



Press Release

Brussels, 10 October 2005

Banks welcome the release of the new consumer credit proposals

The European Banking Federation (FBE) welcomes the Commission's release of the modified proposal for a consumer credit directive, after months of discussions with stakeholders, Member States and the European Parliament. The European banking industry had already in June 2004 communicated its main concerns to the Commission and is pleased to see that many of these concerns have been taken into account in the modified proposal.

The FBE is particularly glad that all mortgage credit, sureties and guarantor agreements were excluded from the consumer credit regime, and that the threshold above which credit is not considered for consumption purposes was halved down to 50.000 €. The concept of a duty to advise has also been positively modified: it is left to the member States to decide whether to introduce it in its national legislation. A lender should provide pre-contractual information requirements in such a manner to enable the consumer to take a well-informed decision, whereby the consumer is always to be considered responsible for his or her final decision.

Over the coming months the banking industry will however need to evaluate a number of provisions more closely, to determine whether the modified proposal presently satisfies the Commission's main objectives of establishing a genuine internal market for consumer credit with a high level of consumer protection and increased clarity for stakeholders. In the absence of an in-depth impact assessment, the Commission's purported impact of the directive will need to be held to the light of the Lisbon Strategy and the Better Regulation principles.

The novel calibration of harmonisation and mutual recognition concepts in the modified proposal should, in principle, allow this initiative to overcome the main fault lines of the first directive of 1987, which as a minimum harmonisation directive resulted in a fragmented regime for the cross-border offer of consumer credit.

“The Commission has applied a new recipe, by mixing together maximum harmonisation of key provisions and the application of mutual recognition to Member States’ varying implementations of the supporting and otherwise peripheral provisions. The FBE has been calling for this innovation and feels its introduction in the important area of retail banking can only be applauded. It remains to be seen, however, if all the ingredients have been properly dosed” commented Guido Ravoet, FBE Secretary General

Note to the Editor

Set up in 1960, the European Banking Federation (FBE) is the voice of the European banking sector. It represents the interests of over 4,500 banks, large and small, from EU Member States as well as Iceland, Norway and Switzerland, with over 2.3 million employees and total assets of over 20,000 billion euros.

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