



“European Mortgage Federation welcomes the publication of the results of the Forum Group on Mortgage Credit”

14 December 2004

After more than 18 months of work, the Forum Group on Mortgage Credit yesterday published its final report, in which it considers the main obstacles to the emergence of an internal market for Mortgage Credit and proposes 48 wide-ranging recommendations for their removal.

During its mandate, the Forum Group, which consisted of both industry and consumer experts, considered the following:

- ✍ Obstacles associated with the constitution, registration and transfer of mortgage
- ✍ Problems linked to the cross-border enforcement and cross-border examination of clients' credit worthiness
- ✍ Obstacles relating to consumer protection, consumer information and advice, and client attitudes and behaviour
- ✍ Obstacles relating to the activities of intermediaries
- ✍ Obstacles related to funding and taxation (cross-border deductibility, public subsidies, etc.)

The European Mortgage Federation strongly welcomed the creation of the Forum Group by the Commission's DG Markt back in March 2003. It has closely followed the developments in the Group and has actively supported its work. The Commission's initiative is very much in line with the Federation's own thinking. Indeed, excessive and unnecessarily strict regulation, can act as a deterrent to cross-border lending rather than creating an internal market. The Federation therefore applauds the fact that the Commission's initiative started with a dialogue with the main market players. This is important because mortgage markets are very different because they are anchored in strong national cultures and regulations.

As Judith Hardt, Secretary General of the EMF, stated: “You can't create an internal market through regulation. However, you can further the integration of markets by ensuring that they become more competitive, by allowing more flexibility in consumer contracts and modernizing Europe's collateral systems”.

This is precisely the starting point of the Forum Group's report and it will be interesting to see the policy debate develop over the next months.



In terms of the next steps, the Commission has confirmed that it will release a Communication, expressing its views based on the Forum Group Report, during the second half of 2005. An external cost/benefit analysis of the integration of European mortgage markets will also be carried out in parallel and will investigate whether integration is beneficial in economic terms. At the same time, the Commission plans to set up working groups to explore certain issues in more depth.

2005 is rumoured to be the '**Year of the Mortgage**'. Indeed, with the next steps outlined above in mind, the New Year promises to be an exciting one!