



The European Federation of Investors and Financial Services Users

An Introduction

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Who We Are

The European Federation of Investors and Financial Services Users, going by the brand name « BETTER FINANCE », is an independent organisation of public interest and centre of expertise advocating and defending the interests of retail investors, private shareholders and users of financial services vis-à-vis the European authorities and lawmakers.

BETTER FINANCE is the result of the merger of Euroshareholders and EuroFinUse (formerly EuroInvestors) after the „*Ljubljana Declaration*“, adopted at the GA in September 2012, in Slovenia.



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Fédération Européenne des Épargnants et Usagers des Services Financiers



The Situation

Financial institutions and related businesses exert substantial influence on the policy-making process through lobbies who seek to adjust financial regulation to their liking. Without an effective counterweight, it is the end-users and the other non-industry stakeholders who tend to pay the price.

Serving as counterbalance, the European Federation of Investors and Financial Services Users (BETTER FINANCE) is the only independent organisation dedicated to the interests of end-users of financial services at European level.

BETTER FINANCE successfully engages in campaigns to provide better protection for end-users, achieve more market integrity and transparency and establish better governance of financial supervision.



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Our mission

- BETTER FINANCE believes that the financial system exists to serve the real economy by ensuring the optimal allocation of capital, providing financial services and coping with the risks that are part and parcel of economic life.
- BETTER FINANCE aims to establish itself as the go-to reference for independent financial expertise in the EU, fighting for better governance of financial regulation with as overall objective the establishment of an open, transparent and efficient real economy served by financial institutions that have the interests of customers and society in mind.

The Organisation

Today BETTER FINANCE federates about 50 national associations which in turn represent about 4.5 million European citizens as savers and investors.

Who is who?

- **President:** Jean Berthon (FAIDER, France)
- **Vice-Presidents:**
 - Jella Benner-Heinacher (DSW, Germany)
 - Axel Kleinlein (BdV, Germany)
 - Lars Milberg (Aktiespararna, Sweden)
 - Iñigo Barrera (ADICAE, Spain)
- **Managing Director:** Guillaume Prache



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The Organisation

- In 2012 BETTER FINANCE established itself as the main user-side stakeholder within financial advisory groups of the EU, including the first chairman of the Securities and Markets Stakeholder Group of ESMA*,
- Better Finance was the initiator of a breakthrough research measuring and reporting consumer trends related to the real performance of households' long term savings and investments, now in its 4th year.
- The activities of Better Finance are supported by the European Commission since 2012.



* European Securities and Markets Authority

OUR PRIORITIES FOR THE NEXT 5 YEARS – SAVING FOR GROWTH AND JOBS

“Households are the main source of funds to finance investment”.

(European Commission Green Paper on Long-Term Financing of the European Economy, Brussels, 25.3.2013 COM(2013) 150 final, page 4)

Ensure households provide adequate long-term savings for the real economy.

Further improve European financial supervision and enforcement.



Improve and harmonise investors' and financial services users' protection (whatever the product and whoever the distributor).

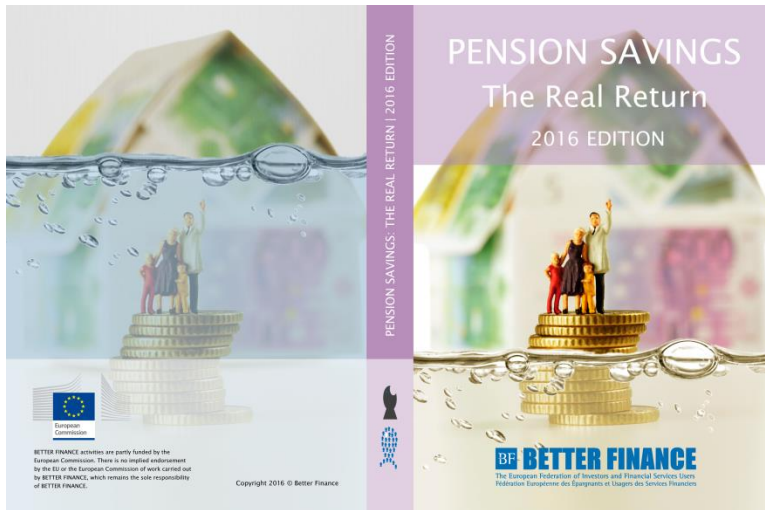
Stopping tax discrimination against investors.

2016 PRIORITIES

1. Unified, transparent, liquid, fair and accessible capital markets to the benefit of end-investors and the real economy
2. Better governance of publicly listed companies, pension and investment funds and better representation of minority shareholder and fund participants
3. Increased and more consistent investor and consumer protection across all retail financial products in the EU and effective redress for all EU citizens
4. More responsible and more competitive lending for EU households
5. Improved and consistent financial supervision and enforcement at national and EU level with a focus on investor and consumer protection

FLAGSHIP INITIATIVES

PENSION SAVINGS – THE REAL RETURN – 2016 EDITION



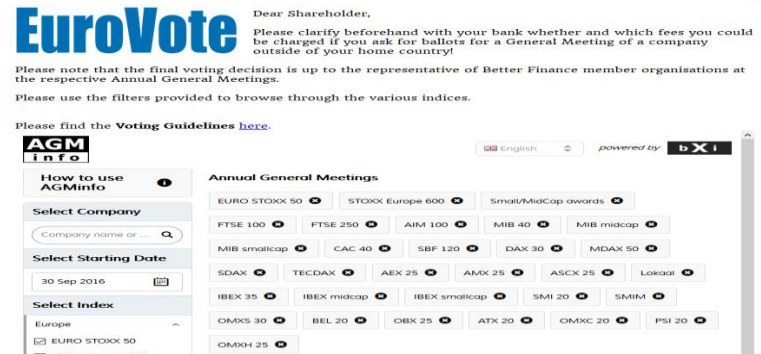
« ROBOT ADVICE » FOR SAVINGS AND INVESTMENTS



THE CITIZENS' CMU BAROMETER



EUROVOTE



Foreign currency loans in Romania and measures taken by authorities to protect consumers

Budapest, October 2016



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Macroeconomic conditions

- After the fall of communism, many people wanted to own their house and to buy new cars and other goods
- Almost 20 years of very high inflation compared to EU countries (starting with 1992)
- Romania – one of the lowest levels of monthly net wages in the EU
- High expectations for a spectacular increase of wages after joining the EU (2007)
- A very good performance of the local currency in 2006-2007 and a strong economic growth

Credits before crisis

- Retail lending re-started only few years before crisis
- Consumers with a very low level of income were encouraged to increase their debt
- Contracts were made available to consumers only upon the signing
- The language used in contracts –almost impossible to be understood by consumers
- Responsible lending – just in theory

Credits before crisis

- Loans with introductory interest rate – fixed for 3, 6 or 12 months and, after this period, variable – in some cases much higher than the initial fixed rate
- Very high interest rates for local currency (RON)
- Consumers were tempted by banks to borrow money in foreign currencies (EUR or CHF)
- No restrictions on interest rates for banks – most contracts have had abusive clauses
- The most frequent abusive clause: the bank have the right to change the cost of credit (rate of interest) according to banking market developments

Credits before crisis

- Lots of offers for “credits just with your ID Card”
- Consumers were suggested to borrow money for the longest period possible:
 - official reason: for an affordable monthly installment
 - real reason: for a bigger proportion of interest in the monthly installment
- In some cases, due to low levels of income and the very high prices of houses (asset bubble), there were offered credits for 30 or even 40 years to allow consumers to get the loan

...and the crisis hit

- Fixed interest rates for limited periods becomes variable – high increase of monthly installments
- Exchange rate for RON vs EUR and CHF rose significantly – EUR: 3.13 (Jul 2007) - 4.45 (May 2015)
CHF: 1.89 (Jul 2007) - 4.30 (May 2015)
- Government decided to cut all public wages with 25% and to increase VAT from 19% to 24% (2010)
- Very sharp decrease of the value of houses/flats

Consequences for consumers

- Very sharp increase of monthly installments for credits in foreign currency (especially for CHF)
- Decrease of capacity to pay installments in time
- Reduction in standard of living
- Deterioration of some fundamental rights
- Increase of financial exclusion
- Home repossession became reality

Swiss franc loans

- They were advertised in a very misleading way – most stable currency in the world
- Just 7 banks out of around 40 offered CHF loans at a large scale
- More than 100.000 consumers and their families were attracted into a trap – exchange rate risks were passed just on them
- Banks didn't find solutions to convert them to local currencies/to EUR when became clear that the Swiss Franc will have a very high appreciation

Swiss franc loans

- The situation of tens of thousands of Romanian families is very tough
- Many banks are reluctant to offer a good deal to consumers...
- ...but in the same time, they are very generous with debt collectors
- Some concrete measures were taken by Romanian authorities to help consumers in financial distress

Datio in Solutum

- The law was adopted this spring
- Some limitations were imposed (consumers with a credit of less than 250.000 EUR or equivalent in other currency, which is secured with at least one residential immovable property)
- Thousands of Romanians sent notifications to banks
- Some banks accepted most of notifications, other banks sent almost all notifications to the Courts
- Constitutional Court was notified by Courts, at the request of banks, and is expected to decide this month

Conversion law for Swiss franc loans

- The law is expected to be adopted next week
- The outstanding debt will be converted from CHF to RON at the „historical” exchange rate
- More than 50.000 consumers and their families as potential beneficiaries
- Conversion costs will be covered by those banks who offered CHF loans to consumers