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(Resolutions, recommendations and opinions)

RESOLUTIONS

EUROPEAN PARLIAMENT

Improving consumer education and awareness on credit and finance

P6_TA(2008)0539

European Parliament resolution of 18 November 2008 on protecting the consumer: improving consumer education and awareness on credit and finance (2007/2288(INI))

(2010/C 16 E/01)

The European Parliament,

- having regard to the Communication of the Commission of 18 December 2007 on financial education (COM(2007)0808),
 - having regard to the Commission's Green Paper on retail financial services in the single market (COM(2007)0226),
 - having regard to its position at second reading of 16 January 2008 with a view to the adoption of a directive of the European Parliament and of the Council on credit agreements for consumers and repealing Council Directive 87/102/EEC ⁽¹⁾,
 - having regard to its resolution of 11 July 2007 on financial services policy (2005-2010) — White Paper ⁽²⁾,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Internal Market and Consumer Protection and the opinion of the Committee on Economic and Monetary Affairs (A6-0393/2008),
- A. whereas on the one hand financial markets are fast evolving and have become very dynamic and increasingly complex, and, on the other, societal changes and changes in lifestyle create a need for sound management of private finances and to adjust private finances regularly to suit new work and family circumstances,

⁽¹⁾ Texts Adopted, P6_TA(2008)0011.

⁽²⁾ OJ C 175 E, 10.7.2008, p. 392.

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- B. whereas raising the level of financial literacy of consumers should be a priority for policy-makers both at Member State and European level, not only because of the benefits for individuals but also because of the benefits for society and the economy, such as reducing the level of problem debt, increasing savings, increasing competition, making appropriate use of insurance products and making adequate provision for retirement,
 - C. whereas studies reveal that consumers tend to overestimate their knowledge of financial services and need to be informed of the fact that they are not as financially literate as they believe, and of the consequences thereof,
 - D. whereas high quality financial education programmes, targeted and, where appropriate, as personalised as possible, can contribute to raising financial literacy, allowing consumers to make informed choices and thus to the effective functioning of financial markets,
 - E. whereas the importance of cross-border financial services is constantly increasing, and the Commission should take initiatives at EU level for the promotion of cross-border and, where necessary, comparable information on financial education,
 - F. whereas particular attention should be paid to the educational needs of vulnerable consumers, and also to those of young consumers, who face decisions affecting economic prospects for their whole lifetime,
 - G. whereas research has shown that those who have learned the basic aspects of personal finance at a very early age have more financial literacy; whereas financial education is closely related to the teaching of basic skills (mathematics and reading),
1. Welcomes the Commission initiatives in the field of the financial education of consumers, in particular the recent setting-up of the Expert Group on Financial Education, and its intention to publish an online database of financial education schemes and research in the EU; is of the opinion that this Expert Group should have clear responsibilities and powers; suggests that it be asked in particular to look into the added value of, and best practices in, EU financial education and cross-border financial services;
 2. Stresses that the objective of educating and raising the awareness of consumers as regards finance and credit is to improve consumers' awareness of economic and financial realities with a view to understanding economic commitments and avoiding unnecessary risk, excessive debt and financial exclusion; considers that training and the provision of information should allow consumers to take an independent approach, based on their own judgement, to the financial products that are offered to them or that they are considering using;
 3. Notes that the 'sub-prime mortgage' crisis illustrates not only the dangers of inadequate information for borrowers but also the lack of understanding and knowledge of such information leading to consumers being insufficiently concerned about the risks of insolvency and excessive debt;
 4. Underlines that empowered and educated consumers help to foster competition, quality and innovation within the banking and financial services industries and recalls that educated and confident investors can provide additional liquidity to capital markets for investment and growth;
 5. Stresses the importance of establishing the level of financial literacy in the Member States and an understanding of the added value the EU can provide, as well as of defining educational needs for specific target groups in society, according to a mix of criteria such as age, income and level of education;

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6. Recognises the role of private initiatives, the financial services industry and consumer organisations at both Community and national level in defining the specific needs of target groups for financial education, in identifying the weaknesses and shortcomings of existing education schemes, and in providing financial information to consumers, including through Internet-based tools media and educational campaigns, etc. for financial planning;

7. Is of the opinion that financial education programmes are most effective if they are tailored to the needs of specific target groups and, where appropriate, personalised; is of the opinion, moreover, that all financial education programmes should contribute to the improvement of a conscious and realistic handling of each individual's financial possibilities; consideration should be given to the development of programmes that improve adults' financial capabilities;

8. Calls on the Commission, in cooperation with the Member States, to develop, at EU level, educational programmes in the field of personal finances, based on common rules and principles which can be adapted to the needs of, and applied in, all Member States, setting benchmarks and promoting the exchange of best practice;

9. Emphasises that financial education can complement but cannot be a substitute for coherent consumer protection provisions in financial services legislation and the regulation and strict supervision of financial institutions;

10. Acknowledges the important role of the private sector, and particularly of financial institutions, in providing consumers with information on financial services; emphasises, however, that financial education should be offered in a fair, unbiased and transparent manner, so as to serve the interests of the consumer, and that it must be clearly distinguished from commercial advice or advertising; in order to achieve this goal, encourages financial institutions to develop codes of conduct for their staff;

11. Acknowledges that a delicate balance needs to be struck between providing consumers with the knowledge they need to make informed financial decisions and overloading the consumer with information; favours quality over quantity, for example high-quality, accessible, concrete and easily comprehensible information aimed at enhancing the consumer's ability to make informed and responsible choices;

12. Considers that effective, clear and comprehensible information, particularly in advertisements for financial products, is necessary and that financial institutions should provide sufficient information before contracts are concluded and, in particular, strictly apply the rules laid down in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments ⁽¹⁾ and Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers ⁽²⁾; calls on the Commission to put forward, in a coherent manner specific legislative proposals for a harmonised system of consumer information and protection, in particular in the framework of mortgage credit (such as a harmonised, simple and comparable European standardised information sheet including common indications on the annual percentage rate charged, etc.);

13. Recommends that financial education schemes focus on important life-planning aspects such as basic saving, debt, insurance and pensions;

14. Asks the Commission to continue efforts to promote dialogue between stakeholders;

⁽¹⁾ OJ L 145, 30.4.2004, p. 1.

⁽²⁾ OJ L 133, 22.5.2008, p. 66.

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15. Suggests the increase of the budget line 17 02 02 to finance activities at EU level aiming at improving consumers' financial education and financial literacy; asks the Commission to contribute to raising awareness at EU level through supporting the organisation of national and regional conferences, seminars, media and awareness campaigns as well as educational programmes with cross-border participation, in particular in the field of retail financial services and household credit/debt management;

16. Calls on the Commission to further develop and upgrade the Dolceta online tool and to provide this service in all official languages; suggests that the Commission include on the Dolceta website a link to the online database it intends to set up of existing regional and national financial education schemes; suggests that the Dolceta website should include links to the websites of public and private bodies operating in the field of financial education, broken down by country;

17. Asks the Commission to include indicators of the availability and quality of financial education in the Consumer Markets Scoreboard;

18. Calls on the Commission to set up information campaigns in order to raise the awareness of consumers of their rights under EU legislation in the sphere of the provision of financial services;

19. Stresses the need for the Member States, with the support of the Commission, to carry out regular surveys, in cooperation with the various social and population groups of the Member States, concerning current levels of financial literacy among the public, in order to identify priority areas for action and thus ensure the appropriate, prompt and effective implementation of financial education programmes to assist the public;

20. Encourages Member States to include financial education in the primary and secondary school programmes developed by the competent institutions, designed to develop the skills needed in everyday life, and to organise systematic training for teachers on this subject;

21. Stresses the need for an ongoing two-way educational process for both sides, that is to say financial advisors and consumers, so as to ensure the provision of accurate information in step with the most recent developments in the financial services sector;

22. Is of the opinion that synergy effects between different educational organisations are not sufficiently used; asks Member States, therefore, to establish a network for financial education in which both the public and private sector take part, and to encourage cooperation and dialogue between all actors;

23. Encourages Member States to pay special attention to the educational needs of pensioners and persons at the end of their professional career, who may be at risk of financial exclusion, and also to young people starting their professional career who are faced with the challenge of determining how to make appropriate use of their new income;

24. Calls on the Member States to set up training programmes in economics and financial services for social workers, since they are in contact with persons at risk of poverty or excessive debt;

25. Instructs its President to forward this resolution to the Council, the Commission and the governments of the Member States.
