

EUROFINAS

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For Immediate Release

CONSUMER CREDIT DIRECTIVE: TEXT CURRENTLY BEING NEGOTIATED AT COUNCIL LEVEL WILL NOT DEVELOP THE INTERNAL MARKET FOR CONSUMER CREDITS.

BRUSSELS – 20 April 2007. Eurofinas, the European Federation representing the national associations of consumer credit providers, is particularly concerned about the latest developments (17 & 18 April – meeting of the Council's Working Party on Consumer Protection) concerning the review of the Consumer Credit Directive.

Eurofinas would support a Directive that facilitates the development of a single retail credit market. It firmly believes, however, that the draft text currently being negotiated at the level of the Council does not encourage cross-border trade in consumer credit. Worse still, it would damage the efficient functioning of credit markets, so harming the interests of both consumers and national economies.

Eurofinas' Director General Tanguy van de Werve commented: "The German Presidency should not try and reach a political agreement at any cost. There are still very important issues that need to be solved. Examples abound. For example, as it currently stands consumers buying, say, a TV set with a credit provided at the point of sale would, *de facto*, have to wait 14 days before being authorized to carry it away. Also, the definition of the Annual Percentage Rate of Charge, as proposed, would not allow meaningful comparisons of the various offers by the consumers. No one stands to benefit from such rules."

Numerous studies have shown the benefit to be derived from a single market in retail financial services.

Eurofinas considers the proposal for a Consumer Credit Directive as a test case of the willingness of the EU Institutions to create such a market, in line with their Lisbon commitment.

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Note to the editor:

Eurofinas is the main voice of the consumer credit industry at European level. It currently represents 15 National Associations, in turn bringing together more than 1,150 finance and credit institutions.

Consumer credit providers may be of several natures and our members' members can be grouped into the categories below. Around 90% of the companies represented through Eurofinas are specialised lenders, falling into the first three categories:

- Finance houses: specialised consumer credit providers without a banking licence;
- Captive companies: parent companies of these companies are manufacturers (e.g. car manufacturers). Captives may or may not have a banking licence;
- Specialised banks: institutions with a banking licence but an activity limited to consumer credit or/and mortgage lending; and
- Universal banks: banks providing all kinds of products: retail, corporate, etc., including consumer credit.