

**CONSUMEETING 2013, CONSUMER FORUM**

**"CONSUMER POLICY AND ECONOMIC RECESSION: THE EU PERSPECTIVE"**

**ROME, 15 OCTOBER 2013**

**SPEECH**

Good morning ladies and gentlemen,

It is my pleasure to share my thoughts with you today about the interesting research results presented this morning, and about the wider European consumer movement and EU consumer policy.

I would first of all like to thank Mr Fabio Picciolini and Consumer Forum for bringing together consumer advocates, key market players in banking, energy and telecoms, as well as policy makers and academics.

As you know, I took up the portfolio of consumer policy in July, and I intend to use to the full the time available under my mandate.

I want to achieve **concrete benefits** for consumers and ensure that their interests are considered **in all policies** of the European Union.

To me that means going beyond the passive approach to consumer policy – enhancing only consumer's rights and safety. We have to actively make markets work for consumers.

A modern and efficient consumer policy is a real tool to promote competitiveness; for making sure that Italian and other European businesses are competitive in today's global markets. Being the most consumer friendly economy in the world is part of European Union competitive advantage: the quality and safety of our products and services is highly appreciated by consumers also outside the EU, and this helps attract tourists from emerging economies.

Therefore consumer policy is an economic policy. It is also an economic recovery policy because we support the purchasing power of EU consumers.

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Let me now focus more on today's issues – first, the impact of the economic crisis on consumer behaviour and consumer spending.

The data presented today speak clear: consumer spending, in Italy as in other EU countries, is on a downward curve.

Even if some parts of our societies are not affected by the current economic climate, **most people are**; they are trying to limit their expenditure, whether because of real fall in income or out of fear of what the future will bring.

As a result, consumers are looking for better deals, Today's empowered consumers are looking more carefully at prices and quality, and they are trying to find the best value for money.

Today's survey data show that some 15% of consumers are already actively participating in new forms of consumption, in what is called the "share economy". New businesses and jobs are being created in this very dynamic field, where digital technology has opened up new markets and opportunities.

An EU-wide study we are about to complete also shows some more serious impacts of the crisis: over-indebtedness has increased in all EU countries since 2007, even if the situation varies per country. This can be due to unemployment and poverty, family problems or sickness, or

simply to irresponsible lending and poor financial management.

In fact, behavioural economics research has shown that consumers do not always make the smartest choice: they are influenced by the way how choices are framed and presented. Or they simply lack the time and energy to pay attention. Some of the latest research works even indicates that consumers under financial stress make worse choices than others.

With consumer expenditure representing 56% of the EU GDP, a well-designed and well-implemented consumer policy that helps markets function better, and helps consumers get better deals, is therefore neither a burden nor a luxury, but a **MUST**.

That is why it is one of my priorities is to help consumers find better deals in areas such as banking or energy.

Let me give you a few examples.

First, the proposed legislation on bank accounts for example will improve the **transparency and comparability** of fees for bank accounts and make **switching to another bank easier**. That will make sure consumers can find better deals and pay lower fees for their bank accounts.

Every EU citizen will also have a basic right to open a basic payment account, irrespective of their financial situation.

At the same time, the financial services industry will benefit from increased mobility of clients, and from reduced barriers to enter the market, including those in other EU countries. This file is one of my priorities and I am working with all actors involved in the legislation process to have this file adopted in the current legislature.

Second, in the energy market the EU has already set rules to make it easier to switch supplier – and this may not take more than 3 weeks. When something goes wrong between an energy supplier and a consumer, complaints must be dealt with within two months, and easy and fast dispute resolution must be available.

In more and more countries, including Italy, we now see consumer associations set up collective energy buying initiatives, that help to switch and bring prices down. At the same time, we should remember this is not a universal solution, due to the low number of energy providers in some EU Member States.

Liberalisation of services should bring more choice opportunities and lower prices. More liberalisation should not lead to more confusion of the consumers.

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Consumers deserve to be helped. To help consumers make better choices, consumer associations need to deliver reliable consumer information and advice. That brings me to the second theme of today, how to improve the effectiveness of consumer associations in Italy.

Consumer associations face a real challenge in this fast moving world: they need a high level of professionalism and technical expertise to see clear in complicated and sometimes opaque markets; they need up-to-date communication skills; and they need secure funding to make it all possible.

I strongly support the idea to fund consumer associations using part of the fines paid by companies that violate antitrust legislation. But I think that spreading this money over a multitude of separate national and regional organisations, is probably not the most cost-efficient way to strengthen the consumer voice.

To represent the consumer voice effectively in dialogue with business and policy makers, fragmentation along political and social fault lines is an obstacle. Joining forces nationally, and working in synergy with the wider European consumer movement is a necessity, while at the same time we should try to reach the consumers throughout the whole territory, as close as possible to where they live.

In this respect, I can only agree with the message that emerges loud and clear from the analysis Censis has made: that change is necessary to mainstream the Italian consumer movement, that the forms of the past may not fit the needs of the future.

I am aware that at least one consumer organisation in this country already operates according to a more modern and independent business model. They work closely together with the mainstream consumer associations in countries such as Germany or UK, Belgium or Portugal on matters such as comparative testing.

I am also pleased to see that initiatives like Consumer Forum stimulate joint action of consumer NGOs, and constructive dialogue with business and policy makers.

This is definitely a step in the right direction. And I would invite you to take the next steps towards further rationalization of the use of both financial and human resources, to the benefit of Italian consumers.

The European Commission will certainly support consumer associations in this.

A new ambitious capacity building programme is starting next year. It will innovate by setting up a web based community platform, where staff of consumer associations can exchange best practices, and find e-learning modules to improve their knowledge about consumer law and other legislation that impacts consumers.

To help improve technical expertise, specialized training courses will focus on sectors where complexity is high, such as energy, financial services and telecommunication. To help improve professionalism, courses to train the leaders of consumer organisations in business planning and marketing will become a priority. And training will also become accessible to more staff as some of the courses will also be offered in national languages where there is sufficient demand.

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My third message today concerns **the role of authorities**. To make consumer rights work in real life, we need better enforcement of the existing legislation Rights which are not enforced do not exist in practice. My ambition is to explore how we can work with national authorities to enforce the rules on topics consumers complain about, such as user reviews on websites, digital downloads and protection of vulnerable consumers such as children. We also need to address large scale infringements to consumer rules occurring simultaneously across the EU.

On 11 October, I launched a strategic public consultation to prepare the long term improvement of enforcement of EU consumer rights in the context of the **review of the Consumer Protection Cooperation** Regulation. I would like to engage in a wide debate with all interested stakeholders.

When talking about enforcement of consumer rights, redress has also a key role to play. The new European **Directive on Alternative Dispute Resolution** and the **Regulation on Online Dispute Resolution** will allow European consumers and traders to settle their disputes in virtually every retail sector in an **easy, fast and effective** way.

**Traders will profit as well.** They will be able to secure good customer relations, maintain their business reputation and avoid litigation costs.

For online shopping disputes, we will create an **innovative new way of solving problems: a platform** where, as of 2016, consumers and traders will be able to submit their dispute **online**, in any of the official EU languages, and have it dealt with entirely online.

As regards **Collective Redress**, we have taken a **well-balanced first step** towards a **coherent framework** for collective redress in the EU, with the Recommendation that was adopted in June this year.

It covers all relevant areas, including consumer protection, competition and environmental law. It invites Member States to have **national schemes** of collective redress that comply with a set of **common principles** across the Union, whilst respecting their legal traditions in that field. I intend to ask Member States to implement swiftly the Recommendation and share useful experiences with each other. We will always support them actively in this endeavour.

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Ladies and Gentlemen,

This is how the European Commission will, together with Member States and other stakeholders, take the policy to get better deals for consumer forward.

That is the vision I wanted to present to you today.

Thank you for giving me this opportunity, and for your attention.