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#### COVER NOTE

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From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2020) 820 final
Subject:	REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL Evaluation report of the 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 pursuant to Regulation (EU) 2017/826 of the European Parliament and of the Council

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Delegations will find attached document COM(2020) 820 final.

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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**Evaluation report of the 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 pursuant to Regulation (EU) 2017/826 of the European Parliament and of the Council**

# REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

## **Evaluation report of the 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 pursuant to Regulation (EU) 2017/826 of the European Parliament and of the Council**

### **1. Executive Summary**

End-users (in particular consumers) and organisations representing end-user interests do not manage to participate in EU policy making to the same extent as industry. An important reason for this is the scarcity of resources and lack of specialised expertise among financial services end-users and non-industry stakeholders. After the 2008 crisis, a number of initiatives were taken to increase the active participation and involvement of consumers and other financial services end-users in EU policy-making.

Following an initiative of the European Parliament, the Commission initiated, at the end of 2011, a pilot-project to provide grants to support the development of a financial expertise centre. The aim was for this centre to benefit consumers and other end-users by representing their interests and increasing their ability to participate in Union policy-making in the area of financial services. Following an open call for proposals, the Commission awarded, between 2012 and 2015, ‘operating grants’ to two organisations: Finance Watch and BETTER FINANCE (first under a pilot project and later in the form of a preparatory action). Since 2016, these grants have been provided as ‘action grants’.

The 2015 evaluation of both the pilot project and the successive preparatory actions showed that the action generally succeeded in its objective. As a result, Regulation (EU) 2017/826<sup>1</sup> was adopted. This Regulation sets up a Union programme for the period from 1 May 2017 to 31 December 2020 to continue to support the activities of BETTER FINANCE and Finance Watch. The aim of the present evaluation report is to comply with the obligation under Article 9 of this Regulation and evaluate whether the programme achieved its objectives of: (i) increasing the participation of consumers in Union policy-making in the area of financial services; and (ii) informing them about issues at stake in the regulation of the financial sector.

The Commission launched in 2019 a study which evaluated: (i) the activities of Finance Watch and BETTER FINANCE in 2017 and 2018; and (ii) the overall execution of the programme (see

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<sup>1</sup> Regulation (EU) 2017/826 of the European Parliament and 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

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0826&from=EN>

annex of this report). The study was based on a review of literature, online surveys, and interviews with experts. The study was an important source of input for this evaluation report. The Commission complemented the study by analysing the two beneficiaries' activities and the execution of the programme in 2019.

This evaluation report concludes that the objectives of the programme have generally been met. The objective of further enhancing the involvement of consumers and financial-services end-users in Union policy-making in the area of financial services was achieved. The work of Finance Watch and BETTER FINANCE has enriched the policy debates and both organisations offered an alternative point of view that policy-makers might have otherwise missed or neglected. The two organisations delivered important expertise through their contributions to public consultations and their participation in many important Commission and European Supervisory Authorities (ESAs) expert groups. They also presented their views to policy-makers in other ways, including hearings, meetings, papers, workshops, roundtables and conferences etc. The objective of informing consumers and other financial-services end-users about issues at stake in the regulation of the financial sector was also generally achieved. Both Finance Watch and BETTER FINANCE have informed consumers through campaigns, press releases etc.

The two organisations have complementary areas of expertise and audiences that only partially overlap. BETTER FINANCE addresses issues of concern to financial services users with a strong focus on investors and pension savers as well as sustainable and digital finance. Finance Watch addresses retail financial services in general, sustainable finance but also other topics, such as prudential issues.

In 2017-2019, Finance Watch received EUR 2 686 957 in EU grants. It also obtained additional third-party funding, in particular from one organisation (the MAVA Foundation). Since 2015, it has gained new members in other Member States, but it still has a weaker membership base in Eastern Europe than in Western Europe. Finance Watch covers technical topics from the perspective of consumers in a way that is easy to understand. Its cost-to-output ratio (the outputs include reports, briefings, papers, videos, events, and press releases) was relatively stable between 2017 and 2019. The organisation is considered as very effective in using social media. It also increased its communication potential through a new website.

During the same period, BETTER FINANCE received EUR 1 092 947 in EU grants. BETTER FINANCE did not obtain much third-party funding. It covered a significant share of its budget (the share that was not covered by Commission grants) by membership fees. Like Finance Watch, BETTER FINANCE also has a weaker membership base in Eastern Europe than in Western Europe. The organisation is considered to be particularly effective in providing input for policy-making at EU level. BETTER FINANCE provided consultation responses to a high number of EU consultations, and presented its policy inputs through events, publications, and meetings. It also delivered high-quality outputs and is considered to be very efficient in using resources and producing outputs at low cost. Its social media presence was assessed as relatively

low, albeit increasing. BETTER FINANCE also launched a new webpage improving its accessibility and user-friendliness.

Advocacy at EU level on behalf of non-industry stakeholders continues to be indispensable to ensure that the perspective of consumers and end-users is taken into consideration. Given their dependence on EU funding, Finance Watch and BETTER FINANCE would be unable to provide the same level of support for the interests of users of financial services without EU funding, and would thus be unable to represent consumer interests in the same way. Similarly, without EU grants to these two organisations, it is likely that other EU organisations would also be unable to fill the gap. EU funding therefore continues to be necessary to increase the participation of consumers in EU policy-making in the area of financial services.

Besides Finance Watch and BETTER FINANCE, there are currently no alternative organisations at EU level covering a similar range of topics in financial services and in the same depth.

## **2. Introduction**

End-users (in particular consumers) and organisations representing end-user interests do not manage to participate in EU policy making to the same extent as industry. An important reason for this is the scarcity of resources and the lack of specialised expertise among financial services end-users and non-industry stakeholders. After the 2008 crisis, a number of initiatives were taken to increase the level of active participation and involvement of consumers and other financial services end-users in EU policy-making.

Following an initiative of the European Parliament, the Commission launched a pilot project at the end of 2011 to provide grants to support the development of a financial expertise centre. 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 first awarded under a pilot project lasting 2 years, and were then awarded in the form of a preparatory action.

Based on a positive evaluation of the programme in 2015, the Commission tabled a legislative proposal in June 2016 to set up a Union programme to continue supporting these two organisations from 1 May 2017 to 31 December 2020. Regulation (EU) 2017/826, which established this programme, was adopted by the co-legislators in May 2017. It identified BETTER FINANCE and Finance Watch as beneficiaries of the programme.

The overall budget of the capacity-building programme is shared between the two organisations in light of their grant applications analysed by the Commission. On this basis, they received from the Commission the sums set out in the table below.

	From 1 May 2017 until 31 December 2017	2018	2019	From January 2020 until 9 September 2020*
Finance Watch	EUR 629 058.56	EUR 1 100 000.00	EUR 957 898.54	EUR 618 750
BETTER FINANCE	EUR 292 393.80	EUR 390 552.84	EUR 410 000.00	EUR 205 000

\* Pre-financing

For 2020, the final sum paid to both beneficiaries will likely be quite similar to previous years. The grant agreement allows for the payment of a maximum of EUR 1 043 048 to Finance Watch and EUR 410 000 to BETTER FINANCE, if the conditions are met.

According to Article 7 of Regulation (EU) 2017/826, the maximum rate of direct co-financing is 60% of eligible costs.

Article 1 of the Regulation provides a basis for financing the following actions:

- 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 to identify issues relevant for Union policy-making for protecting the interests of consumers in the area of financial services;
- c) activities to raise awareness, dissemination activities, and providing 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 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 9 of Regulation (EU) 2017/826 requires the Commission to submit to the European Parliament and to the Council a report evaluating the achievement of the programme's objectives. This is what the current report aims to provide.

### **3. Objectives of the evaluation and its methodology**

According to Article 9 of Regulation (EU) 2017/826, the evaluation report must assess: (i) the overall relevance and added-value of the programme; (ii) the effectiveness and efficiency of its execution; and (iii) the overall and individual effectiveness of the beneficiaries' performance in meeting the programme's objectives.

As set out in Article 2 of the Regulation, the objectives of the programme are:

- 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.*

To help with the assessment, the Commission commissioned a study (annexed to this report) on whether the grants awarded to Finance Watch and BETTER FINANCE had achieved the programme's objectives. The study included a comprehensive in-depth analysis of the beneficiaries' operations as co-financed under the grant agreements for 2017 and 2018. The study is based on several sources, collected and assessed via different data-collection streams: desk research, online surveys and stakeholder interviews.

#### *Desk research*

The Commission's contractor assessed primary sources, such as annual reports, work programmes, membership surveys, and other relevant documents demonstrating key performance indicators. This was supplemented, where appropriate, with EU, international and national-level literature – including media articles – to provide further context to the analysis.

#### *Online survey*

The contractor conducted online surveys on BETTER FINANCE and Finance Watch. The surveys contained a specifically tailored set of questions by stakeholder type. There were five stakeholder groups: member organisations, banking associations, consumer organisations, national public authorities and EU public bodies. Both surveys were open for responses from 7 October until 3 December 2019. The surveys were shared with 309 stakeholders and there were 179 participants in total (58% participation).

#### *Interviews*

Stakeholder interviews were based on a semi-structured format and were directed at the same stakeholder groups as the survey questionnaire. The interview questions aimed to complement information from the desk research and online surveys and to fill any remaining data or information gaps. In total, 25 interviews were conducted with various stakeholders.

The Commission complemented the consultant's study, in particular by analysing the two beneficiaries' activities and the execution of the programme in 2019.

One of the key limitations for the evaluation was that only a very limited number of references to both beneficiaries can be found in secondary literature. The desk research was thus largely

limited to information from the beneficiaries themselves (e.g. their annual reports). The surveys and interviews aimed to address this limitation.

#### **4. Results of the evaluation**

##### **a) General presentation of the work of the beneficiaries between 2017 and 2019**

###### **FINANCE WATCH**

Finance Watch is an international non-profit association under Belgian law, registered on 28 April 2011. The association currently has 13 staff members, slightly fewer than in 2017. It is structured into three interlinked divisions: research and advocacy; communications and networks; and finance and operations. All departments are overseen by the Secretary General, the board and the members. The organisation was created to act as a counterweight to the financial industry's influence by representing the views of the general public and financial services end-users. Its mission is to defend the interests of civil society in the financial sector.

Finance Watch's membership has slightly increased since 2017. The organisation now has 110 members: 78 full members (45 organisations and 33 individual members) and 32 associate members (among which are 22 organisations and 10 individual members). The members are a diverse group representing academia, labour unions, national Finance Watch networks, NGOs, and charities with an interest in consumer empowerment. Members come from 17 Member States (with a weaker membership base in Eastern Europe than in Western Europe) and 3 non-EU countries.

Finance Watch covers a wide range of financial topics, including retail financial services, banking, non-performing loans, sustainable finance, fintech, financial markets, financial supervision, capital markets union (CMU) and financial inclusion.

Finance Watch is largely dependent on EU funding: in 2017-2019, the beneficiary received EUR 2 686 957 from the Commission. The rest of its funding is essentially covered through funding from third parties, which accounted for 39.4% of its total funding for eligible funds in 2019 (with the MAVA Foundation<sup>2</sup> being the main donor).

###### **BETTER FINANCE**

BETTER FINANCE (its full name is the European Federation of Investors and Financial Services Users) is a registered public-interest organisation created in 2009 in Belgium. The organisation currently has 8 staff members (2 more than in 2017) BETTER FINANCE has 37 member organisations. Its members include shareholder associations, national NGOs focusing on

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<sup>2</sup> MAVA Foundation is a philanthropic foundation focusing on: (i) the conservation of biodiversity in the Mediterranean, West Africa & Switzerland; and (ii) promoting a sustainable economy. Until the end of 2019, Finance Watch was part of a MAVA Programme (Economics for Nature - E4N) focused on approaches to restoring and preserving natural capital.  
<https://mava-foundation.org/>



private investors or consumer protection, retirement funds, and consumer associations. Their members come from 18 EU Member States (with a weaker membership base in Eastern Europe than in Western Europe) and 5 non-EU countries.

Given its membership structure, the policy focus of BETTER FINANCE covers a wide array of topics that are relevant to retail investors, such as: investor protection, supervision and enforcement, financial products topics (PRIIPs<sup>3</sup>, UCITS<sup>4</sup>, MiFID<sup>5</sup>, etc.), pension topics (IDD<sup>6</sup>, PEPP<sup>7</sup>, IORPs etc.), transparency of cost and performance, pre-contractual disclosures, advice, and distribution of retail investment products, shareholder rights, sustainable and digital finance etc.

In 2017-2019, the beneficiary received EUR 1 092 947 from the Commission. For the share of its funding not covered by Commission grants, BETTER FINANCE relies mainly on membership fees and partnership contributions (which accounted for approximately 37 % of its total revenues in 2018-2019).

## **b) Evaluation according to the criteria**

### **Overall relevance and EU added value of the programme**

Advocacy at EU level on behalf of non-industry stakeholders continues to be necessary to ensure that the perspective of consumers and end-users is taken into consideration. Given that a significant share of financial services legislation is adopted at EU level, organisations to defend consumer interests should also be active at EU level. These organisations should also be supported by a broad membership base in the Member States.

The Union programme allows these organisations to ensure they have the necessary expertise to effectively represent the interests of consumers and end-users in financial policy-making. Given their dependence on EU funding, Finance Watch and BETTER FINANCE would be unable to provide the same level of support for the interests of users of financial services in the absence of EU grants. In addition, attracting additional funding for consumer topics remains structurally difficult. This is partly due to the wide dispersion of the interest groups and the marginal incentives for each individual. This is the case for BETTER FINANCE and Finance Watch, as it is for other organisations representing consumers. Without EU grants to these two organisations, it is unlikely that other EU organisations would be able to fill the gap.

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<sup>3</sup> Packaged retail investment and insurance products (PRIIPs)

<sup>4</sup> Undertakings for collective investment in transferable securities (UCITS)

<sup>5</sup> Markets in Financial Instruments Directive (MiFID)

<sup>6</sup> Insurance distribution Directive (IDD)

<sup>7</sup> Pan-European Personal Pension Product (PEPP)

In order to ensure the active participation and involvement of these groups in EU and other multilateral policy-making in the area of financial services, it is necessary to continue to give these grants.

BETTER FINANCE and Finance Watch have both been successful in positioning themselves as an important voice for consumers in the area of financial services, an area in which they have built up significant expertise. As the study showed, BETTER FINANCE and Finance Watch are largely appreciated by stakeholders, and their input is considered to be of high quality. Their activities are complementary and only partially overlap. BETTER FINANCE focuses on financial services users' issues with a strong emphasis on investors and pension savers as well as on sustainable finance and digital finance. Finance Watch addresses retail financial services more generally, but also other topics such as sustainable finance and prudential issues. Together, these two organisations covered most of the consumer or user-related topics in the EU policy debate on financial services in 2017-2019.

Apart from Finance Watch and BETTER FINANCE, there are currently no alternative organisations at EU level covering a similar range of financial-services topics in the same depth. Other organisations (e.g. BEUC<sup>8</sup>, COFACE<sup>9</sup> or AGE Europe<sup>10</sup>) represent consumers, but their focus is not exclusively on financial services and they may not have the same level of specialisation and expertise on the topic. Given the complexity and technical nature of financial services legislation, this in-depth knowledge of a wide range of financial topics is required to ensure that the interests of consumers can be adequately represented.

### **The effectiveness and efficiency of the execution of the programme**

Due to the complexity of the legislative process, one cannot attribute an agreed legislative text, or elements thereof, to the advocacy of a single organisation. However, it is clear that some amendments suggested by the beneficiaries during legislative negotiations were taken up by the legislator. For instance, some of the amendments suggested by BETTER FINANCE and Finance Watch on the PEPP proposal were adopted by the legislators. The stakeholders interviewed during the study considered that financial policy-making had been improved as a result of this programme. These stakeholders also indicated that policy-makers felt better informed as a result of the beneficiaries' work.

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<sup>8</sup> BEUC (Bureau Européen des Unions de Consommateurs) is the umbrella group for 44 independent consumer organisations from 32 countries. Their role is to represent them to the EU institutions and defend the interests of European consumers.  
<https://www.beuc.eu/>

<sup>9</sup> COFACE Families Europe promotes the well-being, health and security of families and their members in a changing society and serve as a trusted entity for family mainstreaming and for the voice/needs of families in the EU and beyond.  
<http://www.coface-eu.org/>

<sup>10</sup> AGE Platform Europe is a European network of non-profit organisations for people aged 50 and over, which aims to voice and promote the interests of EU citizens aged 50 and over and raise awareness on the issues that concern them most.  
<https://www.age-platform.eu/about-age>

Finance Watch and BETTER FINANCE have provided important input to the financial policy-making process, in particular through their contributions to public consultations, participation in important Commission and ESA expert groups, and additional publications. Based on their research activities, the beneficiaries could help fill gaps in the overall understanding of certain financial phenomena.

Together, the beneficiaries have worked on most of the consumer- or user-related topics in the EU policy debate on financial services. BETTER FINANCE has typically covered work streams related to financial services users' issues with a strong focus on investors and pension savers as well as sustainable and digital finance. Finance Watch has covered retail financial services, sustainable finance and prudential topics. However, some stakeholders argued that the beneficiaries could have covered certain topics in greater depth, e.g. the ESA review and credit assessment.

To inform consumers, raise awareness and contribute to financial education, the beneficiaries have made significant efforts to engage with consumers, including through the use of innovative tools, social media and campaigns.

### **Overall and individual effectiveness and efficiency of the beneficiaries' performance in meeting the objectives**

#### **FINANCE WATCH**

##### **Effectiveness**

During the evaluation period, Finance Watch engaged in the major debates and policy developments in financial regulation. It covered a very broad array of topics including insurance, financial inclusion, sustainable finance and fintech. In particular, in 2017 Finance Watch worked on topics such as fintech, MiFID II, non-performing loans, motor insurance, and cross-border payments. In 2018 and in 2019, sustainable finance was a significant focus of the organisation. Other topics included financial inclusion and the Solvency II. Some stakeholders mentioned that Finance Watch could also have addressed additional topics such as corporate culture in financial institutions.

Finance Watch also provided expertise to the policy-making process in different ways, in particular through replies to public consultations and participation in Commission and ESA expert groups. In 2017-2019, Finance Watch responded to important consultations in its areas of expertise. It responded to 33 public consultations on financial policy. By way of illustration, in 2017 the organisation provided input to the Commission consultations on Fintech and on transparency and fees in cross-border transactions, to the REFIT review on motor insurance, to ESMA<sup>11</sup> consultation on guidelines for suitability requirements under MiFID II. In 2018, it

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<sup>11</sup> European Securities and Markets Authority (ESMA)

responded to the Commission consultation on the establishment of a framework to facilitate sustainable investment and to a proposal for a directive on a new deal for consumers. In 2019, it for instance replied to consultations under the EU action plan on sustainable finance, to ESMA's consultation on integrating sustainability risk and factors in MiFID and AIFMD/UCITS. It also provided input to the evaluation of the Consumer Credit Directive and to the EIOPA consultation on sustainability in the Solvency II. The consultant's study provided evidence that the quality of these consultation responses was high.

Finance Watch also continued to actively participate in the work of Commission and ESA expert groups through such as the EC Financial Services User Group, the EC Technical Expert Group on Sustainable Finance, and the European Insurance and Occupational Pensions Authority (EIOPA) Consultative Expert Group on Digital Ethics. Its participation in expert groups<sup>12</sup> has slightly increased during the period. Finance Watch held 5 positions in expert groups in 2017 and 7 in 2018 and 2019.

In addition, Finance Watch has been publishing briefings and papers at an increasing rate (4 in 2017, 9 in 2018 and 13 in 2019) on different topics. For example, it published the briefing paper 'ESMA's role in sustainable finance' (in 2017), a policy brief on remittances (in 2018), and the policy brief 'Insurance and discrimination' (in 2019). During the European Parliament elections, Finance Watch prepared briefings for candidates, and engaged with newly elected MEPs to prepare for the future parliamentary term. During 2017-2019, Finance Watch produced 24 publications including several policy notes and discussion papers but also some comprehensive research reports. For instance, in 2018 it published the second edition of the *Global green finance index (GGFI 2)* based on a worldwide survey of finance professionals' views on the quality and depth of green-finance offerings across 110 international financial centres.

The objective of engaging end-users and non-industry stakeholders was addressed through campaigns, community events, videos, cartoons, etc. The number of events organised by Finance Watch increased in 2017-2019 (on average twelve events per year). It for instance organised the Change Finance Forum in 2018 (bringing together different experts to debate a variety of topics) which was particularly effective at engaging consumers. Another action that attracted considerable attention in 2019 was a campaign launched by Finance Watch on Facebook's plans to introduce Libra, its own payment system/coin. The campaign sought to inform policy-makers and the public about risks to the stability of the financial system, and gave the public the opportunity to voice their concerns through a petition. It has also produced a number of videos (49 videos during 2017-2019) to increase citizens understanding of financial issues. For example, in 2018 the beneficiary launched several short videos on different topics such as capital requirements, sustainable finance, traders' bonuses and excessive risk incentives. Finance Watch

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<sup>12</sup> This figure only includes the participation in expert groups of Finance Watch representatives. It does not include the possible participation of experts belonging to Finance Watch member organisations, unless they would sit on the Group as Finance Watch representatives.

was also able to increase its communication potential through a new cartoons tool, which was effective in targeting a wider public and non-expert stakeholders.

Finance Watch informed the public about issues at stake in the regulation of financial markets through its members and coordinated actions at national level. As highlighted by the interviewed stakeholders, the expertise provided by Finance Watch was used in stakeholders' national debates. In a few cases, these stakeholders translated Finance Watch publications into their national language.

The survey respondents rated the quality of Finance Watch's communications activities as high, and its newsletter was particularly valued as effective. During the period, Finance Watch published 51 press releases. The respondents of the survey considered the press releases as effective in informing consumers. Through social media, Finance Watch shared content and reacted to various topics, such as climate change and the COVID-19 outbreak. It was evaluated as particularly effective in using social and online media, and achieved greater exposure than other similar organisations. Its number of followers on social media significantly increased in 2017-2019 and Finance Watch currently has a high number of followers compared to other similar organisations (it has 21 000 followers on Facebook, and 10 750 followers on Twitter). It also increased its communication potential through a new website. In addition, Finance Watch enjoys very widespread international media coverage, being mentioned in 374 articles in the international press from 2017 to 2019.

Overall, the study showed that Finance Watch's outputs are generally considered of high quality, including by officials of the European institutions, Finance Watch's members, and other stakeholders.

### **Efficiency**

The study showed that, during the evaluation period, Finance Watch's cost-to-output ratio was relatively stable. From 2017 to 2018, the increase of expenditure on expertise, policy analysis, advocacy and public affairs led to an increase in the number of outputs (for example reports, briefings, papers, public hearings, public interventions and videos). In other areas such as communications, the cost-to-output ratio was also relatively stable, which indicates that the same level of efficiency was maintained.

From 2018 to 2019, expenditure in the area of communications marginally increased. The increase in the number of communication outputs in 2019 compared to 2018 (such as events, press releases, and the launch of a new website) indicated greater efficiency in communication outputs.

## **BETTER FINANCE**

## Effectiveness

BETTER FINANCE provided policy-makers with the views of financial services end-users through its responses to public consultations, participation in expert groups, position papers, and discussions with different interest groups. Over the years, BETTER FINANCE covered a wide array of topics relevant for financial consumers. In 2017, a significant focus of BETTER FINANCE was on pension savings and ‘robo-investing’<sup>13</sup>. In 2018, it inter alia focused on topics involving the protection of investors and financial-services users and on compliance with the pre-contractual disclosure rules for packaged retail investment products. In 2019, BETTER FINANCE worked on topics such as Collective Redress, MiFID II, PEPP, PRIIPs, UCITS, Solvency II, IDD, IORP, Capital Markets Union, Sustainable finance (taxonomy, ecolabel) and Digital Finance.

In these 3 years, BETTER FINANCE was particularly effective. For instance, it replied to almost 70 consultations. The public consultations covered a wide range of topics, in particular topics relevant for investors. For instance, in 2017 BETTER FINANCE provided input to ESMA’s consultation on MiFID governance requirements and to the consultation on the format and content of the prospectus. In 2018, BETTER FINANCE inter alia replied to the ESA’s joint consultation paper on amendments to the PRIIPs KID<sup>14</sup> and to the Commission’s suitability questionnaire on environmental, social and governance (ESG) disclosure. In 2019, it responded to the ESMA consultation on integrating sustainability risks and factors in the UCITS Directive and AIFMD<sup>15</sup>. Beyond that, BETTER FINANCE also responded to consultations in the area of sustainable and digital finance, for instance the Commission’s consultation on rules on digital solutions and efficient cross-border operations, as well EBA<sup>16</sup>’s consultation on the Discussion Paper on its approach to financial technology (fintech), and to the questionnaire by the High-Level Expert Group on sustainable finance. The respondents indicated that BETTER FINANCE covers technical areas in a way that is easy for consumers and end-users to understand. In addition, BETTER FINANCE produced more than 15 position papers during the 3 years.

BETTER FINANCE also continued to participate in and provide input to expert group discussions, for example the European Commission Financial Services User Group, the Banking Stakeholder Group (EBA), and the High Level Forum on Capital Markets Union and the PEPP Expert Group (EIOPA). Its participation in expert groups<sup>17</sup> has slightly increased during the period. BETTER FINANCE held 8 positions in expert groups in 2017, 8 in 2018 and 10 in 2019. BETTER FINANCE was also invited to speak at a number of hearings, for example in the European Parliament on the PEPP proposal.

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<sup>13</sup> investing according to advice given by a computer programme based on customer information such as their age, salary and risk tolerance

<sup>14</sup> Key information documents (KID) for packaged retail and insurance-based investment products (PRIIPs)

<sup>15</sup> Alternative investment fund managers Directive (AIFMD)

<sup>16</sup> European Banking Authority

<sup>17</sup> This figure only includes the participation in expert groups of Better Finance representatives. It does not include the possible participation of experts belonging to BETTER FINANCE member organisations, unless they would sit on the Group as Better Finance representatives.

In addition to policy notes and discussion papers, BETTER FINANCE produced a number of comprehensive research reports (4 in 2017, 7 in 2018 and 6 in 2019), identifying current issues that were relevant for consumer and financial services end-users. For instance, in 2017 it issued publications on ‘robo-advice’<sup>18</sup> and pension savings. Moreover, it published reports on investor protection topics – that benefited from a follow-up by the European Parliament – in particular the Mis-selling of Financial Products Paper. In 2018, BETTER FINANCE published the research report *Fund Benchmark Disclosure Compliance*, which verified the compliance of key investor information documents (KIIDs) of selected UCITS funds investing in equities.

The objective to better inform consumers was addressed through campaigns, events and press releases. Between 2017 and 2019, BETTER FINANCE published more than 70 press releases providing information on policy and regulatory developments at the European level affecting investors and financial services end-users. Through an increasing number of press releases in a variety of languages, the beneficiary ensured connection with the financial and general press.

In these 3 years, BETTER FINANCE organised an average of eight events per year (such as international conferences and press conferences), with participation at the events growing each year. For example, in 2019, BETTER FINANCE and the CFA Institute jointly organised an international conference on Sustainable Value for Money. BETTER FINANCE enjoys widespread international media coverage, being mentioned in 296 articles in the international press from 2017 to 2019.

BETTER FINANCE launched its new website at the beginning of 2019, giving visitors a more user-friendly interface and easier access to the most important information. It also informed its members and stakeholders of the latest legislative and regulatory developments via a newsletter.

The study indicated that the social media presence of BETTER FINANCE is relatively low (as compared to similar organisations). BETTER FINANCE social media accounts have a limited, albeit increasing, number of followers (452 followers on Facebook, and 1 340 followers on Twitter).

### **Efficiency**

The study also analysed the organisations’ outputs, assessing them in quantitative and qualitative terms, and concluded that BETTER FINANCE produced a stable level of output. In general, across the 3 years, there was an overall increase in activity in raising awareness, dissemination, financial education and training. Between 2017 and 2019, BETTER FINANCE improved its cost-to-output ratio in its other activities (for example research and advocacy).

From 2018 to 2019, expenditure increased in raising awareness, dissemination, financial education and training. The increase in the number of outputs (for example events and press releases) indicated that efficiency in this area was relatively stable.

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<sup>18</sup> Financial advice given by a computer programme based on customer information such as their age, salary and risk tolerance

## 5. Conclusion

The evaluation shows that the objectives of the programme have generally been met.

The objective of further enhancing the involvement of consumers and financial services end-users in Union policy-making in the area of financial services was achieved. The work of Finance Watch and BETTER FINANCE has enriched the policy debates. These two organisations offered an alternative point of view that policy-makers could have otherwise missed or neglected. Both delivered important expertise through contributions to public consultations and participation in many Commission and ESA expert groups. They presented their views to policy-makers in a variety of ways (including hearings, meetings, papers etc.).

The objective of informing consumers and other financial-services end-users on issues at stake in the regulation of the financial sector has generally been achieved. Both beneficiaries have kept consumers informed, e.g. through campaigns, press releases, etc.

In order to defend the interests of consumers and end-users, advocacy at EU level on behalf of non-industry stakeholders continues to be necessary.

Given their dependence on EU funding, Finance Watch and BETTER FINANCE would be unable to provide the same level of support for the interests of users of financial services without EU funding and would thus be unable to represent consumer interests in the same way. Without EU grants to these two organisations, other EU organisations would also be unable to fill the gap. EU funding therefore continues to be necessary in order to increase the participation of consumers in EU policy-making in the area of financial services.

Besides Finance Watch and BETTER FINANCE, there are currently no alternative organisations at EU level covering a similar range of topics in financial services and in the same depth.