



European Banking Industry Committee

European Banking Federation (EBF) • European Savings Banks Group (ESBG) • European Association of Cooperative Banks (EACB)
European Mortgage Federation (EMF) • European Federation of Building Societies (EFBS)
European Federation of Finance House Associations (Eurofinas)/European Federation of Leasing Company Associations (Leaseurope)
European Association of Public Banks (EAPB)

Mr. Giuseppe GARGANI
CHAIRMAN OF THE EUROPEAN
PARLIAMENT LEGAL AFFAIRS AND
INTERNAL MARKET COMMITTEE

Brussels 10 March 2004

Dear Mr. Gargani,

In order to allow market participants to provide advice and ensure a representative and coordinated industry view on the key issues facing the industry, the European Banking Industry Committee (EBiC) has been established by the main banking industry federations: the European Banking Federation (EBF), the European Savings Banks Group (ESBG), the European Association of Cooperative Banks (EACB) the European Mortgage Federation (EMF), the European Association of Public Banks (EAPB), the European Federation of Building Societies (EFBS), and the European Federation of Finance House Associations (Eurofinas) / the European Federation of Leasing Company Associations (Leaseurope).

It is in this context we are writing to you to comment on the Consumer Credit Directive.

We feel that the report of your lead Rapporteur is going in the right direction, however we believe the text could be improved on a number of instances to guarantee free access to consumer credit also in the future:

1. A consumer credit directive should focus on credit for consumption by consumers.

Therefore one should:

- **Differentiate between consumer credit and mortgage credit.** For clarity reasons and to differentiate between consumer credit and mortgage credit, the scope of the consumer credit directive should not encompass credit agreements that are secured either by a mortgage on immovable property, or by another form of surety, which is commonly used in a Member State in connection with the purchase or transformation of a private immovable property. To this end, we would appeal to you to give your support to amendments 246 combined with 256 (cumulative). In contrast, amendment 255 would lead to including residential mortgage credit into the scope of the Consumer Credit Directive, rendering the necessary differentiation between the two products – consumer credit and the distinctly different mortgage credit – impossible.

- **Take account of the specificities of overdrafts and advances on current accounts.** The continuous supply of overdrafts and advances needs to be ensured so that consumer demand can be met and so that consumers can benefit from the current flexibility and availability of the product. This could be assured if amendment 41 and amendments 126 to 132, as well as 274 were supported. On the other hand, amendments 442, 443 and 444 would introduce new administrative requirements, which would potentially lead to delays or even to discontinuing the service.
 - **Exclude straightforward leasing or hire agreements with an option to purchase from the scope of the Directive.** Should you wish to ensure consistency throughout all provisions of the Directive, we would appeal to you to give your support to amendments 86 and 37. Conversely, amendment 105 should be rejected in the Committee vote.
2. **A single, narrow APRC should be established in order to provide consumers with an adequate and transparent tool to fully compare prices,** as has been proposed by the lead Rapporteur (see amendments 97 to 108 and 177 to 181). In this context, it is of the utmost importance that the single APRC is consistently applied throughout the EU without giving Member States the possibility to maintain or adopt different provisions (amendment 170). In addition, amendment 405 would furthermore guarantee that the APRC information process would remain as lean as possible whilst assuring the proper information of the consumer. In contrast, adoption of amendments 224, 286, 385, 386 and 395 would make comparison of APRC of credit providers from different Member States impossible and should therefore be rejected.
3. **Responsible lending must go hand in hand with responsible borrowing.** A balanced approach to the rights and obligations of both parties regarding the provision and assessment of information must be established. Adequate and transparent information is the appropriate means to enable the consumer to make his own decision. We would therefore urge you to give your support to amendments 78 and 61 to 67. Conversely, amendments 329 and 350 would shift the responsibility for the credit decision unilaterally to the lender, thereby disregarding the consumer's right to take his/her own decisions.

We hope that you will consider these recommendations favourably in the forthcoming committee vote on 16 March 2004 and would be happy to meet to discuss these points in more detail at a time convenient for you.

Yours sincerely,



Ian Mullen
EBIC Chairman



Michaela Koller
EBIC Secretariat