accept the conversion fee they will be charged
- Other
- Don't know / no opinion / not relevant

### 3.1.2 Accessing financial services from anywhere in Europe

Please [refer to section 3.1.2 of the Green paper](#)  to read context information before answering the questions.

14. What can be done to limit unjustified discrimination on the grounds of residence in the retail financial sector including insurance?


15. What can be done at the EU level to facilitate the portability of retail financial products – for example, life insurance and private health insurance?

Please tick all relevant boxes

- Prohibit insurance firms from geographically limiting cover to the country where the policy-holder is living
- Encourage insurance firm to sell insurance products with wide geographical coverage
- Other
- Don't know / no opinion / not relevant

16. What can be done at the EU level to facilitate access for service providers to mandatory professional indemnity insurance and its cross-border recognition?

### 3.1.3 Having trust and confidence to benefit from opportunities elsewhere in Europe

Please refer to section 3.1.3 of the Green paper  to read context information before answering the questions.

17. Is further action at the EU level needed to improve the transparency and comparability of financial products (particularly by means of digital solutions) to strengthen consumer trust?

- Yes
- No
- Don't know / no opinion / not relevant

18. Should any measures be taken to increase consumer awareness of FIN-NET\* and its effectiveness in the context of the Alternative Dispute Resolution Directive's implementation?

*\* FIN-NET is a financial dispute resolution network of national out-of-court complaint schemes in the European Economic Area countries that handle disputes between consumers and financial services providers*

- Yes
- No
- Don't know / no opinion / not relevant

19. Do consumers have adequate access to financial compensation in the case of mis-selling of retail financial products and insurance?

- Yes
- No
- Don't know / no opinion / not relevant

20. Is action needed to ensure that victims of car accidents are covered by guarantee funds from other Member States in case the insurance company becomes insolvent?

- Yes
- No
- Don't know / no opinion / not relevant


21. What further measures could be taken to enhance transparency about ancillary insurance products and to ensure that consumers can make well-informed decisions to purchase these products?

21.1 With respect to the car rental sector, are specific measures needed with regard to add-on products?

- Yes
- No
- Don't know / no opinion / not relevant

## 3.2 Creating new market opportunities for suppliers

### 3.2.1 Meeting the challenges and opportunities presented by digitalisation

Please refer to section 3.2.1 of the Green paper  to read context information before answering the questions.

22. What can be done at the EU level to support firms in creating and providing innovative financial digital services across Europe, with appropriate levels of security and consumer protection?

We recommend that the Commission examine Member State initiatives that are supporting the creation and provision of innovative products and services, [1] to identify commonalities of approach for use across the internal market. The European Supervisory Authorities' examination of the increasing use of FinTech, [2] is important to foster a single approach to the adoption of digital technology across the internal market.

Surveying and studying firms that operate and interact with investors in multiple Member States also would be helpful. These efforts would allow the European Commission to gain insight into what investors value, need or seek out when buying financial services across the internal market. Such work also would help to identify trends, strengths and weaknesses in the take-up of digital technologies and investment products and services.

-----  
[1] The UK Financial Conduct Authority has launched "Project Innovate" to support the development of innovative financial products and services to the market (see <https://innovate.fca.org.uk/>).

[2] For example, ESMA's call for evidence on investment using virtual currency or distributed ledger technology, available from [https://www.esma.europa.eu/sites/default/files/library/2015/11/2015-532\\_call\\_for\\_evidence\\_on\\_virtual\\_currency\\_investment.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/2015-532_call_for_evidence_on_virtual_currency_investment.pdf), and the Joint Committee's discussion paper on automation in financial advice, available from <https://www.eba.europa.eu/documents/10180/1299866/JC+2015+080+Discussion+Paper+on+automation+in+financial+advice.pdf>

23. Is further action needed to improve the application of European Anti-Money Laundering legislation, particularly to ensure that service providers can identify customers at a distance, whilst maintaining the standards of the current framework?

- Yes
- No
- Don't know / no opinion / not relevant

If further action is needed to improve the application of European Anti-Money Laundering legislation, particularly to ensure that service providers can identify customers at a distance, whilst maintaining the standards of the current framework, please state additional comments on possible actions (e.g. guidelines at EU level, etc.):

We support efforts to provide solutions for electronic identity verification as a means to undertake Know Your Customer (KYC) checks.[1] Current KYC requirements for 'distant' client relationships are impractical owing to the need to obtain certification by a local authorised body, and the risk of sending paper documents by post – sometimes intercepted by criminals (e.g. acting as postal employees) and used to commit fraud. Verification controls of the authenticity of the certification and KYC documentation itself are limited. Costs are incurred by investors to gather, certify and post the paper documents. Regulated funds incur costs to request, acknowledge receipt and verify received documentation. Examples of divergence in Member State process and compliance obligations on funds to perform KYC checks include, differences in the acceptance of certified copies of the client ID/passport documentation – some Member States require a photo and client signature from a verifiable source (i.e. certified) to be included, whereas others do not permit ID/passport copies to be made.

-----  
[1] See response to Q24.

24. Is further action necessary to promote the uptake and use of e-ID and e-signatures in retail financial services, including as regards security standards?

- Yes
- No
- Don't know / no opinion / not relevant

If further action is necessary to promote the uptake and use of e-ID and e-signatures in retail financial services, including as regards security standards, please state additional comments on possible actions:

Limits in some Member States on the use of electronic identity verification present challenges for cross-border regulated funds to perform KYC checks as a means of satisfying anti-money laundering (AML) requirements.[1] Examples of divergence in the process and compliance obligations on funds to perform KYC checks include the use of online services, such as credit checks, to verify

identity in instances where a resident of a Member State does not hold a passport or national ID.

Building on the existing work under the electronic identification and trust services for electronic transactions (eIDAS) Regulation, [2] and Member State initiatives, [3] we recommend that the Commission continues to address barriers to the creation of a pan-EU framework under which regulated funds and distributors can use e-ID and e-signatures to satisfy KYC obligations.

-----  
[1] Divergence in AML requirements presents challenges for funds at the point of initial investment and also for cross-border fund mergers.

[2] Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC, available from

[http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L\\_.2014.257.01.0073.01.ENG](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2014.257.01.0073.01.ENG)

[3] For example, the “Nordea” register of strong electronic identification maintained by the Finnish Communications Regulatory Authority (see <http://www.nordea.fi/en/corporate-customers/payments/electronic-banking/e-identification.html>)

25. In your opinion, what kind of data is necessary for credit-worthiness assessments?

26. Does the increased use of personal financial and non-financial data by firms (including traditionally non-financial firms) require further action to facilitate provision of services or ensure consumer protection?

- Yes, at Member State level
- Yes, at EU level
- No
- Don't know / no opinion / not relevant

27. Should requirements about the form, content or accessibility of insurance claims histories be strengthened (for instance in relation to period covered or content) to ensure that firms are able to provide services cross-border?

- Yes
- No
- Don't know / no opinion / not relevant



28. Is further action necessary to support firms in providing post-contractual services in another Member State without a subsidiary or branch office?

- Yes, at Member State level
- Yes, at EU level
- No
- Don't know / no opinion / not relevant

29. Is further action necessary to encourage lenders to provide mortgage or loans cross-border?

- Yes
- No
- Don't know / no opinion / not relevant

30. Is action necessary at the EU level to make practical assistance available from Member State governments or national competent authorities (e.g. through 'one-stop-shops') in order to facilitate cross-border sales of financial services, particularly for innovative firms or products?

- Yes
- No
- Don't know / no opinion / not relevant

31. What steps would be most helpful to make it easy for businesses to take advantage of the freedom of establishment or the freedom of provision of services for innovative products (such as streamlined cooperation between home and host supervisors)?

We recommend the following changes to improve the cross-border operation and distribution of regulated funds across the internal market: [1]

- \* Removing Member State rules that impede the establishment of UCITS funds by management companies in other Member States;
- \* Converging and simplifying the authorisation and notification process to minimise delays and costs e.g., shorten and limit review times, and expedited procedures for minor changes or UCITS that are "clones" of existing authorised UCITS;
- \* Harmonising the electronic transmission and filing of updates or amendments to registration documents, to enable the single market passport to be obtained through a single home Member State filing, akin to the MIFID services passport;
- \* Harmonising UCITS marketing rules to eliminate duplication, divergence and conflict among various Member State requirements;
- \* Ensuring timely and adequate information flow from distributors to fund managers to support required product reviews under MIFID II;
- \* Introducing a passport to enable a depositary to act for UCITS funds across the single market, regardless of the Member State in which the fund is established. A depositary passport would increase competition, provide funds with a broader range of depositaries and may reduce operational costs;
- \* Adopting the OECD's TRACE implementation package at the EU level and

encouraging Member States to provide treaty relief for funds by implementing the CIV Report recommendations in their treaties (including any multilateral instrument adopted in connection with BEPS Action 15).

-----  
[1] For a discussion of the barriers to the single market passport, see Q11, ICI Global Response to European Commission Green Paper on “Building a Capital Markets Union”, 13 May 2015, available from <https://www.iciglobal.org/pdf/28990.pdf> and Issue 1, Example 2 and 3, ICI Global Response to the Call for Evidence on the EU Regulatory Framework for Financial Services, available from <https://www.iciglobal.org/pdf/29677.pdf>

### 32. For which retail financial services products might standardisation or opt-in regimes be most effective in overcoming differences in the legislation of Member States?

Please tick all relevant boxes

- Life insurance (This work would build on existing EIOPA research on the Pan-European Personal Pension product)
- Mortgage
- Other
- None
- Don't know / no opinion / not relevant

Please specify for which other retail financial services products standardisation or opt-in regimes might be most effective in overcoming differences in the legislation of Member States:

A well-designed pan-EU personal pension product (PEPP) - involving the standardisation of various aspects of the way in which EU citizens save for their retirement [1] - will support EU citizens in meeting their long-term savings needs. In this regard, we are fully supportive of the Commission's work on developing a EU single market for PEPPs and are developing proposals (such as investor and residence-country reporting) that will ensure tax compliance irrespective of differences in Member State pension tax regimes. We believe this work would be highly valuable to supporting a more mobile EU workforce which also will help EU employers. More crucially, by pooling assets on a cross-border basis, certain efficiencies in cost, management and administration can be achieved that will benefit EU savers and the EU's capital markets.

We urge the Commission to make the PEPP work a priority, because of its importance to EU citizens and the EU economy.

-----  
[1] For a discussion of the aspects of standardisation we consider necessary to ensure a PEPP is competitive and facilitates the free movement of capital, see ICI Global Response to EIOPA Consultation Paper on The Creation of a Standardised Pan-European Personal Pension Product (PEPP), 5 October 2015, available from [https://www.iciglobal.org/pdf/15\\_icig\\_eiopa\\_pepp\\_consultation\\_ltr.pdf](https://www.iciglobal.org/pdf/15_icig_eiopa_pepp_consultation_ltr.pdf)

---

33. Is further action necessary at the EU level in relation to the 'location of risk' principle in insurance legislation and to clarify rules on 'general good' in the insurance sector?

- Yes
- No
- Don't know / no opinion / not relevant

34. Please provide any additional comments in the box below:

*5000 character(s) maximum*

#### Useful links

Details of the Green paper ([http://ec.europa.eu/finance/consultations/2015/retail-financial-services/index\\_en.htm](http://ec.europa.eu/finance/consultations/2015/retail-financial-services/index_en.htm))

Green paper document (<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2015:630:FIN>)

Specific privacy statement

([http://ec.europa.eu/finance/consultations/2015/retail-financial-services/docs/privacy-statement\\_en.pdf](http://ec.europa.eu/finance/consultations/2015/retail-financial-services/docs/privacy-statement_en.pdf))

More on the Transparency register (<http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en>)

---

#### Contact

✉ [fisma-retail-green-paper@ec.europa.eu](mailto:fisma-retail-green-paper@ec.europa.eu)

---