

To: Long Term Investments & Sustainable Finance PG, Consumer Strategy, Public Affairs & Communications Committee, General Insurance Committee, Conduct of Business Committee, Distribution PG, PRIIPs Project Group

From: Conduct of Business Department

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Subject: EC New Consumer Agenda and feedbacks received to the public consultation

## Background

On 13 November, the EC adopted the New Consumer Agenda (see [communication](#) accompanied by [factsheet](#)), setting the EC strategic vision on consumer policy until 2025 and 22 actions to empower consumers and support the green and digital transitions. The Agenda also aims at increasing consumer protection during and after the COVID-19 pandemic.

The launch of the New Consumer Agenda followed a public consultation. Insurance Europe responded to the consultation ([COB-20-125](#)) and submitted to the EC an additional position paper ([COB-20-126](#)).

## Summary

The New Consumer Agenda sets an ambitious plan, with a high concentration of initiatives in the next 2 years. At the same time, the coordination between the new initiatives, the ones already in the pipeline (e.g. on sustainable finance and digitalisation) and the forthcoming Retail Investment Strategy is blurred.

The secretariat is providing in Annex I a summary of the actions envisaged by the EC as part of the New Consumer Agenda, organised per year (2020 - 2025) and possible impact on/relevance to the insurance sector (red – high; orange – medium; green – low). In Annex II, further details on each action are provided.

A couple of days before the launch of the strategy, the EC published a high-level [report](#) of the feedback received to the public consultation. The secretariat is providing a summary in Annex III, as the comments collected might influence the EC forthcoming work. In particular, based on the comments collected, the review of the Consumer Credit Directive (with proposals in 2021) needs to be monitored for possible negative spill overs on the IDD and PRIIPs reviews (e.g. tying, reflection periods, etc.).

## Next steps

- **19 November 2020:** presentation by commissioner Reynders of the New Consumer Agenda at the IMCO committee of the European Parliament.
- **7 December 2020:** discussion at the Informal Meeting of the Ministers for Consumer Protection, focusing on the topic of "Digital Transformation" against the background of the COVID-19 pandemic.

Members are invited to write to [bertolo@insuranceeurope.eu](mailto:bertolo@insuranceeurope.eu) for further comments or questions.

New Consumer Agenda actions divided per year and possible impact on the insurance sector (red – high, orange – medium, green - low)

| 2021   | 2022  | 2023   | 2024  | Ongoing 2020-2025   |
|--|---|--|---|---|
| <ul style="list-style-type: none"> <li>• Proposal for a horizontal legal act laying down requirements for AI.</li> <li>• Legislative proposal to empower consumers for the green transition.</li> <li>• Revision of the Consumer Credit Directive and the Distance Marketing of Financial Services Directive.</li> <li>• Revamp of the Consumer Conditions Scoreboard.</li> <li>• Proposal for review of the General Product Safety Directive.</li> <li>• Increase funding for actions enhancing debt advice services in Member States.</li> <li>• Support local advice to consumers.</li> <li>• Commission Decision on safety requirements for childcare products.</li> <li>• Action plan with China to strengthen product safety.</li> <li>• Regulatory support, technical assistance and capacity building for EU partner countries.</li> </ul> | <ul style="list-style-type: none"> <li>• Package Travel Directive evaluation.</li> <li>• Assessment of the longer-term impact of COVID-19 on consumption patterns.</li> <li>• Updating guidance on the Unfair Commercial Practices Directive and the Consumer Rights Directive.</li> <li>• Implementation and enforcement of the Directive on Better Enforcement and Modernisation of Consumer Law.</li> <li>• Presentation by the EC and national authorities of common enforcement priorities of the Consumer Protection Cooperation (CPC) network.</li> <li>• Toolbox of innovative e-tools to strengthen national authorities' capacity to tackle illegal online commercial practices and identify unsafe products.</li> <li>• Review of the Sales of Goods Directive.</li> </ul> | <ul style="list-style-type: none"> <li>• Evaluation of the Consumer Protection Cooperation (CPC) Regulation.</li> <li>• Strategic approach to improving consumer awareness and education.</li> </ul> | <ul style="list-style-type: none"> <li>• Presentation by the EC and national authorities of common enforcement priorities of the Consumer Protection Cooperation (CPC) every 2 years after 2022.</li> </ul> | <ul style="list-style-type: none"> <li>• Setting up of a new Consumer Policy Advisory Group. Various forms of cooperation with business will also be pursued.</li> <li>• Implementation and enforcement of the future Directive on Representative Actions.</li> <li>• Cooperation with stakeholders to tackle frauds, scams and unfair marketing practices.</li> <li>• Encouragement of voluntary pledges.</li> </ul> |



## Full list of the New Consumer Agenda actions

1. **Package Travel Directive evaluation by 2022, building on the 2021 report on its application:** the experience from the pandemic and from previous events, such as the bankruptcy of Thomas Cook in 2019, calls for a deeper analysis into whether the current regulatory framework for package travel, including as regards insolvency protection, is still adequate, taking into account also developments in the field of passenger right.
2. **Assessment of the longer-term impact of COVID-19 on the consumption and mobility patterns by 2022**, as a basis for future policy initiatives. So far, observed trends include an increase in online shopping, a more extensive use of on-line services (including for cultural and sport events), buying more locally, booking travel less in advance, using less public transport.
3. **Cooperation with stakeholders to tackle frauds, scams and unfair marketing practices.** The commissioner for Justice and Consumers Didier Reynders has been particularly active in this field (see dedicate [page](#)): in March, he wrote to Amazon, eBay, Facebook, Google and others to require their cooperation in taking down scams from their platforms. The number of offers/ads withdrawn after his intervention is very significant (up to one million removals in a week for one of the biggest operators).
4. **Legislative proposal to empower consumers for the green transition in 2021**, with better information on products' sustainability. The EC also plans to improve the use of labels legislative proposal on the substantiation of green claims based on the Environmental Footprint methods. Smartphone applications, websites and comparators that can help consumers green choices will also be promoted.
5. **Encouragement of voluntary pledges** to actions in support of sustainable consumption beyond what is required by law. During the press conference, commissioner Reynders mentioned the example of the Product Safety Pledge.
6. **Review of the Sales of Goods Directive from 2022**, to assess how to further promote repair and encourage more sustainable, "circular" products.
7. **Updating guidance on the Unfair Commercial Practices Directive and the Consumer Rights Directive**, assessment of further intervention by 2022, to ensure equal fairness online and offline.
8. **Proposal for a horizontal legal act laying down requirements for AI in 2021**, as announced in the White Paper on AI. Based on commissioner Reynders' comments at the New Consumer Agenda press conference, the EC plan might include requirements on documentation, requirements to perform a testing at the beginning of the process before the product is on the market, requirements of a specific certificate for high risk sectors, measures to ensure that victims of damage caused by AI applications have the same level of protection in practice as victims of damage caused by other products or services.
9. **Proposal for a revision of the General Product Safety Directive in 2021**, to address new challenges to the safety of products brought by new technologies and online selling.
10. **Revision of the Consumer Credit Directive and the Distance Marketing of Financial Services Directive with proposals in 2021.** Also a revision of the Mortgage Credit Directive and the Payment Account Directive is mentioned.
11. **Implementation and enforcement of the Directive on Better Enforcement and Modernisation of Consumer Law** (will enter into application in May 2022) **and for the future Directive on Representative Actions.**
12. **Presentation by the EC and national authorities of common enforcement priorities of the Consumer Protection Cooperation (CPC) network** in 2022 and every 2 years thereafter, to address compliance issues identified in various sectors.
13. **Toolbox of innovative e-tools to strengthen national authorities' capacity to tackle illegal online commercial practices and identify unsafe products by 2022**, including AI, data mining techniques and webcrawlers.
14. **Evaluation of the Consumer Protection Cooperation (CPC) Regulation (entered into force in January 2020) by 2023**, in particular to assess the effectiveness of enforcement in addressing EU-wide practices that contravene consumer law.



15. **Increase funding for actions enhancing the availability and quality of debt advice services in Member States from 2021.**
16. **Support to initiatives providing local advice to consumers**, who for structural or personal reasons do not have access to support and information provided online or at central information offices, as of 2021.
17. **Commission Decision on safety requirements to be met by standards on childcare products in 2021**, in addition to strengthening the product safety framework through a proposal for the revision of the General Product Safety Directive.
18. **Strategic approach to improving consumer awareness and education by 2023**, addressing also the needs of different groups, on the basis inter alia of equality and non-discrimination approaches.
19. **Action plan with China for strengthened product safety cooperation for products sold online in 2021.**
20. **Develop regulatory support, technical assistance and capacity building for EU partner countries**, including in Africa as of 2021.
21. **Setting up of a new Consumer Policy Advisory Group** bringing together representatives from the consumer organisations, civil society and the industry in support of the consumer agenda. Various forms of cooperation with business will be pursued, including through training activities, exchange of good practices, and meetings with companies engaged in voluntary pledges.
22. **Revamp of the Consumer Conditions Scoreboard in 2021** to improve its monitoring and benchmarking function as well as its relevance for strengthening enforcement cooperation in the EU. The consumer conditions scoreboard is based mainly on surveys of consumers' attitudes towards cross-border trade and consumer protection. The conditions scoreboard also examines progress in the integration of the EU retail market and the uptake of e-commerce.



## Analysis of the feedbacks received to the New Consumer Agenda consultation

The EC received 393 responses to the first part of the consultation which was mandatory, and between 313 and 250 responses to the other sections which were optional. Most of respondents were business and company organizations based in Brussels, but the EC also received a significant number of responses from Germany and France.

The full list of responses to the consultation is not yet available, however the secretariat understands that Better Finance ([link](#)), BEUC ([link](#)), the European Banking Authority ([link](#)) and EBF ([link](#)) submitted comments to the EC.

### The secretariat identified the most relevant findings and highlighted:

- In green: the findings that are in line with Insurance Europe position or do not represent a source of concern.
- In orange: the findings which can be seen as only partially in line with Insurance Europe position.
- In red: the findings which are not in line with Insurance Europe preferences or might be concerning.

#### ■ **Part I. New Consumer Agenda**

Part I of the consultation focused on issues emerging from the impact of the COVID-19 crisis and the medium-long term priorities that should characterise a future EU consumer policy strategy.

- **Online frauds and scams as main consumer issue during the COVID-19 crisis:** 41% of respondents identified online frauds and scams as the main consumer protection risk, confirming Insurance Europe's views. There is no clarity on the other issues identified by stakeholders (30% chose the response "other" and 27% replied "increased consumer financial vulnerability", but further details are not provided).
- **Limited findings on travel rules:**
  - 45% of respondents could not provide an answer to the question on the need for specific travel rules in unprecedented situations like COVID-19. Out of the 40% who indicated that there is indeed a need for specific rules, almost three quarters identified longer reimbursement deadlines as the preferable solution, though almost half found vouchers acceptable.
  - More than half of respondents did not provide an answer to the question on the need to align the EU rules on passengers' and travellers' rights in the passenger rights Regulations and the Directive on package travel (reimbursement for cancelled package travel and transport services, insolvency protection, etc). Those who did are predominantly in favour of harmonisation of reimbursement deadlines for cancelled package travel and transport services.
  - 45% of respondents could not provide an answer to the question on the need to harmonise consumer protection rules for cancellation of services. Those who did opted in most cases for harmonisation at EU level across all sectors.
- **Sustainability and digitalisation are respondents' top priorities for the next years. However, the majority has difficulties in finding reliable information on sustainable products:** half of respondents signalled better supporting consumers to adapt to more sustainable consumption as their main priority. This was followed by better supporting consumers to benefit from digitalisation (39%). As of today, 42% of respondents have difficulty in finding reliable information on sustainable products.
- **Vulnerability could be tackled through consumer education:** 38% of respondents believe that the main source of consumers' vulnerability is the lack of knowledge in understanding complex contract conditions and offers, while 37% of respondents point to the lack of IT literacy. The next sources are related to age, income, education level and poor financial literacy.

- **Consumers need more control of their data against unfair marketing practices online:** among the multi-fold results that can be extracted from stakeholders' replies, 37% of them believe that consumers need better control of their data to be protected against unfair online sales practices.
- **Lack of authorities' resources as a crucial challenge for an effective enforcement of consumer rights,** according to a wide group of respondents.
- **A more formal consultative role and more participatory tools for consumers associations and other stakeholders** are supported by many respondents.

## ■ Part II. Empowering consumers in the green transition

Part 2 of the consultation focused on providing trustworthy information on products, ensuring protection against greenwashing and setting minimum requirements for sustainability labels/logos and for information tools.

- **Poor quality of information as main obstacle for consumers' participation in the green transition:** 33% respondents name difficulty to verify green claims and 26% difficulty to check if products are really environmentally friendly, 27% respondents see the proliferation of various labels. The lack of knowledge on how to adopt more sustainable consumption was also mentioned quite often (28%), while only a small part of respondents (9%) sees the unavailability of environmentally friendly products as the obstacle.

## ■ Part III. A review of the Consumer Credit Directive

Part 3 of the consultation focused on a review of the Consumer Credit Directive following its recent evaluation, which highlighted several challenges hindering its functioning, in particular in terms of scope, information provision and creditworthiness assessment.

- **Only 14% of respondents believe that it is not necessary to extend the scope of the Consumer Credit Directive.** 26% of respondents support an extension to credits below EUR 200, 21% to loans above EUR 75,000, 21% to all exempted credit.
- **34% of respondents believe consumers should receive information at least five days before signing the contract, 24% at least one day before** and another 24% together with the other terms and conditions right before signature.
- **18% of respondents would ban the mandatory purchase of additional products, such as payment protection insurance, as a precondition to a credit agreement conclusion ("tying").** However, higher percentages of respondents (above 20%) chose other options to improve the current rules: introducing interest rate caps, preventing one-click credit, linking product design and targeted consumers' interest, ban unsolicited credit offers. Only 15% of respondents consider that there is no need for further measures.