Regulation (EU) 2017/826 of the European Parliament and of the Council of 17 May 2017 on establishing a Union programme to support specific activities enhancing the involvement of consumers and other financial services end-users in Union policy-making in the area of financial services for the period of 2017-2020 (Text with EEA relevance)

REGULATION (EU) 2017/826 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 17 May 2017

on establishing a Union programme to support specific activities enhancing the involvement of consumers and other financial services end-users in Union policy-making in the area of financial services for the period of 2017-2020

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular point (b) of Article 169(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee[(1)],

Acting in accordance with the ordinary legislative procedure[(2)],

Whereas:

(1) The Union contributes to ensuring a high level of consumer protection, and to placing consumers at the heart of the internal market, by supporting and complementing Member States' policies in seeking to ensure that citizens can fully reap the benefits of the internal market and, in so doing, that their legal and economic interests are properly addressed and defended. A well-functioning and trustworthy financial services sector is a key component of the internal market and its cross-border capabilities. It requires a solid framework for regulation and supervision, which simultaneously ensures financial stability and supports a sustainable economy. At the same time, a well-functioning and trustworthy financial services sector should provide a high level of protection to consumers and other financial services end-users, including retail investors, savers, insurance policyholders, pension fund members and beneficiaries, individual shareholders, borrowers and SMEs.

(2) Since 2007, the confidence of financial services end-users, in particular of consumers, has been shaken by the financial and economic crisis. To restore their confidence in the soundness of the financial sector and to contribute to its best practices, it is therefore important to increase the level of active participation and involvement of consumers and other financial services end-users, including retail investors, savers, insurance

Changes to legislation: *There are currently no known outstanding effects for the Regulation (EU) 2017/826 of the European Parliament and of the Council. (See end of Document for details)*

policyholders, pension fund members and beneficiaries, individual shareholders, borrowers and SMEs, as well as of stakeholders representing their interests, in Union and in other relevant multilateral policy-making in the financial sector.

(3) In order to achieve those objectives, following a cross-party initiative of the European Parliament, the Commission initiated at the end of 2011 a pilot project aimed at providing grants to support the development of a financial expertise centre for the benefit of consumers, other end-users and stakeholders who represent their interests, to enhance their ability to participate in Union policy-making in the area of financial services and to foster the development of a resilient banking system. The main policy objectives were to ensure that Union policy-makers, when initiating new Union law, would be provided with views other than those expressed by financial sector professionals, to ensure that the interests of consumers and other financial services end-users would be reflected in new Union law, to ensure that the wider public would be better informed about issues at stake in financial regulation, thereby enhancing financial literacy, and to ensure that the active participation of consumers and other financial services end-users would be enhanced in Union policy-making in the area of financial services, resulting in well-balanced Union law.

(4) As a result, between 2012 and 2015, and following an open call for proposals, the Commission awarded operating grants to two non-profit entities: Finance Watch and Better Finance. Those grants were awarded in 2012 and 2013 under a pilot project lasting two years, and since 2014 in the form of a preparatory action. Furthermore, in 2016, it was decided to provide action grants instead of operating grants, as action grants ensure better control of Union budget spending. Given that a preparatory action can only be used for up to three consecutive years under Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council[(3)], a legislative act is necessary to provide a legal basis for the funding of such actions as of 2017.

(5) Finance Watch was set up with Union grants in 2011 as an international non-profit association under Belgian law. Its mission is to defend the interests of civil society in the financial sector. As a result of Union grants, Finance Watch managed in a short period of time to set up a team of qualified experts, who were able to conduct studies, policy analysis and communication activities in the area of financial services.

(6) Better Finance is the product of successive re-organisations and rebranding of pre-existing European federations of investors and shareholders since 2009. Thanks to Union grants, the organisation formed a centre of financial expertise, focusing primarily on the interests of consumers, individual investors, individual shareholders, savers and other end-users of financial services, coherent with its membership base and its resources.

(7) The evaluation carried out in 2015 of the pilot project and the subsequent preparatory action concluded that the policy objectives have generally been achieved. Finance Watch and Better Finance have worked on complementary policy areas and have targeted different audiences. Together their activities have covered most of the Union financial political agenda since 2012 and, as far as their resources have allowed, Finance

Watch and Better Finance have made efforts to expand their activities in order to have wide geographical coverage within the Union.

(8) Both organisations have provided added value to the activities of their national members and to Union consumers. National organisations that deal with a wide range of consumers' issues often lack technical expertise in policy areas related specifically to financial services and to the related Union policy-making processes. In addition, no similar organisations have so far been identified at Union level. Although the evaluation of the pilot project showed that no other applicant has responded to the successive yearly calls for proposal that have taken place since 2012, the programme provided for in this Regulation should be open to other potential beneficiaries after the end of the 2017-2020 period if they meet its requirements.

(9) Despite regular efforts, Finance Watch and Better Finance have not managed to attract stable and significant funding from other donors, who are independent from the financial industry, and, therefore, remain heavily dependent on Union funding in order to be financially sustainable. Co-funding from the Union is therefore currently necessary to ensure that they receive the resources needed to achieve the desired policy objectives in the coming years, and to provide financial stability to those organisations and to their experts and administrative staff, which have so far managed to launch their relevant activities in a short period of time. It is thus necessary to establish a Union programme for the 2017-2020 period to support the activities of Finance Watch and Better Finance (the 'Programme'), which will supplement similar policies pursued by Member States at national level. Financial stability is of key importance in preserving expertise, as well as for project planning for both organisations. The organisations that receive support under the Programme should nonetheless aim to increase the proportion of funding from other sources.

(10) Continuing to fund Finance Watch and Better Finance for the 2017-2020 period along the same lines as under the preparatory action, would ensure that the positive impacts of the activities of those organisations assessed so far are maintained. The financial envelope for the implementation of the Programme should be based on the average actual costs incurred by each organisation between 2012 and 2015. The maximum co-financing rate of 60 % Union funding should remain unchanged. In the event that the Programme and corresponding funding are extended beyond 2020 and other potential beneficiaries emerge, the call for applicants should be open to any other organisations that fulfil the criteria, and contribute to the objectives, of the Programme.

(11) This Regulation lays down a financial envelope for the entire duration of the Programme, which is to constitute the prime reference amount, within the meaning of point 17 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management[(4)], for the European Parliament and the Council during the annual budgetary procedure.

(12) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission in respect of the establishment of the annual work programmes.

(13) Every year before 30 November, each beneficiary should submit to the Commission a description of the activities to achieve the policy objectives of the Programme that are planned for the following year. Those activities should be described in detail, including their objectives, expected results and impact, estimated costs and timeframe, as well as relevant indicators by which to assess them.

(14) Financial support should be granted in accordance with the conditions laid down in Regulation (EU, Euratom) No 966/2012 and Commission Delegated Regulation (EU) No 1268/2012[(5)].

(15) An evaluation report on the results obtained under the Programme should be submitted by the Commission to the European Parliament and to the Council no later than 12 months before the end of the Programme. The evaluation report should assess whether the Programme is to be pursued after the 2017-2020 period. Any prolongation, modification or renewal of the Programme after the 2017-2020 period should be subject to an open call procedure in order to select the beneficiaries.

(16) The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used, and, where appropriate, administrative and financial penalties.

(17) Beneficiaries should make every effort to make their activities visible in all Member States. In order to achieve that objective, beneficiaries should endeavour to establish contacts with relevant consumer non-profit organisations across the Union, and, whenever possible, translate information related to their organisation, membership and activities, and display that information on their websites.

(18) To ensure the continuity of the actions supported by Union funding that are carried out by the beneficiaries, this Regulation should enter into force on the day of its publication and should apply as of 1 May 2017.

(19) Since the objective of this Regulation, namely the establishment of a Union programme supporting specific activities that enhance the involvement of consumers and other financial services end-users in Union policy-making in the area of financial services, cannot be sufficiently achieved by the Member States, but can rather, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,

HAVE ADOPTED THIS REGULATION:

Article 1

Subject-matter and scope

1 A Union programme (the 'Programme') is hereby established for the period from 1 May 2017 to 31 December 2020 to support the activities of the organisations referred to in Article 3(1). Those activities contribute to the achievement of the policy objectives of the Union in relation to enhancing the involvement of consumers and other financial services end-users, as well as stakeholders representing their interests, in Union and in other relevant multilateral policy-making in the area of financial services.

2 In order to achieve its objectives, the following activities shall be co-financed by the Programme:

a research activities, including production of own research and data, and development of expertise;

b engaging with consumers and other financial services end-users by liaising with existing consumer networks and helplines in Member States in order to identify issues relevant for Union policy-making for the protection of the interests of consumers in the area of financial services;

c activities for raising awareness, dissemination activities, and the provision of financial education and training, directly or through their national members, including to a wide audience of consumers, other financial services end-users and non-experts;

d activities reinforcing the interactions between the members of the organisations referred to in Article 3(1) as well as advocacy and policy advice activities fostering the positions of those members at Union level and fostering the public and general interest in financial and Union regulation.

Article 2

Objectives of the Programme

1 The Programme shall have the following objectives:

a to enhance further the active participation and involvement of consumers and other financial services end-users, as well as stakeholders representing the interests of consumers and other financial services end-users, in Union and in other relevant multilateral policy-making in the area of financial services;

b to inform consumers and other financial services end-users, as well as stakeholders representing their interests, about issues at stake in the regulation of the financial sector.

2 The Commission shall ensure that the Programme is regularly assessed against the objectives set out in paragraph 1, in particular by requiring each beneficiary to provide the following:

a a yearly description of the actions performed by the beneficiary under the Programme;

b an annual activity report which shall include quantitative and qualitative indicators for each activity planned and conducted by the beneficiary;

c a financial report.

Such assessment shall include the drawing up of the report referred to in Article 9(1).