



ACCIE statement on the Review of the Consumer Credit Directive

Through this statement, the Association of Credit Card Issuers Europe ([ACCIE](#)) sets out its view on the European Commission's (Commission) proposal on the Review of the Consumer Credit Directive (CCD), published on 30 June 2021.

1. Changes to the scope of the CCD and creditworthiness assessment

ACCIE Recommendation:

⇒ An extensive CWA should not be required for products with a lower risk of indebtedness

ACCIE fully acknowledges that the consumer credit market has undergone significant changes since the introduction of the CCD in 2008, making the scope of the Directive inadequate. Furthermore, ACCIE fully agrees that the creditworthiness of a consumer must be properly assessed to avoid over-indebtedness. However, ACCIE is concerned that the proposal on the CCD does not properly consider the principle of proportionality in the context of the creditworthiness assessment (CWA). The CWA should be proportionate to the level of indebtedness risk a credit product carries and consider other features such as the purpose of a credit agreement, total amount of credit, and duration of the contract. Thus, whilst some level of CWA should be obligatory for all credit products (such as checking the customer's income), an extensive CWA should not be required for products with a lower risk of indebtedness. ACCIE is apprehensive that carrying out an extensive CWA for small loans with a short repayment period, including some of the previously excluded credit products, may come with negative consequences to the consumer. Therefore, ACCIE calls for the legislators to ensure that the differing features of credit products are taken into account when regulating the CWA criteria.

ACCIE would notably like to call attention to credit cards – a small value loan, carrying a low risk for over indebtedness through measures that discourage overspending and limit available funds. A burdensome CWA for low-risk credit products may hamper the consumers' access to credit. ACCIE emphasises that this type of credit allows consumers to react to sudden unforeseen events (e.g. broken household appliances, healthcare emergency when abroad), by enabling them to make payments which they would not otherwise be immediately able to make without having to take on a full loan. ACCIE fully agrees that a CWA must be carried out for all credit products, and such an assessment is already in place for credit card products. However, ACCIE is convinced that this assessment should not be as extensive as for high value and long term credit products, such as bank loans and mortgages, which carry a higher risk for over-indebtedness. Credit card products discourage overspending and prevent over-indebtedness through measures such as:

Credit card product:	Measures to prevent over indebtedness:
Charge cards	<ul style="list-style-type: none"> - Granted based on the result of CWA. - Short payback period, which discourages or makes it impossible to carry a balance. - Generally stiff fees and penalties on unpaid balances, minimising the temptation for overspending.

ACCIE represents the European credit card issuers to policy-makers in Europe. The members of ACCIE provide services to over 21 million cardholders in 12 EU Member States.

For more information, please contact the ACCIE Secretariat via contact@accie.eu

	<ul style="list-style-type: none"> - No interest related fees apply, instead the risk is covered by a moderately higher annual fee, which is paid in advance.
Revolving credit cards	<ul style="list-style-type: none"> - A maximum credit limit is set based on consumer’s capability to repay (CWA). - The available amount of credit for each month is dependent on repayment of the debt, e.g. if the client does not pay back the balance of the earlier month this amount is not released for the following month. - Generally stiff fees on unpaid balances, encouraging timely payment of the balance.

2. Caps on the cost of the credit for consumers

ACCIE Recommendations:

- ⇒ The CCD should set a bottom limit on caps on the cost of credit
- ⇒ The Member States should be advised on aspects to be considered when setting the caps
- ⇒ The CCD should clearly define which costs are included in the caps

ACCIE acknowledges the importance and fully supports capping the cost of credit for consumers. However, ACCIE is concerned that the proposal on the CCD does not set any limit to such caps, nor does it provide guidance on the adequate level of such caps. Indeed, a recent study¹ commissioned by the Dutch Ministry of Finance, indicates that if such cap is set too low, it compromises the consumers’ access to low-value loans such as credit cards. Moreover, ACCIE emphasises that while reducing the cost of credit for consumers is important, the quality of services the consumer receives through the credit product also needs to be considered.

To exemplify this, not only do credit cards offer access to a dedicated and specific credit line, they also provide advance security procedures, and offer additional consumer protection such as post-transaction services when a product is damaged upon delivery, not delivered or in case of other payment related disputes between a merchant and cardholder. Moreover, credit card payments are secured through legislation such as the Anti-Money Laundering Directive and Payment Services Directive, which set compliance requirements (e.g. Strong Customer Authentication). The credit card issuers use the credit costs to maintain the level of services whilst fulfilling legislative requirements. Therefore, ACCIE calls for the legislators to require the Member States to set caps on the cost of credit at a level which ensures it remains economically viable for credit providers to continue to offer their products. Furthermore, ACCIE emphasises the importance of clearly defining which costs are included in such calculations, e.g. will only the fees paid for the credit product be included, or will default charges also contribute the cost of credit.

Additionally, ACCIE emphasises that the Member State specific capping of the cost of credit risks increasing fragmentation, thus, contradicting the purpose of the CCD to establish a harmonised and well-functioning EU market for consumer credit.

¹ Ward Rougoor Nils Verheuvell Johannes Hers, m.m.v. Florian van Leeuwen, Effecten verlaging maximale [kredietvergoeding](#) (2020), pp. IV-V.