



EUROPEAN COMMISSION

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Dear President,

The Commission thanks the Senat for its Opinion on the Green Paper on retail financial services {COM(2015) 630 final}.

The Commission wanted to stimulate an EU-wide debate by publishing this Green Paper on retail financial services. The Green Paper describes the situation of the retail financial services markets across Europe and invites stakeholders to help identify possible obstacles to overcome the current market fragmentation. The Commission is analysing the responses to its consultation very carefully and plans to focus possible follow-up on the areas which are most conducive to improving the everyday experience of retail financial services, both for consumers and suppliers.

According to the Commission's preliminary analysis, the situation still seems to be unsatisfactory for a large proportion of consumers and suppliers in the EU. Some retail financial services markets suffer from high market concentration and consumers across Europe still lack easy access to products from other Member States. In short, a true European Single Market in retail financial services does not yet exist. The further deepening of retail financial services markets would, in the Commission's opinion, lead to better products, more choice and greater opportunities for consumers and businesses throughout the EU.

The Commission welcomes the Senat's comprehensive reply to the public consultation and would like to take this opportunity to react to the most salient points made.

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The Commission takes note that the Senat sees most potential for a future cross-border increase in retail financial services in insurance and the portability of bank accounts. The obstacles the Senat has identified that currently still prevent more cross-border activity (e.g. lack of trust by consumers, language issues, lack of information on products and exchange rates applicable) appear to be broadly in line with the ones identified by the Commission. The Commission also identified issues on distance-verification (i.e. anti-money laundering) and e-signature. The Commission plans to address these technical obstacles in its future actions.

The Senat's Opinion emphasises the importance of consumer trust for increasing cross-border transactions in retail financial services and suggests organising public awareness campaigns and ensuring a high level of data protection to foster more cross-border demand. The Commission considers more cross-border activity important for introducing more competition in the sector.

The Commission has also taken careful note of the other views expressed by the Senat, such as the plea not to over-regulate a nascent online market and the need to pay attention to rural areas where both internet penetration levels and supply with online financial services are still comparatively low. These are pertinent observations.

The Commission is analysing the replies received from all interested parties. In total, more than 400 replies were received via the on-line questionnaire. A summary of the replies received will be published in the near future.

The Commission hopes that this reply addresses the issues raised by the Senat and looks forward to continuing this political dialogue.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Lord Hill
Member of the Commission*