

Euro adviser group speaks out on issue of gold plating

EUROPEAN Union member states must be forced to stop gold plating directives, according to the European Federation of Financial Advisers and Financial Intermediaries.

In a letter to Charlie McCreevy, European commissioner for internal market and services, the federation argued IFAs were tired of home regulators distorting EU directives.

The federation, which represents 200,000 financial intermediaries across the continent, argued European politicians now needed to come down hard on countries where gold plating had taken place.

Vincent J Derudder, secretary general of the federation, said that the best way to achieve this goal was to impose co-regulation as the rule and state-control as the exception.

He said the state should act as a referee between the industry players, not take sides for some undisclosed political motives, and argued regulators had often sided with larger financial organisations to the expense of smaller intermediary groups.

Mr Derudder also called for the EU to drop the small print that accompanied directives and allowed member states to adopt stricter provisions.

He argued this small print was taken by the member state bureaucracies as a green light to distort the meaning of the EU legislation.

Mr Derudder said: "We want to prevent an inflation of measures which tend to create a nanny state environment.

"The member states' bureaucracies must be accountable to the public to allow a more effective relationship to be established between the regulator and the regulated – the regulators need to take an adult approach to the relationship between themselves and the industry. The large institutions that the regulators liked so much are the worst enemies of the consumer, who does not stand a chance to get a redress in case of malpractice," he continued.

"Incidentally, large institutions tend to follow the rules so long as they do not bother them. Otherwise, they are often more powerful than the politicians creating the rules and they can dictate the rules when they wish to do so.

"As a matter of conclusion, nobody can better protect the interest of the consumer than the intermediary: for an intermediary, the consumer is his only asset in business; he does not have real estate, machinery or stocks of goods to capitalise on."