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Action plan for retail investors - a 10-point action plan

Conclusion

Improving information to protect the customer

Consumer protection problems on the financial market often derive from the consumer's significant disadvantage vis-à-vis the firm in terms of information. The government's assignment is to find different ways to level out these types of inequalities. This entails ensuring that financial firms produce relevant information that is presented to the consumer so it can be easily understood. It also entails improving the consumers' possibilities for finding, understanding and applying relevant information. Educational and informational activities are important parts of this assignment.

Consumer protection in the financial sector involves many different aspects and many different agencies and regulatory frameworks. This means that the risk for overlapping responsibilities, as well as the risk that some issues will get lost in the shuffle, is unavoidable, which places considerable importance on coordination.

FI proposes a plan for the future summarised into ten action points that will strengthen the position of consumers on the financial market. The actions can be divided into two groups. The first group contains actions that FI believes should be carried out and handled by a new, central, government-appointed commission for retail investors in cooperation with agencies, consumer bureaus and the financial industry. The second group contains actions FI intends to carry out within its current assignment notwithstanding other measures and initiatives implemented with regard to financial consumer protection in general.

General actions

1. Set up a commission for retail investor issues
2. Raise the level of education in private economies
3. Consumer bureaus should focus more on price and terms comparisons
4. Build a web portal for financial services
5. Establish a database for consumer complaints
6. Make pension statements more comprehensible

The assignment is presented following consultation with the Swedish Consumer Agency, which agrees with the proposals in the report with one exception; the Swedish Consumer Agency questions the need for establishing a new, central commission for retail investor issues to coordinate with the government and other bodies in accordance with the model recommended by FI.

The commission shall facilitate cooperation between agencies in the financial sector as well as initiate and carry out development projects, for example educational efforts directed at the general public. The commission should be appointed by the government and should have its own secretariat.

A review of the agencies' cooperation strategy to improve the efficiency of informational projects was conducted together with Verva, the Swedish Administrative Development Agency. The Agency is in agreement that a functional information system can be built from the current decentralised cooperation model, the participants of which include a cluster of private and public actors.

- The two consumer bureaus for financial services form the established channel for consumer information, which in the future should be able to be utilised more efficiently.
- This also includes continued development of the bureaus' web portal, www.konsumenternas.se, with measures to improve public knowledge and searchability with regard to questions and answers.

FI views the bureaus as the primary alternative for expanding information available to the consumer. However, if developing the activities of the bureaus in the manner and scope mentioned here proves to be too difficult given their current organisational and financial structure, it should be discussed whether the responsibility and assignment should be placed with a new, state-financed body instead.

FI will take the following measures

The prioritization of educational activities and information to consumers is connected by several points to the action plan for the consumer-targeted supervision FI has been working under in recent months. The plan establishes that FI will investigate and outline the largest obstacles and problems for consumers and strengthen supervision based on the consumers' needs and perspective on the market. In principle, these activities are independent of whether or not the previously presented actions are realised or in what form they are realised. Based on this background, FI intends in particular to focus on the following actions:

7. Stricter supervision of basic financial services
8. Distinguishing between advice and sales
9. Tightened monitoring of foreign firms active towards Swedish customers
10. Annual evaluation of the actions