



SPECIALISED CONSUMER CREDIT PROVIDERS IN EUROPE



The Voice of Leasing and Automotive Rental in Europe

European Banking Authority

Brussels, 8 February 2017

Re: Eurofinas response to the EBA consultation paper on information requirements for the authorization of credit institutions

Dear Sir/Madam,

Eurofinas and Leaseurope, the voices of consumer credit and leasing at European level, welcome the opportunity to respond to the European Banking Authority's (EBA) joint consultation on i) the draft Regulatory Technical Standards (RTS) on the information to be provided for the authorisation of credit institutions, the requirements applicable to shareholders and members with qualifying holdings and obstacles which may prevent the effective exercise of supervisory powers and ii) draft Implementing Technical Standards (ITS) on standard forms, templates and procedures for the provision of the information required for the authorisation of credit institutions.

Our observations are limited to the information requirements for the authorisation of credit institutions.

As a general point, we support the European Banking Authority's work on this issue. We believe the draft standards are clear and well drafted. We welcome the recognition that the objective is to harmonize the information to be provided to competent authorities and that it is not the EBA's intention to standardise the actual licensing process, which will remain different across countries.

We also welcome the acknowledgement that it might take some time for both applicants and competent authorities to become familiar with the various requirements. In this context, we think a compliance delay of six months is an absolute minimum.

We would like to draw the EBA's attention to the following points:

- Competent authorities should be provided with information on governance arrangements including in respect of **anti-money laundering and counter terrorist financing**. Given the wide scope, technical nature and reputational implications of the latter, we believe there should be further guidance in this field. We think that, failing to indicate what kind of information (e.g. conduct of risk analysis, due diligence requirements, tracking of beneficial owners, etc.) should be reported for the purpose of licensing, will result in diverging implementation across European countries.
- Competent authorities should be provided with **information on all administrative penalties, judgement, arbitration as well as any criminal and civil convictions** which are relevant to the licensing of the institution.

We take the view that this requirement is too broad. We think the concept of "relevance" is intrinsically subjective and will be understood differently within the various European jurisdictions. We appreciate that it may be difficult to introduce, at this stage, a more precise standard at European level. We would nevertheless recommend indicating that relevance should be determined considering objective criteria such as financial loss, number of transactions concerned, level of sanction etc.

We think this requirement should not include confidential decisions and settlements from non-state justice mechanisms. Confidentiality of private arbitration/transaction should be preserved.

We would also recommend to introduce a reference to the data protection of managers/employees/intermediaries in this specific section.

- We support **proportionality in terms of volume of information requested and timing of disclosures**. We would also support the introduction of a 12 months sequencing process which could benefit smaller-sized firms and less complex, monoline, specialised business models.

I remain at your disposal, should you be interested in discussing any specific issue. Alternatively feel free to contact my colleagues Alexandre Giraud (a.giraud@eurofinas.org - tel: + 32 2 778 05 64) and Rafael Alarcón Abeti (r.alarconabeti@leaseurope.org – tel +32 2 778 05 69)

Yours sincerely,



Leon Dhaene
Director General

Eurofinas and Leaseurope are entered into the European Transparency Register of Interest Representatives with ID n° 83211441580-56 and 16013361508-12

About us

The membership of our two Federations covers institutions specialised in one or more of the following activities:

- Lending to consumers, for instance via personal loans, credit cards or lease/hire purchase agreements
- Leasing to businesses of all asset types, including machinery and industrial equipment, ICT and others assets
- Motor finance, granted to individuals or businesses, either in the form of loans or leases

The consumer credit, asset finance and leasing markets have developed to respond to business investment and consumption needs as well as to accompany the development of local industrial production and distribution. The types of institutions represented by the Federations include specialised banks, bank-owned subsidiaries, the financing arms of manufacturers as well as other, independently-owned institutions.

In 2015, the leasing firms represented through **Leaseurope's membership helped European businesses invest in assets worth more than 315 billion EUR**, reaching 755 billion EUR of outstandings at the end of the year¹. Leasing is used by more European SMEs than any individual category of traditional bank lending taken altogether (around 40% of all European SMEs make use of leasing which is more than any other individual form of lending)² and is also extremely popular amongst larger corporates³. It is also extremely useful to support the public sector (e.g. leasing to schools, hospitals, etc.).

In 2015, consumer credit providers that are members of **Eurofinas helped support European consumption by making more than 423 billion EUR goods, services, home improvements and private vehicles available to individuals**, reaching 981 billion EUR of outstandings at the end of the year⁴. Consumer lending is procyclical and is highly positively correlated with households' disposable income⁵. By providing access to finance to individuals and households, consumer credit supports the social and economic well-being of millions of consumers across Europe.

¹ Leaseurope 2015 Annual Statistical Enquiry

² Oxford Economics, *The Use of Leasing Amongst European SMEs*, 2015; Eurostat, *Access to Finance Statistics*, 2011; International Finance Corporation *Leasing in Development: Guidelines for Emerging Economies*, 2009; European Investment Fund *The importance of leasing for SME finance*, 2012; and UEAPME, *UEAPME Newsflash*, 2012

³ European Central Bank, *Survey on the Access to Finance of Small and Medium-Sized Enterprises in the Euro Area*, April 2013

⁴ Eurofinas 2015 Annual Statistical Enquiry

⁵ Eurofinas, *Consumer Credit, Helping European Households Finance their Tomorrow*, 2015