

EFIN



European Financial Inclusion Network

Annual report 2016

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Introduction – Anne Fily - Chairperson

Dear all,

It is my great pleasure to present the 2016 EFIN annual report.

2016 was a successful year in many aspects thanks to the leadership of its director and the involvement of its members.

Our objective to make EFIN more visible, and recognized as a key player in the financial inclusion area in particular by the EU institutions (European Commission, European Parliament and European Banking Authority), has been achieved and will remain a priority in 2017. EFIN responded to several consultations issued by the Commission and the European Banking Authority and represented the interests of households in the stakeholder working group on insolvency set up by the Commission.. EFIN organised an event at the European Parliament on over-indebtedness hosted by ALDE which was attended by several MEPs. Moreover, EFIN passed its messages at several events to which it was invited.

As regards its research work, EFIN produced 3 new papers that are the fruit of collective work of EFIN members: Indicators to monitor over-indebtedness; Early detection and constructive response about households financial difficulties; Unfair Lending Practices and Toxic Loans.

EFIN launched a new website which is much more modern and easy to use.. The format of the Newsletter has also been completely revised and is now a monthly publication.

At European level a lot remains to be done to make financial inclusion a reality. The European Commission's proposal, published at the end of 2016, to help households who cannot longer cope with their debts is not binding for EU Member States. The identification of data necessary for assessing the creditworthiness of borrowers before granting any loan should only be the subject of voluntary standards.

Without forgetting the need to have a close look at the new challenges posed by the development of big data that may create opportunities for the financial excluded people but generate new risks of exclusion as well. Our network of researchers and practitioners will remain vigilant throughout 2017 and continue to demonstrate, based on solid evidence, there is still a need for action.

EU Institutions: Increasing EFIN visibility and credibility



A – Responses to EU consultations:

Green Paper on Retail Financial services

Response posted on 7 March 2016

EFIN attended the EC hearing held on 2 March and responded to the public consultation.

Based on a « financial single market » perspective, the EFIN response shed some light on the opportunities and the risks for financial inclusion related to cross border transactions and digitalisation. EFIN also insisted on the necessary confidence and safety of the products and services made available to allow a single market to emerge. EFIN questioned the stated virtues of competition in this particular market which does not currently meet the theoretical requirements for the market competition to be effective.

Watch the video of the hearing [here](#).

Access to the EFIN submitted answer [here](#).

Fighting against terrorism and money laundering: the consumer perspective

On March 10, EFIN attended a meeting organised by the European Commission (DG Justice and Consumers, & DG FISMA (Financial Services and Capital Markets Union)) with other retail financial services users: Better Finance and BEUC.

The Commission wanted to hear the views of end-users regarding the restrictions on the purchase of anonymous prepaid cards and easier access to bank data by the intelligence services.

EFIN expressed 2 mains concerns:

- Personal data & privacy protection ;
- What are the acceptable means to prove identity : should it be related to a legal residence in the country ? (access the preparatory document [here](#))

EBA Discussion Paper on innovative uses of consumer data by financial institutions

Response posted on 4 August 2016

A major issue considering data, big data and Fintech is the understanding of the positive and negative impacts these innovations might have on financial inclusion.

Public consultation on the European Pillar of Social Rights

Response posted on 16 December 2016

A major issue is the lack of mention of Financial exclusion issues in the draft. EFIN response has documented our position and invites the EU Commission to add this dimension in the social rights.

B - Personal Insolvency Informal Stakeholders Group participation



This group was set up by the EU Commission, Directorate-General for Justice and Consumers Civil Justice Policy Unit. It was part of a program to document and support the EC legislative initiative on insolvency aiming at providing tools allowing viable businesses in distress to be rescued, and honest but bankrupt individuals to be given a second chance.

EFIN has:

- participated to the 3 meetings (April, June, July);
- coordinated a group of volunteers to respond to the consultation (BEUC, ECDN, MFC (PL), Eurodiaconia, COFACE (an EFIN applicant member), Crésus (FR), Poradna (CZ), Mrs. Balkanska (BG), Mr. Alström (SE)). External experts have joined us to document current issues in the field ;
- responded to the EU consultation on effective insolvency framework in the EU;
- participated to the EU Public hearing: 12/07/2016;
- had supported the research team of the Impact Assessment study on policy options for a new initiative on minimum standards in insolvency and restructuring law, published in November 2016, helping to identify qualified experts in the field.

This activity was a major workload within the 2016 Action plan. Results are a bit disappointing considering the few «recommendations » related to personal insolvency in the Directive proposal. Nevertheless, the proposal provides for a real opportunity to come back to this question in a few years. The EC could propose at that time a more binding initiative even though this remains remains, so far, a national competence.

More positively however,, this involvement has significantly raised the visibility and reputation of EFIN within the EU Commission.

C - EFIN - ADLE Conference at the EU Parliament – Personal Indebtedness

EU Parliament, Brussels, on 7th December 2016

This event was organised with the objective to close and promote the work started two years ago about over-indebtedness and effective approaches to prevent and cure the phenomenon. It gave the opportunity to present and launch officially three important contributions achieved by the dedicated working groups (see research section)

It has also contributed to build contacts with MEPs and, as such, reinforced the political visibility of EFIN within the EU institutions: this is the main added value of being “inside” the EU Parliament.

RESEARCH



The 3 working papers were finalised in 2016, after a major involvement of the respective Working groups' volunteers:

Indicators to monitor over-indebtedness

Participants: Justyna Pytkowska (coordinator – Microfinance Centre), Olivier Jérusalmy (EFIN), Andrea Falanga (EFIN), Beata Świecka (Szczecin University)

Available here: <http://www.fininc.eu/indicators-to-monitor-over-indebtedness/>

Early detection and constructive response about households financial difficulties: EFIN Working paper

Participants : Iskra Balkanska (professeur-BG), Didier Gillet (Parcours Confiance-FR), Olivier Jérusalmy (EFIN-EU) Nadine Lilienthal (ESBG-EU), Nadzeya Sasnouskaya (EFIN-BE), Jan Siebolds (City of Amsterdam-NL), Theresa Tedd (Local Authority representative-UK), Fabien Tocqué (UNAF-FR)

Available here : <http://ww.fininc.eu/wp-content/uploads/2016/12/EFIN-WG-Early-and-Friendly-VF-6Dec.pdf>

Unfair Lending Practices and Toxic Loans

Participants : Farid Aliyev (BEUC), Anne Fily (BEUC), Olivier Jérusalmy (EFIN), Nadzeya Sasnouskaya (EFIN-BE)

Available here : <http://www.fininc.eu/unfair-lending-practices-and-toxic-loans/>

EFIN lectures

A - Over-Indebtedness of European households: Myths and realities

ECRI-CEPS Conference, 26 January 2016, Brussels

EFIN participated to the session 2 on 'The effects of household over-indebtedness on borrowers and lenders'. Link to the presentation on "When borrowers and lenders look for efficient debt solution".

B - Is there a need for a comprehensive EU reform to protect consumers in financial difficulty?

Brunel University, 20 May 2016, London

EFIN took part to this one day conference on over-indebtedness. The conference explored different dimensions among which: Consumer over-indebtedness, responsible lending, and the insolvency of natural persons in the UK, Germany, Italy, and Greece.

C - The fight against money laundering, terrorist financing and tax evasion

EESC Public hearing, 5 October 2016, Brussels ([programme](#))

The EU is stepping its fight against money laundering, terrorist financing and tax evasion, and proposed in 2016 a review of the Anti-Money Laundering Directive (AMLD). The objective is to help national authorities to obtain and share the information about who really owns companies or trusts, who is dealing with online currencies, and who is using pre-paid cards.

EFIN was invited to present its concerns related to the potential impact of proposed EU regulation on financial inclusion.

EFIN Newsletter: new format, new frequency

An important reform was implemented in 2016: transforming a quarterly and weak newsletter into a monthly Info-services. This new NL should provide EFIN members with relevant information on the EU activities related to financial inclusion.

The first issue of the new version was sent in March 2016, and was followed by 5 ...

EFIN Website: a new one!

A new website was necessary for multiple good reasons, mainly because it was considered to be a pre-requisite for any further initiative to raise funds and other financial support.

The launch of the new website required much more time than foreseen (in the budget). Indeed we had considered a simple 'up-date' of the existing website, which has been impossible to achieve (the former website's access crashed).

Network management

Management Committee

Participants: R. Alström (SE), A. Fall (ACAF-SP), A. Fily (BEUC - EU), K. Pawlak (MFC – Poland), F. Tocqué (UNAF – FR) - O. Jérusalmy, Director: permanent guest.

8 meetings – 9 Feb, 9 Mar, 13 Apr, 11 May, 8 Jun, 20 Jul, 6 Sep, 14 Nov.

General Assembly

- **Written procedure** in March 2016, on administrative purposes (new members, 2015 annual report, accounts and budget 2016);
- **Written procedure** in November 2016 + meeting on 7th December, on administrative purposes and strategic brainstorming.