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First mystery shopping campaigns under MiFID II: the AMF examines the practices of 11 retail banks

The AMF has been carrying out mystery shopping since 2011 to assess the conditions under which financial products are marketed, on the basis of the process of assessing of the "customer" profile and needs, as well as the advice provided. One year after the implementation of MiFID II, how are practices progressing?

One of the key objectives of the MiFID II rules, which entered into force on 3 January 2018, was to enhance investor protection. To obtain concrete information and observe bank advisers in investment advisory situations, the AMF carried out two campaigns between December 2018 and February 2019, representing 220 mystery visits to the 11 main banking institutions all over France. The risk appetite of these mystery visitors was based on the traditional risk-averse and risk-loving scenarios already used in previous years.

A "new customer" profile for the first time in a branch

In addition to the "prospective customer" coming to get advice on investing a donation of €70,000, for the first time, the AMF tested the profile of a "new customer" wanting to open a deposit account, make a deposit and subscribe to a financial product.

The scenarios were also designed specifically to take account of the new MiFID II requirements on points such as risks and information about costs and charges.

Various scenarios tested since 2010:

The AMF has conducted a total of 21 mystery shopping campaigns based on various scenarios. Over the years, practices concerning the determination and assessment of the customer's needs have been tested using the profiles of a young professional, a risk-taker or risk-averse customer, and an online banking customer.

The main observations

- The KYC process implemented by advisers has improved since the previous campaigns;
- There is still progress to be made concerning the customer's experience of financial products and, in some cases, the assessment of the customer's financial knowledge;
- The number of commercial proposals continues to increase: close to four products proposed on average, against three in 2015;
- Legal and fiscal investment format were very widely offered: life insurance which is perceived as essential by advisers, equity savings plans (PEA) which were promoted more than in the past for diversification purposes;
- Financial savings vehicles were particularly prominent, with more than one out of two proposals concerning products that invest in real estate (real estate collective investment undertakings (OPCI) and real estate investment companies (SCPI)). The banks also often proposed diversified funds and equity funds. Furthermore, for the first time, a lot of the banks offered discretionary mandate services;
- There is however still one negative point: the presentation of fees.

The new mystery shopping campaigns showed that most banks have adapted their practices to MiFID II. However, several points still need to be improved, first and foremost the information about fees provided by advisers, which is still insufficient. The use of regulatory documents in the sales dialogue should enable this point to be improved.

About the AMF

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected and that investors are provided with adequate information. The AMF also supervises the orderly operations of markets. Visit our website <https://www.amf-france.org>

Press contact:

AMF Communication Directorate - Tel: +33 (0)1 5345 6028

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Results of the two "risk-averse" and "risk-loving" mystery shopping campaigns
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