

EUROFINAS

European Federation of Finance House Associations

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CONSUMER CREDIT DIRECTIVE: A MISSED OPPORTUNITY

BRUSSELS – 16 January 2008. In so far as today's vote in Strasburg on the Consumer Credit Directive marks the end of a legislative process that has lasted for more than 5 years, Eurofinas, the European Federation representing the national associations of consumer credit providers, welcomes the adoption of the CCD by the European Parliament.

It is far from certain however that the Directive will achieve its initial objective of harmonizing consumer protection rules across the European Union in order to increase the diversity of the credit offer, reduce the cost of credit while at the same time ensuring a high level of consumer protection. This is despite all the efforts and merits of the European Commission.

On a certain number of key topics the Directive falls short from fully harmonizing the rules existing at national level by allowing Member States to either keep their existing regime or adopt more stringent requirements. Regulatory fragmentation will therefore persist. Such fragmentation represents a cost for credit providers which, ultimately, is borne by the consumers.

Eurofinas' Director General Tanguy van de Werve commented: "From a single market perspective, the result is disappointing. We have missed a real opportunity to create a genuine single market for consumer credit. We are still far away from the initial objective. This is, at best, a step in the right direction".

The merit of any Directive must be assessed against its stated objective; not against the fact that some Member States or national markets have successfully managed to limit the damages or preserve their existing regime.

Van de Werve added "This is a good example of the difficulty of the whole European project with Members States desperate to keep some room for manoeuvre for themselves and extremely reluctant to the idea of fully harmonizing consumer protection rules across the EU. This is a political reality that needs to change."

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Note to the Editor:

Eurofinas is the main voice of the specialized consumer credit industry at European level. Its members are essentially finance houses, specialized banks and captive finance companies of car, equipment, etc. manufacturers. Together, Eurofinas members financed over 380 billion euros worth of new loans during 2006 with outstandings reaching 645 billion euros at the end of the year. Companies represented through Eurofinas employ some 85,000 individuals.