



Distance Marketing of Financial Services Directive – state of play

Action 10 of the New Consumer Agenda states the Commission plans to prepare a proposal for the revision of the Distance Marketing of Financial Services Directive (as well the Consumer Credit Directive) to reinforce consumer protection in the context of the digitalisation of retail financial services.

The Directive on Distance Marketing of Consumer Financial Services aims at ensuring the free movement of financial services in the single market by harmonising certain consumer protection rules governing this area. It applies horizontally to any service of a banking, credit, insurance, personal pension, investment or payment nature. The Directive sets out information obligations to be provided to the consumer prior to the conclusion of the distance contract (pre-contractual information), grants for certain financial services a right of withdrawal to the consumer, and bans unsolicited services and communications from suppliers.

Since 2002, the distance marketing of consumer financial services has changed in light of the digitalisation and the commercial practices used online by providers. In parallel, the legal framework for retail financial services has evolved, including through the development of product-specific legislation or horizontal legislation (e.g. in relation to the banking sector, consumer credit, mortgages, insurance, personal pension, investment products or payment services), thereby reducing significantly the Directive's relevance and added value.

In this light, the Directive has been subject to a **full-fledged Evaluation** and the Commission has presented its results in a **Staff Working Document**¹. The evaluation examined whether the Directive has achieved its objectives and whether it is fit for purpose. The main results of the evaluation is that the Directive's relevance and added value has been subsequently eroded due to more recent legislation and that, in those areas in which the Directive is still relevant, a number of developments (e.g. digitalisation) have impacted its effectiveness.

In this context, the Commission is currently reviewing the Directive. In doing so, it has run an Open Public consultation, (ended in September 2021), outsourced an External Study and carried out an Impact Assessment.

¹ European Commission, Commission Staff Working Document Evaluation of Directive 2002/65/EC concerning the distance marketing of consumer financial services, SWD (2020) 261 final.