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Responsible retail lending in Europe: business case for heavy-handed and undifferentiated European regulatory approach still to be made

BRUSSELS – 8 December 2009 – Eurofinas, the voice of specialised consumer credit providers at European level, welcomes the swift publication by the European Commission of the summary of the responses to its public consultation on responsible lending and borrowing.

In an effort to build more responsible and reliable markets and restore consumer confidence, the European Commission launched last summer a consultation in order to identify outstanding issues with regard to responsible lending and borrowing.

Referring to the consultation responses, Eurofinas Director General T. van de Werve noted that “many respondents acknowledge that things undoubtedly need to be remedied but question whether these issues have necessarily an EU dimension and/or concern all types of retail credit products”. “There is also strong support for Eurofinas’ longstanding position that one should wait for the Consumer Credit Directive to be transposed, implemented and duly tested before taking any further steps concerning consumer credit”, he added.

As regards the issue of credit intermediaries (which formed a large part of the consultation), Eurofinas emphasizes the need to adopt a differentiated approach and distinguish between brokers, agents and dealers/retailers involved in the distribution of credit at the point of sale. “It is crucial to ensure that any future European framework preserves the current diversity of lending channels. This is a prerequisite for maximizing consumer benefits through enhanced competition” stressed van de Werve.

This responsible lending file will be an excellent test of incoming Commissioner M. Barnier’s determination to apply the European Commission’s Better Regulation principles, according to which “new regulatory initiatives should only be pursued where there is a need to do so, in a manner which is as straightforward as possible, based on dialogue with stakeholders, and in a way that keeps burdens on businesses and citizens to the minimum necessary”.

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Media Contact

Anne Valette
Head of Communications
+32 2 778 05 65
a.valette@eurofinas.org

About Eurofinas

Eurofinas, the European Federation of Finance House Associations, is the voice of the specialised consumer credit providers in the EU. As a Federation, Eurofinas brings together associations throughout Europe that represent finance houses, specialised banks, captive finance companies of car, equipment, etc. manufacturers and universal banks. The scope of products covered by Eurofinas members includes all forms of consumer credit products such as personal loans, linked credit, credit cards and store cards. Consumer credit facilitates access to assets and services as diverse as cars, studies, furniture, electronic appliances, etc. It is estimated that together Eurofinas members financed over 400 billion euros worth of new loans during 2008 with outstandings reaching 745 billion euros at the end of the year.