



## European Banking Industry Committee

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European Banking Federation (EBF) • European Savings Banks Group (ESBG) • European Association of Cooperative Banks (EACB) European Mortgage Federation (EMF) • European Federation of Building Societies (EFBS)  
European Federation of Finance House Associations (Eurofinas)/European Federation of Leasing Company Associations (Leaseurope)  
European Association of Public Banks (EAPB)

Brussels, 13 June 2008

### **EBIC STATEMENT FOLLOWING THE ADOPTION OF THE KARAS AND PITTELLA REPORTS BY THE EUROPEAN PARLIAMENT**

On 5 June 2008, the European Parliament adopted the reports on the Sector Inquiry into Retail Banking (Pittella report) and on the Green Paper on Retail Financial Services in the Single Market (Karas report).

EBIC welcomes the adoption of both reports which address key issues for retail financial services. EBIC is particularly pleased to note the support for an approach of “targeted harmonisation” to the regulatory framework and the recognition of the benefits of quality information over quantity. EBIC also appreciates the support for self-regulation as an effective solution and strongly endorses the call for adherence to the better regulation principles.

Although EBIC is generally satisfied with the outcome of the reports, concerns remain over some aspects of the Pittella report.

#### **- Right of access to financial services**

The Pittella report (section 10) states that access to basic financial services is a right. Banks recognise the important role in promoting good practices to increase financial inclusion in Europe. Generally the banking industry is committed to financial inclusion, and agrees to work with governments and societies to help provide services that are appropriate and efficient to the financially excluded in society. Some examples of the practical work of financial institutions in this field were presented during the Conference on financial inclusion organised by the Commission on 28 May 2008. Many other examples exist.

Though it is positive that there is a discussion at the European level, the principle of subsidiarity should be strictly applied and competences should not be mixed up. Given the multitude of national circumstances and practices, any measures in the area of access to basic banking services should be taken at national level.

In addition, EBIC believes that the principle of contractual freedom is fundamental; consequently, we do not believe that imposing universal service obligations for banks is the right way forward.

**- Provision of succinct compilation detailing all costs and comparable across the E.U.**

The Pittella report (section 13) requests the European Commission to ensure that the industry provides consumers a succinct compilation of all costs, including closing costs, if any, in a way that is comparable across the European Union, as a supplement to existing national provisions and an account is opened. EBIC recognises that consumers should receive appropriate information on costs and not on all costs which may result in an overload of information. Moreover, there are widely divergent practices in Member States on providing information on costs to consumers and a one-size-fit-all single document is not desirable. The emphasis should be on the right outcome: useful information for the consumer, rather than on the format for producing that information.

**- Information and Transparency**

The Pittella report (section 15) calls for disclosure upon request of value chain costs of retail financial products to ensure level playing field for competition and suggests to the industry to work on the feasibility of setting up a Europe-wide research engine to allow easy and free cross-border comparison.

As a general point, EBIC would like to stress that estimating value chain costs for financial services is much tougher than for manufactured goods, such as cars. It would be difficult to quantify some of the costs involved in retail financial services products, such as the risk calculation, investment in employees, intellectual property rights, and brand development.

EBIC is supportive of information and transparency measures that would help consumers in taking their decisions. However, EBIC considers that the disclosure of value chain costs brings no added value to consumers when making their choice.

In addition, EBIC also believes it would be too early to work on a Europe wide research engine to allow for better comparison of products and services, given the difficulties in comparing very different products in different national markets.