

CROSS-BORDER RETAIL FINANCIAL SERVICES IN EUROPE



The Norwegian Consumer Council sent its reply to the European Commission's consultation paper (Green Paper) on cross-border retail financial services on March 17th 2016.

All answers from the Norwegian Consumer Council to the questions from the European Commission are additions to the BEUC position.

Editor's note

Cross-border retail financial services

On December 10th 2015, the European Commission announced its Green Paper on retail financial services. In the Green Paper, the European Commission states that their aim is to improve choice, transparency and competition in retail financial services to the benefit of European consumers. The deadline to provide input on the Green Paper from the European Commission on cross-border retail financial services was set to March 18th 2016. The Norwegian Consumer Council submitted its views on March 17th 2016.

Consumers need better financial services, not necessarily more

New digital solutions will change the way we use financial services. The Norwegian Consumer Council welcomes changes as long as consumer rights and privacy is respected. The financial sector is facing major challenges, and as a consequence, the days of excessive financial services and fees may hopefully be over.

The entire financial services landscape is changing, and the landscape is changing fast. New digital solutions and new service providers, including peer-to-peer based sharing initiatives, continue to make inroads in the financial markets. The Norwegian Consumer Council welcomes changes conditionally. Innovations must respect consumer rights and privacy.

Faced with the possibilities provided by new technological solutions, traditional financial institutions risk becoming more and more irrelevant unless they adapt and become innovative and connect better with their customers. A fading position for traditional financial institutions is not necessary a problem for consumers. Many of these institutions failed consumers on important areas. Mis-selling investments products, opaque product packaging and pricing and aggressive sales of credit has made consumers sceptic to the financial industry.

Trust is key

Among consumers, the confidence in the banking and financial sector are extremely low and have remained so for years. In fact, according to the European Consumer Markets Scoreboard, the overall ranking indicate that the financial sector are the least trusted of all. Consumer trust and satisfaction in investment products, private pensions and

securities ends absolutely last bottom on the list. This lack of trust should be a major concern for the traditional retail financial services industry.

It is no understatement to say that if the old-fashioned financial institutions fail to improve their products to meet the expectations of their customers, they will probably go down in history as failed companies. If people get the opportunity to use easier and better solutions and services outside the traditional financial services sector, many will likely seize this opportunity.

Innovation and digitalisation

The potential for innovation in the financial sector is huge as a result of digitalisation, and in the years to come we will probably see a steady flow of new functionality which might dramatically alter the way we use financial services. The Norwegian Consumer Council looks forward to innovations for FinTech industries, especially within automated financial advice, payment services and loans.

The development and introduction of various new Blockchain technologies also opens up possibilities and potential for both new financial and non-financial services and new ways for consumers and businesses to trade and make payments.

There are reasons to welcome trends towards a more user-friendly approach to financial services. However, consumer rights and the rights to privacy must be sufficiently protected and safeguarded in an increasingly digitalised society.

Introduction of new user-friendly digital solutions and services that work seamlessly and universally regardless of country borders should be actively encouraged by the authorities. In fact, policy changes must take into account the impact of digitalisation, and ensure that new regulation initiatives does not limit positive innovation in the retail financial services industry. European authorities should facilitate and encourage solutions and developments that better connect with the needs of the consumers.

Consumer evaluation

New digital solutions could also help consumers make their choices based on experienced engagement from previous user and customers. By continuously collecting feedback on the quality of goods and services and then publishing them, new customers will be able to make more informed and better choices.

Currently, such evaluation methods are widespread and well-known in the lodging and travel industry (hotels, resorts, etc.) Consumers generally welcomes rating and feedback-systems where new users can see how previous users evaluate goods

and services. There is a large potential for introducing customer-rating in the retail financial services sector. There is no reason why poor customer service, including in the financial sector, should remain a well-kept secret.

New trends and initiatives

In recent years we have seen a steady rise in new initiatives and trends that to a greater or lesser extent challenges the traditional financial vendors.

Introduction of a variety of new payment systems, including mobile phone-based money payment and transfer services like M-Pesa, means that customers will have access to alternative ways to pay for goods and services and to deposit, withdraw and transfer money. It also provides alternatives to consumers without a bank account ("underbanked" or "unbanked"). Introduction of new payment solutions that outperform old banking services is a good thing – but they need to respect privacy.

We have also seen an increase in the practice of funding a venture or a project through alternative financial concepts outside of the traditional financial system. One example is crowdfunding, where large numbers of people each contribute with small amounts of money, often via internet-mediated registries, and thereby ensures the necessary funding for the project or venture.

The rise of the sharing (or collaborative) economy in recent years have been fuelled by new user-friendly digital solutions. The basic core of the sharing economy is to make use of unused or underused assets. New websites match up owners and renters on a larger scale than ever before, the availability of goods and services are up, and transaction costs are down.

Digital ID

In an increasingly digitized age, it is necessary to develop and establish cross-border standards in Europe that allow for the use of secure electronic signatures. Instead of using a physical pen to sign documents, contractual partners all over Europe should be able to use an electronic ID to authorize bids and payments or to sign any legally binding contract.

National solutions are already in place and works as digital keys to online banking services, shopping and to a wide range of online governmental services. It can be used when applying for a loan, when placing a bid on real estate, when applying for public services both on the municipal and national level, when paying bills online etc. European authorities must work for well-functioning digital ID for all European consumers. In the Nordic region, non-proprietary payment solutions are widespread, effectively reducing barriers

between various financial institutions and between financial institutions and consumers.

Lock-in mechanisms

The European Commission should be in favour of supervision measures in order to prohibit most tying and bundling practices in the retail financial sector. Bundling and tying practises causes less effective markets and serve as an obstacle for transparency. Less transparency makes it more difficult for consumers to compare products and services from different providers, effectively limiting competition and or obstructs rational choice. Such practice also has a significant downside related to business start-ups. The major challenge for newly established companies is obtaining a levelled playing field in competitions with well-established competitors. Bundled practices harm sound business development and the growth of new businesses and niche industry.

As a minimum, any form of bundled practices must be conditional, time-limited and must provide overall and significant fiscal benefits to the end-user which would not otherwise be available. Consumers must also be able to resign from one part of the package, while still being allowed to hold on to other parts of it. Tying practices should be prohibited.

Consumer's rights

It must be an absolute and mandatory requirement that increase of cross-border sale of retail financial services or products does not happen at the expense of consumers' rights. Existing laws and regulations concerning consumer issues must be enforced, including legislation that is intended to protect privacy and personal data.

It is also necessary to continue the drive towards implementing necessary legislation that will secure improved disclosure and standards concerning minimum information requirements; all consumers should understand what they purchase, by whom and the full cost. Comparability between equal financial products from different providers, allowing consumers to make rational decisions, is important, as well as clear and plain language in order to ensure that everyone understands the content quickly, easy and completely.

On the following pages, the Norwegian Consumer Council (NCC) presents its views on the various aspects of the Commissions's proposals. It should also be noted that the NCC supports the general opinions of BEUC, as presented in their separate consultation response.

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Introduction

Changing landscape

The financial services landscape is changing, and the landscape is changing fast. New digital solutions and new service providers, including peer-to-peer based sharing initiatives, continue to make inroads in the financial markets. Faced with the possibilities provided by new technological solutions, traditional financial vendors risk becoming more and more irrelevant unless they adapt and become innovative and connect better with their customers.

Policy changes must take into account the impact of digitalisation, including any disruptive digital factors. However, it is important to ensure that new regulation initiatives does not limit positive innovation in the retail financial services industry. Also, it is necessary to facilitate digital identification platforms, well-functioning solutions for unbanked customers (e.g. mobile payment solutions) and to ensure adequate and steady development of digital infrastructure all over Europe.

Increased consumer awareness, reduced brand loyalty and more apparent and easy ways to switch between different retail financial service providers are positive developments. Today's consumers increasingly demand personally tailored solutions and services that better connect with their actual needs. As a consequence, the days of excessive financial fees may also soon be over.

Currency barriers

Currency challenges still represent significant and obvious barriers to many European citizens, and is an issue that needs to be addressed in a serious way. From a consumer point of view, minimising disadvantages associated with using foreign currencies, e.g. exchange fees and risks connected to currency fluctuations, could contribute in boosting the use of cross-border retail financial services.

While the euro is the official currency of 19 out of 28 EU member countries and in use by approximately 340 million people every day, well over 175 million Europeans are part of the single market but reside in countries outside of the Eurozone.



The nine EU countries currently not using the euro are Bulgaria (BGN), Croatia (HRK), the Czech Republic (CZK), Denmark (DKK), Hungary (HUF), Poland (PLN), Romania (RON), Sweden (SEK) and the United Kingdom (GBP). These nine countries outside the Eurozone have a combined population of approximately 170 million people.

In addition, the euro is also in use by some European countries outside the European Union: The four European microstates (Andorra, Monaco, San Marino and the Vatican) all have special relations with the EU, while Kosovo and Montenegro have adopted the euro unilaterally.

In addition, the four EFTA countries consisting of Iceland (ISK), Norway (NOK), as well as Liechtenstein and Switzerland (both using CHF) have chosen to keep their national currencies. In total, approximately 13.5 million people reside in the EFTA area.

It is of great importance to European consumers throughout the entire European Economic Area that the member states continue to have a strong focus on minimizing currency barriers between Eurozone countries and non-Eurozone countries.

Q1

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

Automated financial advice

Increasing digitalisation of financial services across the banking, insurance, pension and securities sectors have resulted in a growing number of new, automated financial tools providing recommendations or advice to consumers based on algorithms and/or decision trees. Automated financial advice tools are basically consumer-facing tools, largely relying on inputs from the consumers. After processing input, the tool typically presents one or a number of products that match the consumer's needs, while also possibly highlighting potential risks and benefits. Automated financial tools may, if set up correctly, serve consumers well by increasing the level and degree of independent thinking and self-assessment. Such financial tools may also be suitable cross-border.

Traditional financial products

To some degree, financial fund management might also be suitable for competition across national borders. However, such schemes might be most suited cross-border within the Eurozone, as it would not be advisable to add uncertainty connected to future currency fluctuations in connection with private pension savings accounts.

In addition, standardised financial products like car insurance, savings accounts, etc., may also be suitable for cross-border competition.

Q2

What are the barriers which prevent firms from directly providing financial services cross-border? What are the barriers that prevent consumers from directly purchasing products cross-border?

Lack of information

From a consumer point-of-view, sufficient and adequate information is almost always a key. Lack of information or difficulties in accessing information can make it significantly less attractive to check out foreign retail financial services. In addition, accessible information is often formulated only in the official language of the given country, potentially creating language barriers. According to the Consumer Conditions Scoreboard (2013), important obstacles to cross-border purchases in the retail sector for both consumers and retailers are connected with the lack of information on consumer rights and legislation across borders. Findings in the Consumer Conditions Scoreboard also indicate that while 6 out of 10 consumers feel confident purchasing online from domestic sellers, only a third feels confident about cross-border purchases. However, among those with previous experience of cross-border online shopping, the trust is at 80 %. This suggests that if consumer trust is increased, then there may also be an increase in e-commerce across European borders. Only around a quarter (26 %) of respondents claim to be interested in making cross-border purchases within the EU in the next 12 months.

Digital divides

While shopping via the internet continues to grow steadily, there are also significant digital divides among EU-consumers along geographical lines and socio-demographic characteristics (e.g. education, income, gender, age, etc). However, the digital maturity in Europe is likely to increase in the years to come, effectively reducing digital barriers. Digitally, we may currently be in a transitional period. It is likely that more and more people will get access to internet services as digital infrastructure and network coverage continue to expand all over Europe.

Consumer trust

According to the European Consumer Markets Scoreboard (2013), the overall ranking of markets indicate that the financial sector is well represented at the bottom. Consumer trust and satisfaction in investment products, private pensions and securities ends absolutely last on the list, narrowly

preceded by mortgages and real estate services. In addition, two further banking services markets (bank accounts as well as loans, credit and credit cards) are also on the bottom ten list of services that are ranked by European consumers.

From a consumer perspective, banking services are the worst performing cluster of all. Similar results are also found in the Edelman trust barometer (2014) covering 27 countries and 33,000 respondents, where technology companies are the most trusted industry while financial services and banks continues to be the least trusted. Also, interestingly, by region, trust in the financial services industry is significantly lower among respondents in EU-countries (29 %) compared to respondents from APAC-countries (62 %), BRIC-countries (61 %), Latin American countries (54 %) and North American countries (51 %).

The lack of consumer trust should be a major concern for the traditional retail financial services industry. If people get the opportunity to use other and better solutions and services outside the traditional financial services sector, many will likely seize this opportunity. Regulatory authorities should facilitate and encourage such developments.

Cross-border labour mobility

A large number of European citizens reside in one country while having their work-place in another country. Mobility in the labour market is of particular importance in border regions, where workers cross a national border on a daily basis or several times a week in order to get from their homes to their work-places, and vice-versa. Better job opportunities, wage differences as well as housing and/or living costs are some of the important factors in explaining cross-border labour mobility. However, many frontier workers face practical difficulties and obstacles as well as unnecessary bureaucracy when they attempt to acquire information about or to gain access to basic financial services or products. Many cross-border workers also encounter excessive charges and fees in some member states. This is especially a factor concerning various national payment services schemes and mortgages, where fees are increased on the basis of the consumers foreign residential address.

A well-functioning cross-border labour market that also facilitate necessary information and advice to employers, employees and job applicants, will contribute in promoting entrepreneurship and growth and subsequently also contribute to increased demand for cross-border retail financial services. Free movement of workers across borders is a core part of and a fundamental principle within the European Economic Area.

Q3

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

The potential for innovation in the financial sector is huge as a result of digitalisation, and in the years to come we will probably see a steady flow of new functionality which might dramatically alter the way we use financial services.

From a consumer point-of-view, there are reasons to welcome trends towards a more user-friendly approach to financial services. However, it is also important to emphasise that consumer rights and the rights to privacy must be sufficiently protected and safeguarded in an increasingly digitalised society.

Blockchain

Blockchain technologies opens up vast possibilities and potential for both new financial and non-financial services and new ways for consumers to trade and make payments.

Various applications are already in place that allow different use of blockchain technologies. Some solutions involve digital trading of real-estate properties, as well as other physical assets like commodities. Blockchain solutions can also function as marketplaces for purchase and sale of digital assets. In addition, P2P-transfers, micropayments and crowdfunding are other uses.

Reputation management

New digital solutions could help consumers make their choices based on engagement from previous user and customers. By continuously collecting feedback on the quality of goods and services, new customers will be able to make more informed and better choices.

Currently, such evaluation methods are widespread and well-known in the lodging and travel industry (hotels, resorts, etc.). Consumers generally welcomes rating and feedback-systems where new users can see how previous users evaluate goods and services. There is a large potential for introducing customer-rating in the retail financial services sector.

Sharing economy

The rise of the sharing (or collaborative) economy in recent years have been fuelled by new user-friendly digital solutions. The basic core of the sharing economy is to put unused or underused assets to use.

New websites match up owners and renters on a larger scale than ever before, the availability of goods and services are way up, transaction costs are down and a variety of new payment systems have been introduced.

From a consumer point-of-view, introduction of new payment solutions that outperform old banking services may be a good thing. Competition in the retail financial sector means that consumers may benefit from increased choice.

Q4

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

User-friendly design

In the same way as European countries has used their educational institutions to abolish illiteracy, efforts should be made in order to also abolishing digital illiteracy. Parallel to continuous efforts to prepare new generations for a digital society, efforts should also be made to empower elder generations with the tools and knowledge necessary to handle tasks that require the use of digital platforms and solutions. Age can not be an obstacle to implementing better services.

Also, it should be in the interest of most financial retailers that wish to expand their businesses cross-border to provide user-friendly solutions, intuitive websites and simplified payment gateways. Needless to say, customers are entitled to clear descriptions of and information about the various financial product sold, regardless of which side of the border customers are located.

Q5

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

It must be an absolute and mandatory requirement that increase of cross-border sale of financial services or products does not happen at the expense of consumers' rights. Existing laws and regulations concerning consumer issues must be enforced, including legislation that is intended to protect privacy and personal data.

Security risks

Digital technologies give rise to the possibility of hacking, where computer networks or personal computers are accessed by unauthorized perpetrators wishing to steal valuable information.

It should be a priority to all financial service providers, new and old, to establish necessary protective measures against unlawful methods of gaining financial advantages at the expense of others.

Q6

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

Bundling and tying

In short, allowing bundled practises causes less effective markets and serve as an obstacle for transparency. Less transparency makes it more difficult for consumers to compare products and services from different providers, effectively limiting competition.

Customer programs are the prime example of bundled practices. Having several products bundled increase barriers and decrease the functionality of the market. Bundled practices also create a climate of opaque consumer contracts and makes it difficult for consumers to compare prices and conditions, effectively functioning as obstacles to rational choice.

The biggest challenge for newly established financial companies is obtaining a levelled playing field in competitions with well-established competitors. Bundled practices harm sound business development and the growth of new businesses and niche industry. In order to minimise these risks, the European Commission should be in favour of supervision measures in order to prohibit most tying and bundling practices in the retail financial sector. As a minimum, any form of bundled practices must be conditional, time-limited (one year maximum) and must provide overall and significant fiscal benefits to the end-user which would not otherwise be available. Consumers must also be able to resign from one part of the package, while still being allowed to hold on to other parts of it. However, tying practices should be prohibited.

On 26 January 2016 the ESAs sent a letter to Lord Jonathan Hill, the Commissioner for Financial Stability, Financial Services and Capital Markets Union requesting the European Commission to address legislative inconsistencies between the banking, insurance and investment sectors. We share the ESAs concern about the inconsistencies in the existing EU legislation. It is our opinion that, in addition to restricting cross-selling practices, we should also seek to regulate cross-selling practices in a consistent way across the three sectors, to the benefit of consumers.

Ceiling on interest rates

Interest rate ceilings on some financial products may protect consumers from excessive interest rates and abusive lending practices, enabling them to obtain reasonably priced loans.

From a consumer point-of-view, focus should be on regulating usury practices and limiting default interest rates, as well as limiting non-interest charges and fees, which if unregulated, may result in a higher overall cost of borrowing even if the explicit price of credit (the interest rate) is kept at a low level.

A high level of awareness on the consumer side combined with easily accessible information regarding interest rates, will contribute to a better-functioning capital market.

What makes loans represented by credit cards riskier than other types of loans, like typically mortgage loans or car loans, is the fact that they are unsecured and not necessarily backed by collateral values. Likewise, a line of credit used for financial investment purchases, will typically be offered at a higher rate than loans that are backed and secured with readily marketable assets.

Q7

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

Cross-border complaint and redress mechanisms

More efficient complaint and redress mechanisms need to be in order to increase consumer protection. Harmonization across Europe should, from a consumer point-of-view, be based on best practice.

Strengthening the existing Consumer Protection Cooperation Network (CPCN), will help to improve consumer trust with regard to cross-border transactions.

Q8

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?

Chargeback

Chargeback is a reimbursement system designed to protect certain consumer rights on payment services. Chargeback is particularly designed to reverse payments in case of fraudulent or non-authorized use of payment cards, in case of bankruptcy, in case of non-delivery, or if the goods/services are not in conformity with a contract.

EU-law only covers credit card chargeback, while purchases involving the use of debit cards are not covered. However, in some countries purchases with debit cards are covered by national law, or by the operating rules of the card companies (e.g. in case of non-delivery of goods).

In order to further expand consumer rights, the European Commission should consider to include debit card chargeback in EU-law.

Further, in order to increase consumer knowledge, it should be obligatory for financial institutions and card companies to inform clearly in their operating rules about the rights of consumers and how the banks handle chargeback requests.

In addition, it should be mandatory for banks, card issuers and financial intermediaries to participate in systems for out-of-court resolution disputes with customers and to inform clearly about procedures and deadlines. Redress procedures should also be in place for settlement of cross-border disputes, in order to effectively resolve disagreements between parties residing in different countries. Expanding the scope of FIN-NET should be considered.

Q9

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

European Finance Portal

Establishing an internet-based, digital multilingual European Finance Portal solution should be considered in order to provide relevant and updated information to consumers about retail financial products and services in one place.

Q10

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

Risk management

Cross-border contracts involves various degrees of risk, and especially when transactions involve the use of different currencies. In order to limit or offset probabilities of loss from fluctuations in the prices of foreign currencies, businesses sometimes employ various hedging techniques to minimise risk.

However, for most consumers, the use of such financial instruments are either unsuitable or way to complex. In order to overcome financial challenges and volatility associated with currency fluctuations connected to ordinary and common cross-border financial products, a large part of the risk should lie with the professional financial institutions which are better positioned to employ various risk management or hedging strategies.

Q11

Is further action necessary to encourage comparability and / or facilitate switching to retail financial services from providers located either in the same or in another Member State? If yes, what action and for which product segments?

Transparency

In order for consumers to be able to make up a qualified opinion on various financial services, it is necessary to have a transparent basis for comparison. This is obviously true for domestic financial services, and even more so for cross-border financial services.

Independent third-party comparison websites for the financial sector should be encouraged, possibly also publicly funded. The aim should be to present good benchmarks, comparisons between financial companies and products as well as manuals on how to easily change between different financial service providers.

Clear language, understandable terms and conditions together with descriptions of easy and comprehensible redress procedures and systems in order to effectively resolve disagreements between parties residing in different countries, should be mandatory requirements for all financial institutions, both domestic and international.

Lock-in mechanisms

In the financial sector, lock-in practices are commonly used in contracts and financial packages in order to restrict customers from switching to other financial service providers, even if the customer wants to.

The practise of bundling or tying (see Question 6) is an example on how financial service providers attempt to make it difficult for their customers to leave them. Bundling serve as an obstacle for transparency and corrupts efficient competition in the retail financial services sector. In addition, bundling clearly also contributes to lower consumer protection.

In order to promote increased choice in cross-border financial services, the European Commission should focus on legislation that reduce lock-in effects and obstacles, effectively minimising tying and bundling practices.

Q12

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

From a consumer point-of-view, there should be clear disclosure of all transaction charges that will accrue prior to any payment, regardless of whether the payment is domestic or international. Such disclosure should be mandatory, and presented in a way that is both clear and understandable to the customer.

Q13

In addition to 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?

Hidden and unexpected fees are always a bad thing. Financial institutions should disclose fees and charges upfront, so that consumers and businesses can easily compare additional costs.

Limitations on unnecessary fees

As a general rule, the most favourable exchange rate for the customer should always be used. Currency exchanges and conversions involving the use of unnecessary fees, specifically aimed at charging more money from customers without adding increased value or services, should be strictly limited (or prohibited).

Q14

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

On a practical level, financial authorities should actively encourage introduction of new user-friendly digital solutions and services that work seamlessly and universally regardless of country borders.

On a side-note, if old and well-established financial institutions fail to improve their products to meet the expectations of their customers, they will eventually probably be punished by the same customers who will leave the ship in favour of new and more innovative competitors. The distance from greatness to fall may be short in the digital age.

Q15

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

Overall, there is basis for claiming that social rights and arrangements in Europe are relatively well-functioning. Medically necessary healthcare and assistance is also guaranteed to all EEA citizens holding a free European Health Insurance Card (EHIC) during a temporary stay in any of the 28 EU countries and the four EFTA countries, under the same conditions and at the same cost as people insured in that country.

As for pension schemes, new rules came into effect in the EU in December 2005 effectively creating a cross-border regime. This means that a pension scheme can be established in one EU member state which provides benefits to employees working in one or more other member states. However, pension schemes located in one EU member state must apply for authorisation and approval to accept contributions from employers employing members who are subject to the social and labour law of another EU member state. In April 2007, the three EFTA-states Norway, Iceland and Liechtenstein became part of the same cross-border regime. It is imperative that new European legislation does not conflict with the principle of safeguarding accrued pension rights.

Q17

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?

Clear and plain language, designed to ensure that everyone understands the content quickly, easy and completely, is important. Also, comparability between equal financial products from different providers.

Improved disclosure: Minimum information requirements; all consumers should understand what they purchase, by whom and the full cost. Consumer rights often needs to be clarified.

Enforcements by the three ESA authorities.

Q18

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?

Legal remedies and redress mechanisms such as the FIN-NET should be clearly defined and explained by the seller to the consumer in connection with any (substantial) purchase of financial products.

Q20

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?

Liability insurance must be required for all vehicles and be valid in all EEA states. State compensation schemes must be in place in the event of insolvent insurance providers; such schemes could be partially or fully funded by the insurance sector.

Q21

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

Full comparability between rental companies with regard to pricing. Insurance products: All consumers should be well-informed; being explained what they purchase, why (coverage) and the full cost.

Q24

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?

Digital ID

In an increasingly digitized age, it is necessary to develop and establish cross-border standards in Europe that allow for the use of secure electronic signatures. Instead of using a physical pen to sign documents, contractual partners all over Europe should be able to use an electronic ID to authorize bids and payments or to sign any legally binding contract.

Digital identification opens up a wide range of possibilities. Documents can be signed electronically without having to attend a meeting physically, and lays the foundation for new user-friendly digital solutions. One example is to implement the use of such technologies in various applications, making them available on people's tablets or mobile phones.

BankID is a method of certifying a person's identity when signing online which is both simple and secure. In Norway, today, an electronic signature with BankID is equally binding as a handwritten signature on paper. Essentially, BankID is the digital key to online banking services (netbanks), shopping and to a wide range of online governmental services. It can be used when applying for a loan, when placing a bid on real estate, when applying for public services both on the municipal and national level, when paying bills online, etc. Currently, there are more than 3.2 million active personal BankID certificates in Norway, and it is up to the individual user to select his/her preferred connection platform; computer, tablet or mobile phone.

In the Nordic region, non-proprietary payment solutions are widespread, effectively reducing barriers between various financial institutions and between financial institutions and consumers.

Q25

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

An important measure in many countries in order to prevent consumers from ending up in debt traps would be to establish a debt, insolvency and bankruptcy registry that credit providers are required to check before any new credit is granted. Only necessary data to be collected combined with strict privacy and data protection. Strengthening of supervision authorities, including data protection legislation.

Q26

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?

Privacy protection

The practice of selling or otherwise transferring customer data is an important consumer protection issue, and needs to be addressed seriously by regulatory authorities. The rules for resale of customer data to third parties should be strict, and if such practices are to be accepted it must be clearly stated in terms and conditions and be clearly understood by the customer.

In addition, the possibility that selling or sharing customer data as part of a merger and/or acquisition deal may sometimes be an objective for technology startups, should also be dealt with in a regulatory way.

Q31

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)?

Financial products preapproved by supervision authorities should be available to interested customers in all countries.

Q33

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

European consumer oversight for the financial sector.

The Norwegian Consumer Council is an independent organization that assists consumers and influence government and business in a consumer-friendly direction.

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