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Consumers left stranded: self-serving financial commissions survive EU vote

Yesterday, the European Parliament's Economic Affairs committee passed a vote to update a key EU law regulating investment services (the Markets in Financial Instruments Directive, or MiFID).

Monique Goyens, Director General of The European Consumer Organisation (BEUC) commented:

"This is a dramatic setback for consumers because of the refusal to address the critical issue of incentives and commissions paid to financial intermediaries. It amounts to standing back and allowing conflicts of interest to continue. Incomprehensibly, MEPs persist to support the inadequate system of disclosure of sales inducements which has done nothing to prevent intermediaries pushing their most self-serving product.

"The outcome is actually a considerable step backwards from current standards as a salesperson can retain all commissions they inform a client of.

"We are very concerned that MEPs watered down European Commission plans and decided that all UCITS¹, investment products sold in the EU, should be considered 'non-complex', thereby allowing them to be sold without advice or warnings as to related complexity or risks. Considering the increasing complexity of many UCITS on the market, this decision does not stand up to scrutiny."

ENDS

¹ UCITS: Undertakings for Collective Investment in Transferable Securities