

# The Industry's contribution to the Credit Data debate at European level



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## A European view

Eurofinas and the CCTA have been working closely on the issue of access to, and exchange of credit data at a European level. Indeed, the issue is fast becoming a hot topic for the European Commission.

One of the main goals of the European Commission is to have a Single Market in retail financial services. A well-functioning Single Market should allow lenders to grant credit to applicant borrowers cross-border 'without let or hindrance'. A key ingredient for lenders to grant credit cross-border is the access to the credit data of an applicant borrower.

In order to examine the issue of access to credit data, last June, the European Commission set up a high level expert group ("the Expert Group"). The Expert Group aims to identify all legal, regulatory, administrative and other obstacles to the access to, and

exchange of, credit data.

The industry can expect the Expert Group to propose a number of recommendations which maximise the circulation of credit data, whilst ensuring a high level of consumer protection – a key policy issue for the European Commission. The Expert Group is due to publish a report in May, which will showcase its findings.

## Eurofinas/CCTA cooperation

Eurofinas, the trade body representing specialist consumer credit providers at European level is pleased to be working closely with the CCTA in monitoring, and contributing to, the work of the Expert Group. Chris Oakes, Chief Executive of the CCTA is a member of the Eurofinas task force on access to credit data.

The task force consists of a number of

experts in the field of credit data, who are drawn from across the EU. Its members represent financial institutions, credit bureaux and national trade associations across Europe.

With the cooperation of the CCTA, Eurofinas has produced, through its taskforce, its own industry focussed report on the issue of access to, and exchange of, credit data in an EU cross-border context.

## All lenders should be able to access credit databases

Across the EU, there are many different types of lenders, most of whom access, and report their data to, credit databases. Access to credit databases is particularly important for consumer credit providers specialised in e-credit or PoS finance, where proper access to credit data is essential as they tend to have less internal data than high-street banks and may not have any face to face contact with the applicant borrower.

Hence, it is important for all lenders to be able to access credit databases, when it is necessary for them to do so. Eurofinas has raised this point with the European Commission.

## Responsible lending

Another relevant issue raised by the industry, at EU level, is responsible lending. During discussions within the Eurofinas taskforce, it has become clear that facilitated access to, and exchange of, credit data can be used as one of the tools to help lenders to lend responsibly. At a European level, there is broad consensus that responsible lending can help to protect consumers by helping to reduce levels of consumer over-indebtedness.

Furthermore, the European Commission is under heavy political pressure to respond to the recent economic turmoil. It is anticipated that any such response could take the form of

legislative action in the field of responsible lending.

It is thus particularly important for the industry to address, and to be seen to address, the issue of responsible lending at European level.

## Non-discrimination

Another issue of particular importance within the European Single Market is non-discriminatory access to credit databases. Accessing foreign credit databases is of paramount importance for domestic lenders who wish either:

- to grant credit to a citizen based in another European country; or
- to lend to a migrant who has just arrived in the lender's country.

In a regulatory context, it is important to note that the non-discriminatory treatment of foreign companies in national markets is a principle embedded within the EC Treaty. Furthermore, the new Consumer Credit Directive 2008/48/EC ("the CCD") also expressly recognises this principle in relation to credit database access.

The industry position is that the term 'non-discriminatory access' as so used in the CCD (Article 9) should be interpreted as meaning that foreign lenders should be able to access domestic credit databases on the same terms as domestic lenders.

## The year ahead

Eurofinas expects a busy year ahead. The European Commission has a number of ongoing projects, including overseeing the implementation of the CCD. Eurofinas is closely following these projects, further details of which can be found at [www.eurofinas.org](http://www.eurofinas.org)

