

20. Review of the Distance Marketing Directive

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ABI Lead Committees: European

Other interested committees: Distribution & Regulation, General Distribution

Issue: The Commission's review of the Distance Marketing Directive (DMD) has concluded that no amendment of the Directive is necessary at this stage.

Status: On 20 November, the Commission published a [Communication](#) setting out the results of their review of the DMD. The Commission found that there was a low level of financial services purchased as a result of distance marketing and an even lower level purchased cross-border as a result of issues such as language difficulties and a fear of fraud. When considering the transposition of the DMD, the Commission noted that some Member States had not fully transposed the Directive and that infringement proceedings had been launched in some cases, whereas in other cases (including the UK) transposition had gone further than the Directive's requirements. The Commission concluded, however, that there is no evidence that these legal differences constitute a major obstacle to, or that they create a legal barrier against, the distance marketing of financial services.

When considering the overall impact of the DMD, the Commission concluded that the barriers to the development of cross-border financial services business by distance marketing are mainly supplier-centred given that national anti-money laundering rules and the non-harmonised rules on issues that are not within the scope of the DMD are identified as the key issues. The Commission noted that their work on the KID for UCITS, the Standard European Credit Information Sheet and their work on PRIIPs should address the key demand-side barrier in relation to the lack of standardised pre-contractual information disclosure. There was a recognition, however, that the specific character of financial services products, i.e. their complexity and their long-term economic commitment, means that the marketing of products does not easily transfer across borders and that the Commission cannot legislate for issues like language differences and cultural preferences which represent the most significant barrier to the consumers engaging in the market.

As a result of the above, the Commission concluded that it is not appropriate to propose any amendments to the DMD at this stage but they will continue to monitor developments in the market and the application of the Directive.

ABI Action: In December 2007, the ABI responded to the first of the Commission's studies.

Background: A review of the DMD was first signalled in the Commission's Green Paper on Retail Financial Services and was confirmed in the Commission's Communication published in September 2007.

Useful documents:

[Distance Marketing Directive](#)