

Public consultation on the review of the Mortgage Credit Directive

Fields marked with * are mandatory.

Introduction

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Background for this consultation

The [Mortgage Credit Directive](#) (Directive 2014/17/EU, hereinafter “MCD”) applies to loans to consumers for the purpose of buying residential property (hereinafter, “mortgage loans” or “mortgages”).

Article 44 of the MCD requires the Commission to undertake a review of the MCD considering the effectiveness and appropriateness of the provisions on consumers and the internal market. The Commission started the work on the MCD review with the publication of a [report on the review of the MCD](#) (hereinafter, “MCD report on the review”) assessing its implementation and functioning for 4 years after its transposition deadline. The report was based on a [dedicated study on the evaluation of the MCD](#) (hereinafter, “MCD evaluation study”). It highlighted that the MCD has been effective in raising the standard of consumer protection and has helped harmonise mortgage-lending practices across the Member States. Nevertheless, the level of protection still differs across Member States, and some limitations, in particular in terms of scope and information disclosure requirements for digital delivery, seem to hinder the full effectiveness of the rules. The report also stressed that the MCD had a limited impact on the creation of a single market for mortgages and pointed to the need to ensure that the MCD remains fit for purpose as the market develops and new challenges arise notably from digitalisation and the sustainable finance agenda.

For instance, digitalisation enables new market players to offer new forms of financial intermediation such as peer-to-peer mortgage lending. The industry is progressively getting digitalised, using automated decision-making systems, non-traditional data to assess the creditworthiness, robotic advisors, etc. Consumer habits may also be changing with increasing use of comparison websites to compare mortgage offers and non-traditional means to apply for mortgages. Digitalisation may bring many benefits to the consumers, in particular in terms of easier access to products and lower costs. It may also play an important role for the development of the Single Market. But, digitalisation may also entail new challenges for consumer protection. For instance, digitalisation may facilitate new ways of providing mortgage credit (e.g. through crowdfunding, peer-to peer lending) without necessarily in all cases being subjected to the safeguards of the MCD. Information disclosures which are not adapted to a digital environment, may make it more

difficult for consumers to fully understand the offer. There may be also a risk of discrimination linked to credit decisions based on algorithms (use of Artificial Intelligence). The recently made [artificial intelligence \(AI\) proposal](#) suggests that AI systems used to evaluate the credit score or creditworthiness of natural persons should be classified as high-risk as they may pose significant risks to the fundamental rights of persons.

Furthermore, buildings in the EU are collectively responsible for 40% of our energy consumption and 36% of greenhouse gas emissions. Improving energy efficiency and ensuring the use of sustainable materials in buildings therefore has a key role to play in achieving the ambitious goal of carbon-neutrality by 2050, as set out in the [European green deal](#).

Also, the COVID-19 crisis has disrupted the EU economy and had a major impact on the credit market and consumers, making many consumers more financially vulnerable. Member States adopted a series of relief measures, such as loan repayment moratoria, to alleviate the financial burden on consumers. It will be necessary to assess whether lessons need to be drawn from the COVID experience.

Finally, the Commission adopted a [proposal revising the Consumer Credit Directive \(CCD\)](#) in June 2021. Given the important similarities between the two Directives, and the need to ensure overall consistency in credit markets, the Commission will need to take the amendments suggested in the CCD proposal and the on-going negotiation of them EU legislator into account.

Responding to this consultation and follow up

In this context, the Commission is launching the present public consultation to complement the information gathered in the MCD evaluation study and to collect further evidence to assess, in line with Better Regulation principles, the effectiveness, efficiency, coherence, relevance and EU value-added of the MCD. The stakeholders are also consulted on the possible problems and measures to improve the MCD.

The results of the consultation will inform a formal MCD evaluation and impact assessment accompanying a possible proposal for the revision of the MCD. The aim is to make sure that the MCD continues to meet its objectives in terms of consumer protection, competitive internal market and financial stability and that it is adapted to new challenges.

The respondents will be invited at the end of the questionnaire to include studies or other analytical material on mortgage credit, which may concern any issues discussed in this consultation paper and might help the Commission services in shaping future EU policies on mortgage credit.

The questionnaire targets all stakeholder groups, but not all questions are relevant for all stakeholders and respondents do not need to reply to every question. It is thus possible for respondents to leave some questions unanswered.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-mortgage-credit-review-2021@ec.europa.eu.

More information on

- [this consultation](#)
- [the consultation document](#)
- [mortgage credit](#)
- [the protection of personal data regime for this consultation](#)

About you

* Language of my contribution

- Bulgarian
- Croatian
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- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business organisation
- Consumer organisation

- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* Who's interests are you representing?

- Credit institutions
- P2p / crowdfunding services providers
- Credit intermediaries
- Insurance undertakings
- Pension providers
- Other

* First name

Jere

* Surname

Heinonen

* Email (this won't be published)

jere.heinonen@each.coop

* Organisation name

255 character(s) maximum

The European Association of Co-operative Banks (EACB)

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

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* Country of origin

Please add your country of origin, or that of your organisation.

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- Belgium
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- Benin
- Bermuda
- Bhutan

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- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria

- Burkina Faso
- Burundi

- Cambodia

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- Canada
- Cape Verde
- Cayman Islands

- Central African Republic
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- Germany
- Ghana
- Gibraltar
- Greece
- Greenland

- Grenada
- Guadeloupe

- Guam

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- Guernsey
- Guinea
- Guinea-Bissau

- Guyana

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- Heard Island and McDonald Islands
- Honduras
- Hong Kong

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- Iran

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- Montserrat
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- Norway
- Oman
- Pakistan

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- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland

- Syria

- Taiwan
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- Tanzania
- Thailand

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- Timor-Leste
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The Commission will publish all contributions to this public consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association', 'consumer association', 'EU citizen') country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

* Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only organisation details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

Public

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

1. General questions

Question 1. To which extent do you agree that the MCD has been effective in achieving its 3 objectives i.e.:

	1 (fully disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	Don't know - No opinion - Not applicable
Increase consumer protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Contribute to an efficient and competitive single market for mortgages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Promote financial stability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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Please explain your answer to question 1 and provide suggestions on what can be improved to increase its effectiveness:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Increase consumer protection (fully agree)

The MCD has contributed to raising the overall level of consumer protection in the EU, in particular by establishing a minimum level of protection in all Member States.

Contribute to an efficient and competitive single market for mortgages (fully agree)

The MCD has had a positive impact on the functioning of the single market by levelling the playing field (e.g., setting common requirements) and has enhanced the competitiveness and efficiency of the single European market for mortgages.

However, no major increase in the volume of cross border activities has been observed, that is largely due reasons foreign to the directive itself:

- Contractual regulation (Rome I)
- Language and cultural barriers
- Legal barriers: The development of cross-border offers is hampered by obstacles arising from contractual and land registry regulation, rules on guarantees, namely in terms of contractual execution, judicial enforcement and recovery. The mortgage market is, by nature, eminently domestic
- Proximity of each European consumer to their usual banking contacts. Furthermore, the consumers lack the appetite to seek the services of a mortgage provider across the border when making a transaction that is likely to be the most important transaction of their lives. This obstacle cannot be addressed by legislation
- The mortgage credit market has remained extremely competitive between domestic players. The competitive market does not incentivise consumers to look for mortgages in other member states.

Promote financial stability (fully agree)

The MCD has helped prevent consumers from taking on credit they will be unable to pay back, contributing towards financial stability.

Question 2. To which extent do you agree that:

a) The EU-intervention (MCD) was more effective in achieving those objectives than leaving it to Member States acting at national or regional level

- 1 - Fully disagree
- 2 - Rather disagree
- 3 - Neutral
- 4 - Rather agree
- 5 - Fully agree

- Don't know / no opinion / not applicable

Please explain your answer to question 2 a):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The MCD has established a minimum level of protection in all Member States and levelled the playing field, by introducing several common rules and standards (pre-contractual information, calculation of the APRC, introduction of creditworthiness requirements and criteria), that could not have been achieved by a single Member State. However, it is not clear whether these requirements ensure information of better quality to consumers due to the national gold-plating practices, that also distort competition and increase cost for lenders.

The Member States have the best understanding of the national mortgage markets and the ability to take tailored action.

b) The overall benefits (such as increased consumer protection, level playing field) of introducing the EU MCD have outweighed the overall costs linked to its implementation

- 1 - Fully disagree
- 2 - Rather disagree
- 3 - Neutral
- 4 - Rather agree
- 5 - Fully agree
- Don't know / no opinion / not applicable

Please explain your answer to question 2 b):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is challenging to separate the costs of transposing the directive from the costs of numerous additions by national law or other simultaneous regulations on the topic (e.g., borrower insurance).

The cooperative banks however recognise that the introduction of the MCD has created high costs with regard to system development (e.g., IT system adaption) to adapt to e.g., the creditworthiness and pre-contractual information requirements.

We do not observe that there have been significant benefits for the consumer. However, information overload has become a problem since the introduction of the MCD.

c) The MCD continues to be relevant, i.e. addresses current needs and problems in society and in the mortgage credit market

- 1 - Fully disagree
- 2 - Rather disagree

- 3 - Neutral
- 4 - Rather agree
- 5 - Fully agree
- Don't know / no opinion / not applicable

Please explain your answer to question 2 c):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The directive continues to perform well and does not require an in-depth revision. The MCD has technologically neutral approach, which is important to allow the rules to adapt to new technologies and new consumer expectations.

The MCD remains relevant but needs to address the new market entrants and the legislator ought to focus on peer-to-peer and crowdfunding platforms. Adaptions may be needed as these platforms operate differently from traditional credit providers. It should be ensured that there are no gaps in application of the rules, particularly in those on creditworthiness assessment as such a platform can be the only counterparty of the credit agreement, without being the entity/person that provides the credit.

Furthermore, should the MCD be amended, the overload of information should be focused upon, especially regarding digitalisation. The requirements on advertising and pre-contractual information are too detailed and the volume of information is challenging to integrate in digital or paper formats. Simplification of these requirements would allow the consumer better to understand the information.

d) The MCD is coherent with other EU policies and interventions

- 1 - Fully disagree
- 2 - Rather disagree
- 3 - Neutral
- 4 - Rather agree
- 5 - Fully agree
- Don't know / no opinion / not applicable

Please explain your answer to question 2 d):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We do not observe relevant gaps or unjustified overlaps between the MCD and other relevant pieces of EU legislation, such as the CCD, the DMFSD, the PAD, the CRR, and the GDPR.

Question 3. Do you consider that the MCD could be **simplified to reduce compliance costs without undermining its effectiveness?**

- Yes
- No
- Don't know / no opinion / not applicable

Question 3.1 If you do consider that the MCD could be simplified, please specify in which areas and explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Should the directive be amended, following areas should be simplified:

Advertising:

The large amount of disclosure requirements for advertising has resulted in a situation where lenders advertise their products without specifying interest rates or borrowing costs at all, in order to circumvent these requirements. Therefore, it would be sensible to limit the requirements to certain key figures, such as the annual percentage rate of charge. A large volume of mandatory advertising content is also unsatisfactory for consumers, because it makes it difficult to compare offers. Further, provisions on advertising could be adapted for digital media.

Pre-contractual information:

Consumers receive the same information multiple times at different stages of the process, creating an information overload. Furthermore, the current format of the pre-contractual information comprises a level of detail that is too much for consumers to process.

We take the view that the European Standardised Information Sheet (ESIS) and the explanatory notes provide consumers with all the information they need and that further general information should therefore not be required. The ESIS in itself could be simplified, rationalised and adapted for digital communication channels. Further, we would suggest to provide the ESIS only at the pre-contractual stage.

With regards to right of withdrawal, in order to provide legal certainty and prevent its misuse, the MCD could benefit from including an expiry provision as well as a standard form containing information about the right of withdrawal and an explanation how to exercise this right.

We support the simplification of contractual adjustments; it should be possible for customers to arrange adjustments to the repayment terms of their credit agreement (e.g., by temporarily reducing the repayment instalments, suspending the repayment, or lowering the interest rate) in a simple way without the need to enter into a completely new agreement. Agreements made during and after the credit period (e.g., deferrals and extensions) should be excluded from the scope. In the case of deferrals, the money is already "out" and there is no need for increased administrative burden.

Foreign currency loans:

Furthermore, requirements on foreign currency loans should be decreased. The definition of "foreign currency" is very broad and can include the currency of the Member State in which the consumer is resident if the consumer receives income or holds assets in another currency.

Question 4. Are you aware of possible discrimination (e.g. on gender, nationality, medical history) for consumers taking mortgage loan?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 4:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Discrimination based on gender and nationality is legally prohibited. However, the non-residence of a prospective borrower in the Member State where the mortgage credit is requested must be assessed in terms of risk. Debt recovery for example may become a lot more complicated in the case of a non-resident consumer. Consideration must also be given to article 6 of the Rome I Regulation which may lead to the application of foreign law under certain conditions.

Also, it may well be part of the business model of creditors to only be active in certain regions or countries. The MCD should not interfere with the business choices of such creditors. To be clear, no credit institution should be obliged to develop an activity in a region or country in which it chooses not to, nor should there be an obligation to conclude a contract for credit institutions when there are objective reasons not to do so.

Question 5. Are you aware of practices by credit providers exploiting consumer's situation and patterns of behaviour (e.g. pre-ticket boxes, cross-selling of an additional product, sale of tied insurance policies)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Tying practices are prohibited as per the MCD.

A member bank reported that they have noticed an overall improvement in insurance coverage at lower cost. It appears that banks and alternative insurers have improved their contracts to the benefit of borrowers. There is therefore no reason to prohibit the sale of loan insurance for the mortgage lender. In the end, the customer will choose the best guarantee offer.

Question 6. To what extent do you agree that enforcement of the MCD provisions by national competent authorities (NCAs) is satisfactory?

- 1 - Fully disagree
- 2 - Rather disagree
- 3 - Neutral
- 4 - Rather agree

- 5 - Fully agree
- Don't know / no opinion / not applicable

Please explain your answer to question 6:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As the EACB member banks operate in different jurisdictions, the answers vary depending on e.g., the extent of Member State gold plating practices.

For instance, the Austrian legislator has interpreted and implemented individual points of the MCD more strictly, e.g., application of the MCD not only to residential real estate, but to all real estate owned by consumers. Cap on prepayment penalties for fixed rate loans at 1% does not incentivize higher fixed rate loan origination.

Question 7. Are you aware of shortcomings in the enforcement action of MCD provisions by NCAs?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 7:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 8. Do you consider that Article 38 of the MCD regarding sanctions and the empowerment of NCAs to apply them is satisfactory?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 8 (including whether MCD provisions should be improved):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We consider that the empowerment given by the dispositions of MCD's article 38 to the NCAs is adequate.

Question 9. To what extent do you agree that the out-of-court complaint and redress procedures set up on the basis of Article 39 MCD are effective?

- 1 - Fully disagree
- 2 - Rather disagree
- 3 - Neutral
- 4 - Rather agree
- 5 - Fully agree
- Don't know / no opinion / not applicable

Please explain your answer to question 9 (including whether participation for creditors/intermediaries in such procedures is mandatory and the decisions of the relevant bodies are binding):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The cooperative banks report that article 39 has been implemented in a satisfactory manner.

Question 10. Do you consider that Article 6 of the MCD on financial education has contributed to increasing the financial education of consumers?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 10:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the dispositions of MCD's article 6 are adequate to promote the financial education of consumers.

Initiatives have been launched at the national level since the transposition of the MCD.

From our point of view, it is also the responsibility of national authorities and consumer associations to provide guidance in this regard.

2. Specific questions

Please click on the "Next" button to answer the specific questions.

2.1 Market structure / scope

Question 11. To which extent do you agree with the following statements:

	1 (fully disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	Don't know - No opinion - Not applicable
Consumers have enough mortgage credit providers to choose from in all Member States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
There is sufficient competition among mortgage credit providers so that consumers are able to get competitive offers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please justify your answers to question 11:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The MCD has had a positive impact on the functioning of the single market by levelling the playing field (e.g., setting common requirements) and it has enhanced the competitiveness and efficiency of a single European market for mortgages. In particular, the introduction of the Annual Percentage Rate of Charge (APRC) improved transparency and comparability.

However, no major increase in the volume of cross border activities has been observed. There are strong obstacles to cross-border activities as contractual regulation (Rome I), language, cultural and legislative barriers and the lack of appetite of consumers for cross-border transactions for one of the most important transactions of their life. Also, several stages require human intervention. These obstacles and preferences cannot be overcome by changes in the EU legislation.

The mortgage credit market has remained extremely competitive between domestic players.

Please attach below any relevant study(ies)/evidence supporting your answers to question 11. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

Question 12. Are you aware of barriers to the offer of and/or demand for cross-border mortgage loans that could be addressed in the MCD review?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 12:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The relevance and volume of cross-border transactions have remained very low in this segment despite the efforts of European institutions over the past decades. Various studies have identified a multitude of reasons, which are out of the scope of the MCD to a large extent. From the consumers' perspective, these include cultural idiosyncrasies of the individual EU member states, language barriers, and the fact that entering into a mortgage credit agreement constitutes the biggest financial decision many borrowers make in their life and that, for pragmatic reasons, EU citizens thus tend to enter into such commitments with a provider near their place of residence. They often wish for live advice. From the lenders' perspective, there is also the fact that under the Rome I Regulation (Article 6), companies that target another Member State as a market for their operations (e.g. by advertising or using intermediaries in the country) have to comply with the consumer protection requirements of this country. In addition, the mortgage credit sector has to overcome further obstacles such as substantial differences in land law (e.g. strict requirements of form for purchasing agreements and a reliable system of land registers in Germany), insolvency law, tax systems, rules on guarantees, terms of contractual execution and judicial enforcement. These barriers cannot be tackled by the MCD.

Furthermore, in Austria, the Financial Market Authority has stipulated very strict requirements for the granting of cross border loans (FMA-Mindeststandards für Fremdwährungs- und Tilgungsträgerkredite).

Question 13. Depending on their business models, crowdfunding and peer-to-peer lending platforms may only be partly covered by the MCD rules.

Are you aware of any existing or likely challenges for consumer protection or financial stability arising from mortgage loans granted through crowdfunding and peer-to-peer lending platforms (including mortgages obtained by individuals from other individuals)?

	Yes	No	Don't know - No opinion - Not applicable
For consumer protection	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
For financial stability	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 13:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The legislator may verify if the articles of the MCD are suitable to regulate the provision of mortgage credit through peer-to-peer and crowdfunding platforms in order to ensure a higher level of consumer protection and a level playing field.

Adaptations might be needed, since these platforms operate differently from traditional credit providers, and there might be gaps in the application of the rules, in particular those that concern the creditworthiness assessment. Indeed, such a platform can be the only counterparty of the credit agreement, without being the entity/person that provides the credit.

Question 14. Peer-to-peer and crowdfunding platforms are already active in EU markets to provide consumer credit to natural persons, and business loans. The [Regulation for European crowdfunding service providers for business \(ECSPR\)](#) allows platforms to apply for an EU passport based on a single set of rules. However, the Regulation does not apply if the project owner is a consumer.

To which extent do you agree that encouraging peer-to-peer service providers (e.g. clearer rules and applicability of the MCD to providers / aligned rules across the EU on mortgage issuance / cross-border provision of services) to intermediate between consumers in their capacity as borrowers and non-professional investors/consumers/businesses for issuing mortgage loans has a potential to:

	1 (fully disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	Don't know - No opinion - Not applicable
Increase the choice of consumers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase competition between mortgage credit providers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contribute to the integration of mortgage markets in the EU	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please justify your answers to question 14:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

According to the ECB, competition from non-banks is growing.

In order not to destabilise the market and allow a level playing field, it is essential to regulate them like the

banks are regulated to allow healthy competition and a high level of consumer protection. Therefore, the requirements must be also applied to new entrants, particularly in terms of pre-contractual information and advertising

Question 15. Some credit agreements are specifically excluded from the scope of the MCD (e.g. equity release credit agreements). The [MCD report on the review](#) highlighted that the current level of regulation of equity release schemes may be insufficient and may pose a risk in terms of consumer protection.

Are you aware of problems for consumer protection stemming from equity release schemes or other types of credit agreement that are specifically excluded from the scope of the MCD?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 15:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Reverse mortgages are excluded from the scope of mortgage loans because their objective is to finance people who have real estate assets. They are just not used for financing the construction or purchase of a real estate. In principle, the financing object is not affected and does not necessarily relate to real estate expenditure

The MCD requirements are unsuitable for reverse mortgages. Reverse mortgages should not be included in the scope to allow this type of financing to continue.

Question 16. In other cases, Member States have an option not to apply the MCD or certain of its provisions (e.g. to certain secured credit agreements; to “buy-to-let” credit agreements for immovable properties bought as an investment and not as a place to live).

Are you aware of specific problems stemming from areas where the MCD (or certain of its provisions) may not apply?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 16:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.2 Information to consumers / digitalisation

The MCD requires creditors to provide to consumers standard pre-contractual information through an European Standardised Information Sheet (ESIS) on paper or on durable medium. The MCD evaluation report concluded that consumers are sometimes overloaded with pre-contractual information contained in the ESIS that they may not read or understand.

Question 17. Do you consider that MCD rules on pre-contractual information ensure that the consumer receives appropriate and timely information to compare the credits available on the market, assess their implications and make an informed decision?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 17:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We note that the pre-contractual information (ESIS) gives all relevant information to the customers to make an informed decision. The pre-contractual information and in particular the ESIS are delivered at appropriate time.

However, the high volume of pre-contractual information can hinder the consumer's full awareness and understanding of this information that is necessary for an informed choice, especially if the credit is supplied through a digital channel.

Simplification or synthesis may be necessary to allow the consumer to be informed better.

Question 18. In your view, what would facilitate consumers' understanding and comparison of the pre-contractual information, including the information received through digital means?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The pre-contractual information (ESIS) is too detailed, and a volume of information is difficult for the consumer to understand and to integrate in paper and digital format. Further, the ESIS contains too much legal content. It should be shortened and simplified.

Simplifying the pre-contractual information for consumers in MCD would make it more appropriate and easier to provide it through digital means.

Some key information on the loan would be enough (amount, duration, monthly installments, borrowing rate and APRC, total cost, etc.) to provide the main information making it possible to compare loans. The rest of the information is in the contract and can be viewed later.

Question 19. To which extent do you agree that, in addition to ESIS, the provision of a summary of simplified information on the key features of the mortgage credit offer could address information overload and help understanding and comparing offers (even on digital devices with small screens)?

- 1 - Fully disagree
- 2 - Rather disagree
- 3 - Neutral
- 4 - Rather agree
- 5 - Fully agree
- Don't know / no opinion / not applicable

Please explain your answer to question 19:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The amount of information should not be increased but, if the directive should be amended, it should be decreased. The provision of an additional form to the ESIS will not help the consumer but rather flood the consumer with even more information. Information overload confuses clients and leads to an overproduction of material, making the loan more expensive without increasing quality of information.

The introduction of the additional form would duplicate the information that is included in the ESIS with both of these forms also looking to facilitate comparison of alternative credit offers. The reasoning for a document allowing an overview of the information may be understood but adding another document does not make the process more consumer friendly. We consider simplification and shortening of the ESIS to be more helpful than introducing an additional information document.

To improve the consumer information, it is critical to maintain a single pre-contractual document. Rather than making a summary of the ESIS (to be attached before the ESIS), it would be preferable to reduce the information appearing in the ESIS. The more detailed information is included in the contract and can be viewed later.

Question 19.1 Please select which pre-contractual information should be included in the key summary:

Please select as many answers as you like

- the total amount of credit
- the duration of the credit agreement
- borrowing rate
- APRC (Annual percentage rate of charge)
- bundled services required to be purchased separately
- monthly installment
- costs to be incurred by consumers due late payment
- total amount to be paid back by consumer for the credit
- other

Question 20. If credit providers were required to provide a consumer with a summary of simplified information on the key features of the mortgage credit (in addition to the ESIS):

a) How would you rate the expected benefits to consumers?

- 1 - Negligible
- 2 - Low
- 3 - Medium
- 4 - Large
- Don't know / no opinion / not applicable

Please explain your answers to question 20 a):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The consumer would not benefit from such a summary. The cumbersome nature of the documents provided and the repetition of the same information, sometimes in different terms, in the summary and the ESIS are likely to discourage the consumer and / or create confusion. Ideally, if the directive was to be revised, it would be desirable to limit the pre-contractual information to a few key information of the ESIS that the borrower is looking for as this is not an impulse purchase, that may happen in the context of consumer credits – the borrower is looking for a mortgage to finance the purchase of their life, their home. Therefore, it is very relevant to send them the financial information they are looking to have. They will have all the other elements in their offer, which does not bind the consumer. In addition, the consumer can receive and compare offers from other lenders during the offer phase.

b) What would be the total estimated one-off and recurring costs for credit providers (in monetary terms)?

	Costs
One-off costs	
Recurring costs	

Please explain your answers to question 20 b):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Banks estimate that the implementation of MCD changes will have major impacts on sales schemes and processes, next to the IT development and training costs.

Question 21. The [MCD evaluation study](#) has shown that consumers often do not have sufficient time to select the best offer of mortgage credit available in the market (e.g. because the consumer may only have a period of 7 days for reflection / withdrawal).

In your view, which of the following measures would be adequate to help improve the situation?

Please select as many answers as you like

- to increase the minimum reflection/withdrawal period from 7 days to 14 days
- to make a reflection period mandatory (thus excluding the possibility of a withdrawal period)
- to require that a certain minimum amount of time elapses between the provision of the ESIS/binding offer and the conclusion of the contract
- other

Please specify to what other measure(s) you refer in your answer to question 21:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 21:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Some of the member banks reported that sometimes their customers find the reflection period of ten days to be too long and imposes an administrative burden on both the customer and the bank. The different rules

have grown out of the tradition of the respective legal systems of the different Member States and have proven their worth, i.e. they offer sufficient consumer protection. In addition, we would like to underline that, in practice, consumers compare products available on the market before the reflection period.

Question 22. Are you aware of problems for consumers or creditors linked to mortgage advertising via specific channels (radio, TV, printed media, social media etc.)?

	Yes	No	Don't know - No opinion - Not applicable
Radio	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
TV	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Printed media	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social media	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify to what other channel(s) you refer in your answer to question 22:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer(s) to question 22:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There are too many legal notices that are inaudible on radio or unreadable on TV. On the other hand, even in a visual advertisement there are too many mentions to put in an advertisement for them to be effective.

Advertisements are rather detailed, and the volume of information is already difficult for the consumer to understand. More specifically, we note that information requirements related to advertising do not fit all traditional audiovisual media (radio, TV) and are even less suitable for digital format. For example, banks have experienced that the amount of information requested for the fulfilment of the current advertising requirements - especially in case they make reference to the cost of the credit – does not fit traditional

audiovisual media (radio, TV) and the digital format (i.e. social media, internet, smartphone etc.). Due to such requirements, some members avoid some advertising methods (e.g., radio and TV)

It is necessary to consider that each instrument that can be used for advertising (radio, TV, printed media, social media, etc.) has its own specific characteristics (message length, transmission times, etc.) which requires diversified approach. Therefore, further attention and analysis should be focused on the requirements referred to “advertising”, in order to make them more consistent with the media used, including new digital instruments available.

Question 23. Do you consider that the MCD advertising requirements should be adapted to the specific medium on which the advertising is displayed (e.g. radio, TV, social media etc.)?

	Yes	No	Don't know - No opinion - Not applicable
Radio	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
TV	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Printed media	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social media	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify to what other medium(a) you refer in your answer to question 23:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Internet, telephone

Please explain your answer(s) to question 23:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

If the directive was modified, advertising could be adapted to the medium and Member States must be prohibited from adding other requirements. This would allow a better comparability of cross-border offers.

Question 24. The [MCD evaluation study](#) indicates that creditors are increasingly relying on robo-advisors (e.g. automated chats) to provide for instance some basic information to consumers.

Do you consider that the use of robo-advisors poses problems in terms of consumer protection?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 24, indicating possible solutions:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In practice, consumers are well informed that robo-advisors only provide basic information. There are also usually other options available. Robo-advisors do not replace the traditional advisor, that knows the individual and their circumstances better. In the end, the decision to grant or not to grant is always made by a human being.

Question 25. To date, very few mortgage credit agreements are concluded fully digitally.

Can you describe the main difficulties/problems you experience in this area?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The consumer often wishes to meet a representative of the bank to conclude such an important agreement. It is a strongly emotional moment in the customer's lifetime and therefore some human assistance should be available. Also, the end-to-end mortgage credit customer journey contains several stages that require the involvement of multiple stakeholders with human effort (also involving physical documents due to legal requirements).

Mortgage laws should allow the possibility to conclude a mortgage agreement online, but it appears that in some Member States the transposing legislation demands a personal signature (e.g., in Germany) or a visit to a notary (e.g., in Austria). Ensuring that such requirements cannot be imposed could integrate the single market more as the consumer does not have to travel to another Member State to sign a contract in person.

Question 25.1 If available, please also provide practical examples/solutions to such problems that enable the digital conclusion of mortgage credit agreements:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

National laws should grant full equivalence between physical and digital documents and provide appropriate mechanisms to ensure end-to-end fully digital mortgage credit agreements, including with regard to access to enforcement actions and mortgage execution.

2.3 Tying and bundling

Under the MCD, the bundling practices are allowed but tying practices are prohibited (with few exceptions under Article 12(2)). Also, tying practices may be allowed when the creditor can demonstrate to its competent authority that the tied products or categories of product offered, on terms and conditions similar to each other, which are not made available separately, result in a clear benefit to the consumers taking due account of the availability and the prices of the relevant products offered on the market (Article 12(3)).

Question 26. Are you aware of existing problems related to tying or bundling practices?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 26:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 27. To what extent do you agree that the exceptions to the prohibition of tying practices are still relevant?

	1 (fully disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	Don't know - No opinion - Not applicable
open or maintain a payment or a savings account, where the only purpose of such an account is to accumulate capital to repay the credit, to service the credit, to pool resources to obtain the credit, or to provide additional security for the creditor in the event of default;	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
purchase or keep an investment product or a private pension product, where such product which primarily offers the investor an income in retirement serves also to provide additional security for the creditor in the event of default or to accumulate capital to repay the credit, to service the credit or to pool resources to obtain the credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
conclude a separate credit agreement in conjunction with a shared-equity credit agreement to obtain the credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 27:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We consider that these exceptions should be left as they are. However, the exceptions of point 2 of article 12 should be clarified: indeed, it seems normal for a lender to request an account opening to collect loan charges. Therefore, the lender ensures that its debit will end up in an existing account, the borrower is responsible for depositing sufficient funds there to avoid unpaid charges.

2.4 Creditworthiness assessment

Credit providers are increasingly relying on automated decision-making systems where the consumer is subject to a credit decision based solely or partially on automated processing of his/her data. The [recently made artificial intelligence \(AI\)](#) proposal suggests that AI systems used to evaluate the credit score or creditworthiness of natural persons should be classified as high-risk as they may pose significant risks to the fundamental rights of persons. The credit institutions would be subject to requirements inter alia concerning data and data governance, documentation and record keeping, transparency, human oversight, robustness, accuracy and security.

However, the AI proposal does not propose specific rights for consumers. The [General Data Protection Regulation \(GDPR\)](#) provides the right for consumers to obtain human intervention to express his or her point of view and to contest the decision. Yet this only applies in case the decision is based **solely** on automated decision making, not if the decision, involving automated processing, is taken by a human, as is often the case in mortgage credit processes.

Question 28. Do you consider that the consumer should have specific targeted complementary rights and information in the creditworthiness assessment process where it involves the use of automated processing of personal data?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 28:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We consider that the current legislation (both EU and domestic) is sufficient. This concerns the right to obtain human intervention, to express his or her point of view and to contest the decision, according to article 22 of GDPR.

Question 29. Do you consider that the consumer ought to have the following specific rights in the case where the creditworthiness assessment involves the use of automated processing of personal data?

	Yes	No	Don't know - No opinion - Not applicable
To obtain from the creditor clear explanation of the assessment of the creditworthiness (e. g. logic and risks involved in the automated processing of personal data, as well as its significance and effects on the decision)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
To obtain human intervention on the part of creditor to review the credit decision	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
To contest the assessment of the creditworthiness and the decision	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
No specific protection is needed	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please explain your answer(s) to question 29:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The lender defines its own risk policy and grants loans based on these elements and it does not have to justify them in the event of loan refusal as there is no right to credit.

Whether the decision is taken totally or partially by a human being, it is the result of the application of the lender's risk policy, which is crucial to ensure financial stability within the EU.

Most importantly, as the GDPR is in force and it applies in many of the situations described, there is no need for additional sectoral rules. Article 22 of the GDPR already provides the right to obtain human intervention on the part of creditor to review the credit decision and the right to contest the decision, which are not specific to mortgage credits.

Question 30. The MCD requires a creditworthiness assessment to be based only on information on the consumer's income and expenses and other financial and economic circumstances which is necessary, sufficient and proportionate.

Do you consider that this requirement may not be sufficiently granular to assess the creditworthiness of consumers in all cases, in particular of consumers with "thin credit files" (i.e. consumers for whom not a lot of economic and financial data is available)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 30:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Banks do not grant a credit if they do not have enough information on the consumer's income and expenses and other financial and economic circumstances. However, the cooperative banks aim to be flexible taking the circumstances of individual consumers into account as they know them well and to avoid exclusion.

Question 31. Do you consider that, in clearly defined cases (e.g. thin credit files), it should be possible to take other specific information/factors into account for the creditworthiness assessment?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 31, including the possible cases and possible other specific information/factors that should be allowed to be taken into account for the creditworthiness assessment:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The granting of loans is closely supervised by the supervisory authorities.

The text of the MCD must therefore provide for the main principles of a creditworthiness assessment and specify the contours to be applied, to leave texts more quickly modifiable, in the hands of each member state, according to economic conditions and market specificities. We see no need for change. Some of the cooperative banks have taken the following information into account as well in this context: act of entering

the profession (e.g., students), career prospects, and experience from the previous relationship with the customer.

Question 32. Do you consider it appropriate to set out some key indicators to be used for creditworthiness assessments (e.g. loan-to-value, debt-to-income ratios, loan maturity, length of time during which the interest is fixed)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 32:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is inappropriate to define indicators to be used for credit ratings. The banks already have their own internal key indicators in use, and they should remain free to set their ratios that are based on specific circumstances of the individual bank (e.g., risk appetite).

There are some domestic legislative initiatives in place that introduce macroprudential measures, but these could not be harmonised at European level due to specific circumstances of national mortgage markets.

Question 33. The MCD requires Member States to provide non-discriminatory access for all creditors from all Member States to credit databases for assessing the creditworthiness of consumers.

Are you aware of any discrimination in accessing public and private databases/registers to assess the creditworthiness including for the cross-border provision of mortgages?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 33:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The RPA study found that the conditions for non-discriminatory access to credit databases are generally made clear, and there is no evidence of discrimination.

The rule of access to the credit databases of all the actors operating on the same market must remain the principle and it seems to us correctly applied.

On the other hand, we do not see the point of creating identical devices throughout Europe, and even less naturally of creating a single credit database that can be consulted throughout the EU.

Question 34. The MCD evaluation study showed that creditors could access databases in other countries as long as they respect the principle of reciprocity .

In your view, does this affect the provision of cross border services?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 34:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

If a lender is allowed to access a database, it shall benefit from the same rights and comply with the same rules as any other lender.

Question 35. Is there scope for improving public and private credit registers /databases, in terms of their capacity to provide relevant information for creditworthiness assessments while protecting personal data?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 35:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There are differences between Member States. Some credit databases are publicly held, some privately, some both, some have only positive data and some others only negative data. Harmonisation at European level would also be necessarily limited due to e.g., constitutional law.

The real brakes for credit to non-residents are rather related to the difficulty of reading the information provided (language, format, currency, etc.), the gold-plating issue and other main barriers: different civil laws, language and culture.

Access to a credit database (which's effectiveness in combating over-indebtedness has been proved to be very limited) does not provide knowledge of local laws and local practices which are essential in

creditworthiness assessment.

We do not see the point of creating identical devices throughout Europe, and even less naturally of creating a single credit database that can be consulted throughout the EU.

2.5 Early repayment

The MCD has granted consumers the right to early repayment. This right makes it easier for consumers to switch to another provider, which is important to foster competition. The MCD evaluation report has, however, indicated that only a minority of consumers has exercised the right of early repayment since the MCD entered into force. This seems to be in particular due to a lack of consumer awareness, their inability to assess how much they could save, the possible conditions attached to early repayment and the possible amount of compensation to be paid.

Question 36. Which are in your view the main obstacles for the consumers to exercise the right of early repayment?

	1 (not important)	2 (slightly important)	3 (neutral)	4 (rather important)	5 (very important)	Don't know - No opinion - Not applicable
lack of consumer awareness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
inability to assess how much they could save	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
unclear conditions attached to early repayment	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
too high amount of compensation to be paid	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 36:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The members report that there are no obstacles for the consumers to exercise the right of early repayment.

Customers can opt for a mortgage loan with a fixed or variable interest rate. In the latter case, they are free to terminate their loan agreement, subject to a notice period, if necessary, without paying a compensation for early repayment. If they choose a fixed-interest rate loan, it can usually be redeemed in full without an early repayment compensation at the end of every period for which a fixed rate of interest has been agreed.

It is essential for customers to retain the opportunity to choose between these different propositions with come with different conditions. Consumer protection considerations are a major argument in favour of retaining the legal framework for fixed-rate credits in its present form. Long-term interest-rate and planning security for borrowers, coupled with low mortgage interest rates, represent key elements of consumer protection in the field of mortgage loans.

Question 37. Do you consider that further measures should be taken to further facilitate the early repayment of mortgage credit?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 37:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There are no obstacles for the consumers to exercise the right of early repayment.

Question 38. The credit providers may be entitled to fair and objective compensation, where justified, for possible costs directly linked to the early repayment but shall not impose a sanction on the consumer. The compensation shall not exceed the financial loss of the creditor.

Do you consider that the MCD leaves too much discretion for the calculation of compensation to the possible detriment of consumers?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 38:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The members report that the national legislations are sufficient and favorable to the consumer – even to the detriment of lender.

Only recurring costs should be reimbursed to the consumer for the portion not accrued, excluding in any case taxes and costs paid to third parties (e.g., intermediation costs) that may anyhow always be claimed by the consumer directly to the third parties.

Question 39. The MCD report on the review suggested that there is scope to increase the level of mortgage switching by consumers, which could potentially unlock substantial benefits for consumers while increasing competition and innovation in the market.

Do you have any further suggestions to foster competition in the market and further facilitate the switching of providers?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 39:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The members noted that mortgage switching is easy, and the competition is active.

2.6 Foreign currency loans

Question 40. Do you agree that the MCD has been effective in protecting consumers from exchange rate risks posed by foreign currency loans?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 40:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The offering of foreign currency loans has decreased in the EU, because of the burdensome requirements imposed on their provision. The applicable articles on foreign currency loans are inappropriate and unnecessary. At least the current definition of foreign currency loans should be reviewed if the directive was to be revised.

When consumers receive their income in other currency than euro, they usually acknowledge the risks of foreign currency loans. Foreign currency loans are quite rare, the mortgage credit business is very local, and many EU member states use euro currency.

Question 41. As a result of the MCD rules foreign currency loans, lenders may have significantly reduced the offer of such loans or stopped offering foreign currency loans. This situation could lead to problems in specific cases where the risks of foreign currency loans are limited e.g. for some cross-border workers.

Are you aware of specific cases where the MCD provisions on foreign currency loans may have had unintended or undesirable consequences?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 41:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We consider the current regulation on foreign currency loans is inappropriate because it is too complex and results in high development costs (e.g. monitoring currency exchange rates and informing the customers). Also, following the consumers changes in residence and changes in currency of income is impossible.

The definition of "foreign currency" is very broad and can include the currency of the Member State in which the consumer is resident, if the consumer receives income or holds assets in another currency. To ensure a better alignment of the rules with the real risk for the consumer, we suggest further consideration to the definition of "foreign currency loan", if the directive was to be revised, so that it does not include the currency of the Member State in which the consumer is resident.

2.7 Mortgage lending by non-credit institutions

The MCD also applies to credit granted by non-credit institutions (which means creditors that are not a credit institution in the sense the [Capital Requirements Regulation 575/2013](#)). The Commission MCD report on the review highlights that the share of mortgages granted by non-credit institutions generally remains limited in the EU. However, in a few Member States, their market share seems non-negligible.

On the basis of Article 35 of the MCD, non-credit institutions need to be subject to an adequate admission process, including entering the non-credit institution in a register and arrangements for supervision by a competent authority. In its [2017 report, the ECB](#) suggested that the growing role of non-credit institutions in the mortgage market poses some challenges in terms of financial stability. The ECB report explained that the growing market share of non-bank providers may limit the effectiveness of some macro-prudential measures that apply only to banks.

Question 42. Do you consider that further regulation of non-credit institutions providing mortgage loans would be necessary?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 42:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We consider that the MCD is fit for purpose for the supervision of non-credit institutions insofar as Members States have to ensure that they are subject to adequate admission process including their inclusion in a register and supervision by a competent authority. It should be also ensured that credit institutions and non-credit institutions operating within the scope of the MCD are subject to the same supervisor to ensure level playing field: same business, same risks and same rules.

Question 43. The MCD does not provide a passport for non-credit institutions. Do you believe that a passport for non-credit institutions providing mortgage loans should be introduced in order to further the single market for mortgages?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 43:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There is a passport if it is a lending institution, or an intermediary is duly authorised for these activities.

A passport for non-banks without them being subject to the same rules as banks or authorised intermediaries, would accentuate an "unlevel playing field" and would not contribute to the creation of a single market for mortgage loans. It could also reduce consumer protection.

Question 44. Do you see any potential risks stemming from the introduction of a passport for the non-credit institutions?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 44:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Real estate financing is the biggest financial decision consumers can make in their lives. This important decision should remain at the level between consumers and appropriately regulated credit institutions. Entry of unregulated non-banks could destabilise this market which is also very competitive in terms of interest rates.

2.8 Credit intermediaries

Question 45. One of the main changes brought about by the MCD was to create an EU passport for credit intermediaries. This enables credit intermediaries to offer their services in other Member States, while consumers benefit from easier access to mortgages from other Member States. However, the MCD report on the review indicated that only few credit intermediaries offer their services cross-border.

Are you aware of problems for credit intermediaries to exercise their activity in another Member State?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 45, specifying what the issues are related to (e.g. to the application of the MCD provisions) and how those issues could be overcome to foster cross-border provision of intermediation services:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The new entrants to the market have been remote banks which are currently operating in a limited market niche.

2.9 Arrears and foreclosure

Question 46. Article 28 of the MCD (arrears and foreclosure) requires Member States to adopt measures to encourage creditors to exercise reasonable forbearance before foreclosure proceedings are initiated but leaves flexibility for Member States as to the measures to protect consumers experiencing financial difficulties.

Do you believe that the MCD's provisions on arrears and foreclosure have been effective in terms of reducing the risk of foreclosure?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 46:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The rules in place are effective and sufficient.

The application of forbearance measures must be the sole decision of the creditor and after conducting the corresponding risk assessment. The application of forbearance measures should remain in the remit of the decision of creditors and the EBA Guidelines on the treatment of forbearance exposures should be taken into account to avoid overlaps and inconsistencies.

Further, forbearance and prolongation measures should be excluded from the scope of the MCD to allow flexibility.

Question 47. The [Directive on credit servicers, credit purchasers and the recovery of collateral](#) will strengthen Article 28 of the MCD clarifying the forbearance obligations and introducing reinforced information duties on credit purchasers and servicers. Do you consider that further measures would be required to protect consumers falling in arrears?

- Yes
- No

- Don't know / no opinion / not applicable

Please explain your answer to question 47:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Even in the current pandemic crisis context, there are no indicators that further measures are necessary. Banks already have comprehensive policies and actions plans in place to prevent and manage consumer credit risk, next to the Member State measures.

Question 48. The MCD does not include specific additional rules to protect consumers who backed their mortgage loans by their first residency.

Do you consider that a specific protection for such cases would be warranted?

- Yes
 No
 Don't know / no opinion / not applicable

Please explain your answer to question 48:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Specific protection, if chosen, must be in the hands of the member state. Indeed, specific provisions could conflict with other legal provisions.

For example, in France, "family housing" is already protected by the code civil and it has an impact on how it is to be financed. Furthermore, the recovery procedures are specific at the national level as well as the specific protections (e.g., over-indebtedness procedure, no commissory pact on the main residence...).

Question 49. During the COVID-19 pandemic, Member States and industry put in place a broad range of differing relief measures in particular payment moratoria. The MCD does not provide specific rules for such exceptional situations.

Do you consider that any lessons need to be drawn from the COVID experience and specific measures should be provided for in the MCD?

- Yes
 No
 Don't know / no opinion / not applicable

Please explain your answer to question 49:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that it could be very difficult to write an abstract rule that would be suitable for all possible crises. Moreover, an abstract rule established at the EU level would not allow to take into consideration situations specific to individual Member States. Many EU countries have already implemented some kind of national insolvency legislation regarding credit moratoria, or legislative texts (e.g., commerce law) that may be used in case of non-performance like force majeure.

We consider that it is essential that consumers are adequately informed of the legal and financial implications of any measure adopted by credit providers in situations of exceptional and systemic economic disruption, such as payment moratoria. However, moratoria can only be granted on a case-by-case basis, in particular because a crisis has different impact on consumers and due to the additional costs incurred by consumers.

Therefore, it is not necessary to introduce such measures in the MCD.

2.10 Green mortgages

Some mortgage providers already offer “green mortgages” (under possible preferential terms and conditions) for instance to improve the energy efficiency of a building or to acquire highly energy efficient property. Green mortgages are an important possible avenue of development for an inclusive sustainable finance framework, as acknowledged in the [strategy for financing the transition to a sustainable economy](#).

Question 50. Is there a need to create an EU-wide definition of green mortgages?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 50:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We answer ‘not applicable’ as our members strongly believe that there is no need to create an EU-wide definition of green mortgages under the MCD review.

Nevertheless, such a definition should be based on the implementation of what is already established in the current climate delegated act of the TR (see acquisition and ownership of new building pp. 177-178) that indicates a first set of criteria to identify the sustainability of those investments/mortgages that support the construction or acquisition and ownership of ecological buildings or the renovation of old buildings. In particular, the DA indicates that buildings built before 3 December 2020 are considered taxonomy aligned if “the building has at least an Energy Performance Certificate (EPC) class A or if the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the

performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings". This clarification will help banks to identify already the "green mortgages" when disclosing the percentage of taxonomy eligible and aligned activities as requested by the delegated act on article 8 of the TR. A further development in this sense could be introduced at European level via the TR, once the regulation will be revised (already in 2024 according to the legislative provisions). This approach is also reflected in the Commission's draft of the Energy Performance Building Directive (EPBD) that addresses green mortgages aiming to improve energy efficiency of buildings using as a basis the criteria established in the taxonomy.

Introducing such definition for example in the MCD would undermine the technical screening criteria of EU Taxonomy that has been developed for years. The Commission should bear in mind that in contrast to the Taxonomy Regulation and the DeIR (EU) 2021/2139 the MCD has to be transposed in the laws of the Member States which would add additional complexity and fragmentation.

Moreover, we would like to recall the mandate included in the Strategy on Sustainable finance according to which the Commission will ask the European Banking Authority for an opinion on the definition and possible dedicated prudential treatment in the context of green retail lending. Consistency and clarity among the different legislative initiatives should be ensured at all levels.

For these reasons, we believe that the MCD revision should not be the place to eventually consider the formal definition of green mortgages.

Question 51. What would be the benefits/advantages for consumers and/or lenders of an EU-wide definition of green mortgages?

Please select as many answers as you like

- to ensure common requirements and possible incentives
- to ensure high level of confidence into the greenness of the mortgages
- to facilitate securitisation and refinancing of mortgages through green bond issuances
- to facilitate disclosure obligations under [Taxonomy Regulation](#)
- other

Question 51.1 Please specify to what other benefit(s)/advantage(s) you refer in your answer to question 51:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 51:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

An EU-wide definition would in principle create legal certainty and transparency for customers and credit institutions. However, this definition should not be in the MCD as provided in the answer to question 50. Reference point for that should be the Taxonomy. It would be inappropriate to have two sets of rules for this purpose.

In general, the understanding of green retail loans and green or energy efficiency real estate loans should be in line with the EU Taxonomy. However, the requirement to meet the DNSH criteria for assessing retail products' alignment with the taxonomy is a significant challenge which may greatly reduce the capacity to identify eligible assets. Moreover, we support the intention to explore measures that take into account how enhanced energy efficiency of a real estate loan's collateral can be considered as increasing property values, as this could be a good incentive on the transition path.

In our view, there is also a role for the building industry in documenting the requirements for a project financed by green mortgages (for example in the EPC). Higher transparency enables a fair system of subsidies for green projects. This supports the affordability of green projects for private individuals.

Question 52. Do you consider that a possible common definition of green mortgage should be based on the EU taxonomy criteria (construction of a new building or acquisition or renovation of an existing one)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 52:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As already explained in answer to question 50, if any, a possible common definition of green mortgage should be based on the EU taxonomy criteria in order to avoid additional complexity. However, the current taxonomy appears demanding with regard to the quality of the housing stock, because there is no data available to prove the alignment with the DNSH (do not significant harm) criteria. Adoption of the taxonomy could lead to exclusion as only a limited number of loans would be considered green. Indeed, the current Taxonomy does not address all the parts of the activities that are in necessary transition, which have many different shades of green and not so green. This is a legitimate concern as the Taxonomy would neglect significant portion of activities that should also be incentivized to make efforts to become more sustainable. This improvement may occur through the definition of intermediate steps to better identify the financing of building renovation that allows the transition to a more sustainable stage with a gradual approach.

Question 53. In your view, which measures could be considered to encourage the uptake of green mortgages?

Please select as many answers as you like



obligation for credit providers to inform the consumer if such product can be provided

- ensure that mortgage credit providers and/or consumers taking a mortgage obtain an Energy Performance Certificate (EPC) for the residential property that the consumer will acquire using the mortgage loan
- create a label for green mortgages offered at preferential terms and conditions
- other

Question 53.1 Please specify to what other measure(s) you refer in your answer to question 53:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

From our perspective, the objective to be pursued is to encourage the uptake of energy efficient buildings. Financing of that uptake is the means to achieve it but not an objective in itself.

There should be some benefit (value) for the consumers – it could be linked to governmental benefits that they might get if, for example they renovate their home (e.g. some governments might think about taxation, energy efficiency renovation grants, government backing for mortgage etc.) Banks need to do their own assessment for their own consumer base in the countries they serve, what are relevant and beneficial from their customers perspective.

Banks should not be forced to introduce perks under any circumstances.

If the Commission would intend to introduce an obligation to offer green mortgages at preferential terms, then this would have to be matched by alleviations in the prudential framework that would allow them to justify such preferential terms.

We understand that EBA and ESRB currently assess whether a dedicated prudential treatment of exposures related to assets or activities associated substantially inter alia with environmental objectives would be justified according to their mandate in Art 501c CRR. However, facilitating lending to consumers for green construction or renovation could be a political goal which might justify a preferred treatment of green mortgages. This however would be an issue which would affect mortgages under the MCD, but would have to result in amending the CRR.

The EACB is in favour of an obligation on consumers taking out a mortgage to obtain energy performance certificate for the residential property they intend to acquire, but we do not see the need for an obligation to the credit provider. The EPC is the most important document to classify buildings regarding the fulfilment of sustainability requirements. It should be the basic document for the classification of a mortgage into green /not green.

Please explain your answer to question 53:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

From our perspective, the objective to be pursued is to encourage the uptake of energy efficient buildings. Financing of that uptake is the means to achieve it but not an objective in itself.

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Question 54. Do you consider that the knowledge and competence requirements for the staff of creditors and credit intermediaries should specifically cover knowledge on green mortgages?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 54:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In this context any product that is launched to consumers, banks must ensure that the product knowledge is ensured for its staff. It is of the banks' own interest to ensure a sufficient level of knowledge and competence for the staff. Naturally, if the bank is to offer green mortgage products, the staff members will be trained to be familiar with the credit offer and the underlying requirements for the clients to qualify to obtain green mortgages.

Furthermore, the current knowledge and competence requirements for the staff of creditors already cover knowledge on green mortgage.

Therefore, knowledge and competence requirements should not be included in the MCD.

2.11 Other

Question 55. Are there any other issues that have not been raised in this questionnaire that you think would be relevant for the MCD revision?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 55:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The MCD has been in operation since 2016 and concerns long-term financing. It is early to review it because today its application seems balanced and efficient and certain points related to the treatment of arrears have not yet been sufficiently tested.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

Useful links

[More on this consultation \(https://ec.europa.eu/info/publications/finance-consultations-2021-mortgage-credit-review_en\)](https://ec.europa.eu/info/publications/finance-consultations-2021-mortgage-credit-review_en)

[Consultation document \(https://ec.europa.eu/info/files/2021-mortgage-credit-review-consultation-document_en\)](https://ec.europa.eu/info/files/2021-mortgage-credit-review-consultation-document_en)

[More on mortgage credit \(https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/retail-financial-services/credit/mortgage-credit_en\)](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/retail-financial-services/credit/mortgage-credit_en)

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