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Fédération Européenne d'Epargne et de Crédit pour le Logement
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Suggestions on Reducing Administrative Burdens and Simplifying Legislation

The European Federation of Building Societies (EFBS) appreciates the opportunity to provide input to the European Commission. The main objective of the European Commission in this term focuses on competitiveness within the European Union. The Draghi Report identified the obstacles and challenges which hinders Europe`s development to compete with other major economies in the world. The aim of the European Commission is to reduce burden on the economy and to identify and to abolish obstacles for the internal market.

As EFBS we welcome the European Commission's commitment to reducing bureaucratic burdens and increasing European competitiveness. In this context, we have compiled a list of European regulations in the area of housing finance that place an excessive strain on our member institutions, along with concrete policy recommendations.

Overview

I. Mortgage Credit Directive (Directive 2014/17/EU)

1. Reduction of standard information in advertising (Art. 11(2) MCD)

Background: According to Art. 11(1) MCD, advertising concerning credit agreements in which interest rates or other figures relating to the costs of the credit to the consumer are mentioned must contain the comprehensive standard information according to Art. 11(2) MCD.

Problem: The current requirements for standard information under Art. 11(2) MCD have led to long inflated texts with an overload of data and information that must be duplicated by providing a representative example (see 2.). The information that is essential for the consumer when evaluating the advertised loan is lost in this large amount of information.

Solution: What is important for the consumer is the information that allows the consumer to make an initial comparison of the advertised mortgage credits with other loans and thus to decide whether it is worth asking the creditor or credit intermediary for a personal loan offer. From the customer's point of view, the following five details are decisive for this comparison, to which the standard details in the advert should be limited:

(1) the total amount of the credit (net loan amount),

(2) borrowing rate with an indication of whether it is fixed or variable and, if applicable, the fixed borrowing rate,

(3) effective annual interest rate,

(4) the amount of the monthly instalment,

(5) the duration of the credit.

2. Waiver of the provision of a representative example in advertising (Art. 11(3) MCD)

Background: According to Art. 11(3) MCD, the information specified in Art. 11(2) MCD is to be illustrated predominantly by a representative example. Member States shall adopt criteria for determining a representative example.

Problem: The obligation to provide a representative example in advertising significantly increases the information overload, as it leads to a duplication of the information to be provided in advertising. For those consumers who are clearly not covered by the representative example, this information is confusing or at best worthless. Ultimately, however, this representative example is of no added value for any consumer, as it is only once the exact amount of financing required, creditworthiness, collateral (if any) and so on have been verified that it is clear whether and, if so, which conditions can be offered to the individual consumer. These conditions relevant to the consumer are then derived from the pre-contractual information on the specific loan offered, which is stated in the ESIS leaflet.

Solution: The representative example in the advertising in accordance with Art. 11(3) MCD should be dispensed with.

3. Waiver of general information (Art. 13 MCD)

Background: According to Art. 13 MCD, creditors and credit intermediaries must provide general information on credit agreements at all times.

Problem: The catalogue of general information contains a large number of details that must be provided for each of a credit institution's various loan products and updated on an ongoing basis, resulting in considerable bureaucracy. The usefulness of this general information is very limited, as the consumer cannot deduce from it whether and on what terms he can take out one of the loan products presented. Instead, consumers can find this information, which is tailored to them personally or to their specific loan offer, in the ESIS sheet before concluding the loan agreement. Each of the general information items in accordance with Art. 13(1) MCD can be found in a form that is relevant to the consumer and at the same time much more detailed in the ESIS in accordance with Annex II of the MCD:

General Information (Art. 13(1) MCD)	**ESIS sheet (Annex II MCD)**
"a) the identity and the geographical address of the issuer of the information;"	Section "1. Lender": Identity and address details and other contact details of the lender.
"(b) the purposes for which the credit may be used;"	Section "3. Main features of the loan": Information on the type of loan, e.g. mortgage credit, home loan.
"(c) the forms of security, including, where applicable, the possibility for it to be located in a different Member State;"	Section "3. Main features of the loan": Extensive information on collateral.
"(d) the possible duration of the credit agreements;"	Section "3. Main features of the loan": Duration of the credit.
"e) types of available borrowing rate, indicating whether fixed or variable or both, with a short description of the characteristics of a fixed and variable rate, including related implications for the consumer;"	Section "3. Main features of the loan" and Section "6. Amount of each instalment": Type of applicable interest rate and comprehensive information on the borrowing rate and APR.
"(f) where foreign currency loans are available, an indication of the foreign currency or currencies, including an explanation of the implications for the consumer where the credit is denominated in a foreign currency;"	Section "3. Main features of the loan" and Section "6. Amount of each instalment": Comprehensive information on the foreign currency loan, the risks and the currency conversion right and its conditions.
"(g) a representative example of the total amount of credit, the total cost of the credit to the consumer, the total amount payable by the consumer and the APRC;"	Section "3. Main features of the loan" and Section "6. Amount of each instalment" and Section "7. Illustrative repayment table": Indication of the loan amount, the total amount to be repaid (sum of loan amount and total costs

	of the loan) as well as comprehensive information on the effective annual interest rate and, among other things, on the total costs paid for the loan, the interest to be paid per instalment and the capital still to be repaid after the respective instalment payment.
"(h) an indication of possible further costs, not included in the total cost of the credit to the consumer, to be paid in connection with a credit agreement;"	Section "6. Amount of each instalment": It should be emphasised visually that individual costs are not included in the APR because they are not known to the lender.
"(i) the range of different options available for reimbursing the credit to the creditor, including the number, frequency and amount of the regular repayment instalments;"	Section "5. Frequency and number of payments" and Section "6. Amount of each instalment" and "7. Illustrative repayment table": Comprehensive information on the repayment of the loan, in particular the number, frequency and amount of the instalments.
"(j) where applicable, a clear and concise statement that compliance with the terms and conditions of the credit agreement does not guarantee repayment of the total amount of credit under the credit agreement;"	Section "3. Main features of the loan": Clear indication of how the capital and the interest shall be reimbursed during the life of the credit (i.e. the amortisation structure) and whether the credit agreement is on capital repayment or interest-only basis, or a mixture of the two.
"(k) a description of the conditions directly relating to early repayment;"	Section „9. Early repayment": Indication of the conditions for early, full or partial repayment of the credit and their costs.
"(l) whether a valuation of the property is necessary and, where applicable, who is responsible for ensuring that the valuation is carried out, and whether any related costs arise for the consumer;"	Section "3. Main features of the loan": Indication of the estimated value of the immovable property, an indication of the 'loan-to-value ratio', a numerical example for determining the maximum amount that can be borrowed for a property value, and the minimum value of the property' that the lender requires in order to grant a loan in the illustrated amount.
"m) indication of ancillary services the consumer is obliged to acquire in order to obtain the credit or to obtain it on the terms and conditions marketed and, where applicable, a clarification that the ancillary services may be purchased from a provider that is not the creditor;"	Section "6. Amount of each instalment" and Section "8. Additional obligations": The amount and frequency of payments for a required savings product and an indication of the conditions attached to the credit, their duration and their cost, e.g. with regard to insurance of the property, salary account or purchase of another product or service, as well as

	comprehensive information on any obligation of the consumer to purchase any ancillary services.
"(n) a general warning concerning possible consequences of non-compliance with the commitments linked to the credit agreement."	Section "13. Non-compliance with the commitments linked to the credit: consequences for the borrower": Indication and explanation of the financial or legal consequences (e.g. default/default of payment), visual highlighting of serious consequences.

Solution: If a consumer is interested in a mortgage credit, he will receive all relevant information from the credit institution or a credit intermediary prior to the contract. The mandatory general information in accordance with Art 13 MCD is therefore unnecessary. At the very least, the general information should be reduced to a few abstract details which do not claim to be complete with regard to all credit products and which do not lead to any adjustment costs for the creditor in the event of a change in conditions (in particular, no indication of a representative example of the total loan amount, the total costs of the loan for the consumer, the total amount to be paid by the consumer and the annual percentage rate of charge).

4. Reduction of the pre-contractual information in the ESIS sheet (Art. 14(2) and Annex II MCD)

Background: Before taking out a mortgage credit, consumers receive a "European Standardised Information Sheet" (ESIS) in accordance with Art. 14(2) and with Annex II MCD. The ESIS is intended to provide consumers with all the relevant information they need to make an informed credit decision.

Problem: The ESIS contains a flood of pre-contractual information, not all of which is relevant to the consumer's credit decision and/or is already required under other European legislation. For example, with regard to the information on the dispute resolution body required in the ESIS, the creditor is already obliged under Art. 1 and 2 of the Directive on Alternative Dispute Resolution in Consumer Matters (Directive 2013/11/EU) to provide information on the competent consumer dispute resolution body on its website and together with the general terms and conditions. In addition, Art. 13(3) of Directive 2013/11/EU provides for information obligations regarding the dispute resolution body after a dispute has arisen.

Solution: The scope of the ESIS sheet should be significantly reduced and limited to the information relevant for understanding the key parameters of the credit offer and the information relevant for a comparison with other credit offers. In particular, the following information should be omitted entirely, as it has no influence on the credit decision and the creditor already has information obligations with regard to the dispute resolution body in accordance with Directive 2013/11/EU:

- Dispute resolution body (see Section 12 of the ESIS sheet: "Complaints"

- Supervisory authority (see Section 15 of the ESIS sheet: "Supervisor").

If the general information pursuant to Art. 13 MCD is retained in a possibly reduced form (see I. 3 above), the ESIS could refer to this information, which can also be provided electronically, so that many redundancies could be eliminated and the ESIS could be significantly shortened.

5. Waiver of pre-contractual information for credit intermediaries (Art. 15 MCD)

Background: According to Art. 15 MCD, credit intermediaries are obliged to provide prospective borrowers with a range of pre-contractual information on their intermediation activities in good time before carrying out any credit intermediation activities. This includes information on the identity and address of the credit intermediary, the register, its registration number and whether it offers advisory services.

Problem: The prospective borrower is less interested in the person of the credit intermediary than in the conditions of a loan offered to him. The registration number under which the intermediary is registered in a register or for which creditors this credit intermediary works is usually not decisive for him. Information on the name and contact details of the intermediary is also already included as mandatory information in Section 2 of the ESIS.

Solution: In order to stem the flood of pre-contractual information, the pre-contractual information on the credit intermediary in accordance with Art. 15 MCD should be omitted. In any case, it should be sufficient for the credit intermediary to provide this information electronically and to publish it on its website instead of having to make it available to every prospective customer.

6. Waiver of pre-contractual information by creditors and credit intermediaries for the provision of advisory services (Art. 22(1) and (2) MCD)

Background: Prior to an advisory service, creditors and credit intermediaries shall, in accordance with Art. 22(1) and (2) MCD, provide information about the fact that they offer advisory services and the extent to which they do so, as well as the fee for the advisory services and how this fee is calculated.

Problem: The pre-contractual information that advisory services are offered is dispensable. Most creditors and credit intermediaries already make it clear in their advertising that they offer advisory services out of their own interest. Sufficient information for consumers is also ensured by the ESIS, which provides information on the fees and charges incurred (see Section 4: "Interest rate and other costs") and always states whether advisory services are provided (see Section 2: "Credit intermediaries").

Solution: In order to stem the flood of pre-contractual information, the pre-contractual information on the credit intermediary in accordance with Art. 22(1) and (2) MCD should therefore also be omitted. In any case, it should be sufficient for the credit intermediary to provide this information electronically and publish it on its website instead of having to make it available to every prospective customer.

7. Waiver of regular information for foreign currency loans (Art. 23(4) MCD)

Background: According to Art. 23(4) MCD, creditors are obliged to regularly inform a consumer who has taken out a foreign currency loan within the meaning of Art. 4 No. 28 MCD at least if the value of the total amount still to be paid by the consumer or the regular instalments differs by more than 20 per cent from the value that would be given if the exchange rate between the currency of the credit agreement and the currency of the Member State were applied at the time the credit agreement was concluded. This information must be provided at regular intervals until the difference falls below 20 per cent. The creditor is also obliged to inform the consumer, together with this regular information, of any increase in the total amount payable by the consumer and, where applicable, of his right to convert to another currency and the conditions applicable to this.

Problem: The regular information for foreign currency loans in accordance with Art. 23(4) MCD is not required. At most, a one-off notification that the limit of 20 per cent has been exceeded for the first time would be sufficient. Furthermore, in the event of an exchange rate fluctuation of 20 per cent, there is no need for renewed information about the consumer's right to currency conversion and the conditions applicable to this. In the case of a foreign currency loan within the meaning of Art. 4 No. 28 MCD, the creditor is in any case obliged under Art. 23(6) MCD to provide information in the loan agreement about the conversion right and its conditions. In addition, the ESIS provides extensive pre-contractual information on the foreign currency loan and the consumer's conversion right in Section 3 "Main features of the loan" and in Section 6 "Amount of each instalment".

Solution: The information pursuant to Art. 23(4) MCD should only be provided once due to the initial currency fluctuation of 20 per cent from the conclusion of the foreign currency loan and should not have to be repeated regularly. In addition, the obligation to provide information again on the currency conversion right and its requirements on the occasion of a 20 per cent currency fluctuation should be waived. The definition of foreign currency lending should also take into account the need of cross boarder workers.

8. Waiver of information regarding the modification of the terms and conditions of a credit agreement (Art. 27a MCD)

Background: Based on Art. 28 of Directive (EU) 2021/2167, a new Art. 27a has been added to the MCD. According to this Art. 27a MCD, the creditor must provide the consumer with a range of information before amending the terms of a credit agreement. According to recital 53 of Directive (EU) 2021/2167, a consumer should receive a clear and comprehensive list of such changes, the timetable for their implementation and necessary details, as well as complaint procedures, in good time before any change to the terms of the credit agreement. In doing so, the creditor is obliged to indicate the national authority to which the consumer can submit a complaint for each change he intends to offer the consumer.

Problem: The creditor's obligation to inform about or describe intended amendments to the loan agreement is unnecessary because any amendment to the agreement requires a clear and detailed amendment offer anyway, which lists the planned amendments in full and also regulates the date from which they are to apply. If the planned changes to the loan agreement are based on a change in statutory regulations, a lender will in any case have an interest of its own in attributing the need for a

contract amendment to statutory changes in its amendment offer. The mandatory reference to an authority to which the consumer can complain in connection with the amendment is not only superfluous but also confusing for the consumer. This is because the information required by the European legislator about the possibility of lodging a complaint inaccurately suggests to the consumer that the supervisory authority can take action in his individual case and help him in connection with a modification offer from the creditor.

Solution: The provision subsequently added to the MCD in Art. 27a MCD on the creditor's information obligations in connection with an amendment to the consumer loan agreement should be deleted.

II. Consumer Credit Directive (Directive (EU) 2023/2225)

As part of the revision of the Consumer Credit Directive, numerous new information requirements and other bureaucratic expenses have been included in the Consumer Credit Directive. While the original Consumer Credit Directive of 23 April 2008 (Directive 2008/48/EC - CCD) contained 32 Art. on 27 pages, the revised Consumer Credit Directive of 18 October 2023 (Directive (EU) 2023/2225 - CCD II) comprises 50 Art. on 67 pages.

1. Reduction of standard information in advertising (Art. 8(3) CCD II)

Background: According to Art. 8(2) CCD II, advertising for consumer credit agreements in which interest rates or other figures relating to the costs of a credit for the consumer are stated must contain the comprehensive standard information in accordance with Art. 8(3) and (5) CCD II.

Problem: The requirements for standard information under Art. 4(2) CCD have already led to long end very detailed texts with a multitude of details that have to be duplicated by providing a representative example (see 2.). Despite widespread criticism, this standard information has not been reduced in the revision of the Consumer Credit Directive; on the contrary, it has been expanded. Therefore, an explicit and conspicuous warning must always be included in advertising in accordance with Art. 8(1) CCD II - and in addition to stating the borrowing rate and the APR - stating that the granting of credit by the creditor is not free of charge but is associated with costs for the consumer.

Solution: The essential information for the consumer is the information that allows the consumer to make an initial comparison of the advertised credit with other consumer loans and thus to decide whether it is worth asking the creditor or credit intermediary for a personalised offer. From the customer's point of view, the following five details, to which the standard details in the advertisement should be limited, are decisive for this initial comparison of the main conditions - as is also the case for advertising for mortgage credit agreements (see I. 1. above):

(1) the total amount of credit (net loan amount),

(2) borrowing rate with indication whether fixed or variable and, if applicable, with indication of the fixed borrowing rate,

(3) effective annual interest rate,

(4) the amount of the monthly instalment,

(5) the duration of the credit agreement.

2. Waiver of the indication of a representative example in advertising (Art. 8(4) CCD II)

Background: According to Art. 8(3) CCD II, the standard information in advertising specified in Art. 8(4) CCD II must be fully illustrated by a representative example.

Problem: The obligation to provide a representative example in advertising considerably increases the flood of information, as it leads to a duplication of the information to be provided in advertising. For those consumers who are clearly not covered by the representative example, this information is confusing or at best worthless. Ultimately, however, this representative example is of no added value for any consumer, as the conditions that can be offered to the individual consumer can only be determined once the exact amount of financing required, creditworthiness, collateral, etc. have been checked. These conditions relevant to the consumer then result from the pre-contractual information in the Standard European Consumer Credit Information according to Annex I of CCD II as well as from the specific consumer credit agreement offered.

Solution: The representative example in the advertising in accordance with Art. 8(4) CCD II should be deleted.

3. Waiver of general information (Art. 9 CCD II)

Background: According to Art. 9 CCD II, creditors and credit intermediaries must provide general information on credit agreements at all times. This provision - which is based on Art. 13 MCD - was introduced for the first time for consumer credits with the revision of the Consumer Credit Directive. This is surprising, as the EU legislator recognised in 2014 with the Mortgage Credit Directive that the general consumer information for residential property loans is based on "the specificities of credit agreements relating to residential immovable property" (see recital 22 of the MCD).

Problem: The usefulness of this general information is very limited, as consumers cannot deduce from it whether and on what terms they can conclude a consumer credit agreement themselves. Instead, consumers can find the information tailored to them personally or to their specific credit offer before concluding the credit agreement in the standard general information for consumer credit agreements in accordance with Annex I of CCD II. Each of the general information items in accordance with Art. 9 CCD II can be found in a form that is relevant to the consumer and at the same time much more detailed in this pre-contractual information in Annex I of CCD II.

At the same time, this information results in a considerable bureaucratic burden for the credit institutions. On the one hand, the catalogue in accordance with Art. 9 CCD II contains a large amount of information that must be provided for each of the creditor's various loan products and in some cases must be updated on an ongoing basis. Secondly, in the case of general information for consumer credit under Art. 9 CCD II - in contrast to the general information for mortgage credits under Art. 13 MCD -

it is not sufficient for the creditor and, where applicable, the credit intermediary to provide this information in electronic form (e.g. on their website). Instead, Art. 9(1) CCD II requires creditors and, where applicable, credit intermediaries to provide consumers with clear and comprehensible general information on credit agreements "on paper or on another durable medium of the consumer's choice" at all times. General information on consumer credit agreements that creditors and, where applicable, credit intermediaries make available on their premises must always be provided to consumers "at least on paper".

Solution: If a consumer is interested in a consumer credit and the creditor makes him a credit offer, he will receive all the specific information relevant to him pre-contractually from the credit institution or credit intermediary. The mandatory general information for consumer credit under Art. 9 CCD II can therefore be deleted entirely. At the very least, the general information should be reduced to a few abstract details which do not claim to be exhaustive with regard to all of the creditor's credit products and which do not lead to any adjustment costs for the creditor in the event of a change in conditions (e.g. omission of a representative example of the total amount of credit, the total costs of the credit for the consumer, the total amount to be paid by the consumer and the annual percentage rate of charge). If the general information for consumer credit is retained in at least a reduced form, it must be sufficient for this information to be provided only electronically (and not on paper or a durable medium).

4. Reduction of pre-contractual information in the general standard information for consumer credit (Art. 10 and Annex I CCD II)

Background: Before concluding a consumer credit agreement, consumers receive the "Standard European Consumer Credit Information" (SECCI) in accordance with Art. 10 and Annex I CCD. This SECCI sheet is intended to provide consumers with all the relevant information they need to make an informed credit decision.

Problem: Even before the revision of the Consumer Credit Directive, it was widely criticised that the SECCI contained an unmanageable flood of pre-contractual information, making it practically useless for informing consumers and enabling a transparent comparison with other credit offers. However, instead of reducing this information, the EU legislator added additional information to the SECCI and simply provided that the "essential characteristics of the credit" must be included in a prominent manner on the first page of the SECCI form to make it easier for consumers to understand and compare different offers (see recital 37 CCD II). The EU legislator has thus recognised that the SECCI information sheet mainly contains information on non-essential features of the loan. Some information is also redundant or already prescribed by other European legal acts. Furthermore, Art. 10(2) sentence 1 CCD II - in contrast to Art. 14(2) MCD - stipulates that the SECCI must be made available on paper or on another durable medium chosen by the consumer, which results in considerable additional work for creditors and credit intermediaries, as no standardised process can be established for this purpose.

Solution: The SECCI should be considerably shortened and reduced to the information within the meaning of Art. 10(3)(a) to (g) CCD II that the EU legislator itself has deemed "essential" (see Art. 10(4) sentence 2 CCD II and recital 37). In any case, however, the SECCI should be reduced to no more than the information that the EU legislator has provided for the first and more important part of the SECCI in accordance with Art. 10(3) letters a) to l) CCD II (see also Art. 10(3) and (4) sentence 1

CCD II), while the additional, supplementary pre-contractual information according to Art. 10(5) a) to q) CCD II, which can be found in the second part of the SECCI, should be omitted in any case. If the general information pursuant to Art. 9 CCD II is retained in a possibly reduced form (see II. 4 above), reference could be made to this general information in the European Standard Information in order to avoid redundancies.

5. Waiver of renewed withdraw reminder (Art. 10(1) CCD II)

Background: With the revision of the Consumer Credit Directive, a provision has been introduced for the first time on informing consumers about the possibility to withdraw from the credit agreement. According to Art. 10(1) CCD II, the pre-contractual information must be provided to the consumer in good time before he is bound by a credit agreement or a credit offer. Among other things, the consumer must be informed of the existence or non-existence of a right of withdrawal and, where applicable, the withdrawal period in accordance with Art. 10(3)(j) CCD II. According to Art. 10(1) subparagraph 2 CCD II, the creditor and, if applicable, the credit intermediary must inform the consumer again post-contractually about the right of withdrawal and the withdrawal procedure. This is necessary if the pre-contractual information was provided to the consumer less than one day before the date on which the consumer is bound by the credit agreement or the credit offer. This reminder of the right of withdrawal and the withdrawal period must be sent to the consumer within a period of one to seven days after the conclusion of the credit agreement or, if applicable, after the consumer has submitted the binding credit offer on paper or on another durable medium of the consumer's choice specified in the credit agreement. In any case, the consumer must be informed of his right of withdrawal prior to the conclusion of the credit agreement. This is because the mandatory content of the consumer credit agreement also includes information on the existence or non-existence of a right of withdrawal and, if applicable, the withdrawal period and other modalities for exercising the right of withdrawal in accordance with Art. 21(1) subparagraph 1 (p) CCD II. The withdrawal period of 14 days does not begin until the consumer has received the contractual information required under Art. 21 CCD II. If the consumer has not been informed of his right of withdrawal in accordance with Art. 21(1) subparagraph 1 (p) CCD II, he has a perpetual right of withdrawal.

Problem: The new obligation introduced by Art. 10(1) subparagraph 2 CCD II to inform the consumer again about the right of withdrawal one to seven days after the conclusion of the contract or after the submission of a credit offer creates unnecessary bureaucratic burden. In practice, due to the needs of consumers, creditors will not be able to avoid situations in which the loan agreement is only concluded one day after the pre-contractual information has been provided, as there are many situations in which the consumer is reliant on a consumer loan being concluded quickly, e.g. in the event of a faulty heating system or in the event of urgently needed repairs to their property. Additional bureaucratic burdens arise from the fact that the creditor cannot establish a standardised procedure for the renewed withdrawal information, as each consumer can choose whether to receive their reminder on paper or on an electronic data carrier. The costs arising from this renewed, post-contractual cancellation information are not justified, as the consumer was always sufficiently informed of his right of withdrawal at the time the credit agreement was concluded by:

- general information on the right of withdrawal (Art. 9(2)(i) CCD II),

- pre-contractual information on the right of withdrawal in the first part of the SECCI (Art. 10(3) (j) and Annex I CCD II),

- explanation of the pre-contractual information on the right of withdrawal (Art. 12(1)(a) in conjunction with Art. 10(3)(j) CCD II) Art. 10(3)(j) CCD II),

- contractual information on the right of withdrawal (see Art. 21(1)(p) CCD II).

Solution: The provision on renewed information on the right of withdrawal should be dispensed with; to this end, Art. 10(1) 2nd subparagraph CCD II should be deleted without replacement.

6. Information in the case of personalised offers based on automated data processing (Art. 13 CCD II)

Background: The revision of the Consumer Credit Directive provides for new pre-contractual information obligations for creditors in the event that personalised offers for consumer credit agreements are made to a consumer on the basis of automated processing, including profiling.

Problem: The new information for personalised offers based on automated data processing leads to unnecessary duplication and is not aligned with the requirements of the European General Data Protection Regulation. Corresponding information is already part of data protection notices that are provided to interested parties at the time of data collection. The information in question is also relevant in the context of a declaration of consent under data protection law. There is no recognisable need for additional corresponding information as part of the pre-contractual information and leads to a duplication of information obligations instead of the necessary containment of the current flood of information.

Solution: Information in the case of personalised offers based on automated data processing in accordance with Art. 13 CCD II should be deleted.

7. Waiver of pre-contractual information by creditors and credit intermediaries for the provision of advisory services (Art. 16(1) and (2) CCD II)

Background: Prior to the provision of advisory services in connection with a consumer credit, creditors and credit intermediaries must, in accordance with Art. 16(1) and (2) CCD II, provide information about the fact that they offer advisory services and the extent to which they do so, as well as the fee for the advisory services and how this fee is calculated, if applicable. The information must be provided in the form of additional pre-contractual information and therefore outside of the SECCI in accordance with Art. 10(6) subparagraph 2 CCD II.

Problem: The pre-contractual information that advisory services are offered is dispensable. Most creditors and credit intermediaries already make it clear in their advertising that they offer advisory services. The fact that this information must be provided "on paper or on another durable medium chosen by the consumer" creates additional bureaucracy for creditors and credit intermediaries.

Solution: In order to reduce the flood of pre-contractual information, the pre-contractual information on the provision of advisory services in accordance with Art. 16(1) and (2) CCD II should therefore also be waived. In any case, it should be sufficient for the credit intermediary to provide this information electronically and publish it on the website instead of having to provide it to every prospective customer on paper or another durable medium.

8. Reduction of mandatory contractual information (Art. 21 CCD II)

Background: Art. 21(1) CCD II contains a catalogue of mandatory contractual information required in consumer credit agreements. With the revision of the Consumer Credit Directive, this mandatory contractual information has been further extended.

Problem: This flood of information means that many consumers are put off by the amount of information and therefore hardly notice the information that is important for them. The current catalogue of mandatory contractual information in consumer credit agreements in Art. 21(1) CCD II should therefore be limited to information that is meaningful and relevant to the credit decision.

Solution: For all contractual information required for consumer credit agreements, the potential benefit for the consumer should be weighed against the flood of information generated, which is recognised as detrimental to consumer protection, and the costs incurred by creditors and credit intermediaries. For example, the following contractual information obligations should be deleted:

- The definition of the type of durable medium chosen by the consumer to receive certain information (Art. 21(1)(q) CCD II): This choice should not be the responsibility of the consumer but of the creditor and should be able to be made by the creditor in the same way for all consumers. The contractual stipulation of a specific type of data carrier in the credit agreement also means that an amendment to the credit agreement is required if a data carrier is no longer commonly used (e.g. this was the case with the fax, which was still common 20 years ago).

- The possibility for the consumer to have access to an out-of-court complaint and redress mechanism and the conditions for such access (Art. 21(1)(u) CCD II): The creditor is already obliged under Art. 13(1) and (2) of the Directive on Alternative Dispute Resolution in Consumer Matters (Directive 2013/11/EU) to provide information about the competent consumer dispute resolution body on its website and together with the general terms and conditions. Furthermore, Art. 13(3) of Directive 2013/11/EU provides for additional information obligations of the creditor to the dispute resolution body after a dispute arises between the creditor and the consumer. In view of these information obligations, there is no need for additional information in the credit agreement, which is also likely to be outdated in the event of a subsequent dispute.

- The relevant contact details of advisory services and a recommendation to the consumer to contact these providers in the event of repayment difficulties (Art. 21(1)(x) CCD II): This information obligation fails to recognise the particularities of the individual Member States. In Austria, for example, there are 10 debt counselling centres about which the creditor could provide full information in the consumer credit agreement. In Germany, there were more than 1,400 debt counselling centres in 2022, which certainly could not be included in full with their

contact details in the credit agreement. Furthermore, it makes more sense for the creditor to refer the consumer to a debt counselling centre in the event of specific financial difficulties or for the Member States to provide more information about the existence of such counselling centres as part of consumer education than for the creditor to provide information about debt counselling at a time when the consumer's creditworthiness has just been assessed.

9. Waiver of information regarding the modification of the credit agreement (Art. 22 CCD II)

Background: Based on Art. 27 of Directive (EU) 2021/2167), a new Art. 11a has been added to the CCD and incorporated into Art. 22 CCD II following the revision of the Consumer Credit Directive. According to this Art. 22 CCD II, the creditor must provide the consumer with a range of information before amending the terms of a credit agreement. According to recital 53 of Directive (EU) 2021/2167, a consumer should receive a clear and comprehensive list of such changes, the timetable for their implementation and necessary details, as well as complaint procedures, in good time before any change to the terms of the credit agreement. In doing so, the creditor is obliged to indicate the authority to which the consumer can file a complaint each time the terms and conditions of a consumer credit agreement are amended.

Problem: The creditor's obligation to inform the consumer of intended changes to the loan agreement or to describe them is unnecessary because any amendment to the contract requires a clear and detailed amendment offer anyway, which lists all planned changes in full and also regulates the date from which they are to apply. If the planned changes to the consumer credit agreement are based on a change to statutory regulations, a creditor will in any case have an interest in attributing the necessity of a contract amendment to statutory changes in its amendment offer. On the other hand, the mandatory reference to an authority to which the consumer can complain in connection with the amendment is not only dispensable but also confusing for the consumer. This is because the information required by the European legislator about the possibility of filing a complaint inaccurately suggests to the consumer that the supervisory authority can take action in his individual case and help him in connection with a modification offer from the lender. For example, the German supervisory authority emphasises on its homepage that it cannot "help consumers to exercise their individual rights in individual cases" and points out that "[...] other addresses are often better placed to help you."

Solution: The information obligations of the creditor in connection with an amendment to the consumer credit agreement under Art. 22 CCD II should be deleted.

III. Consumer Rights Directive (Directive 2011/83/EU)

1. Pre-contractual information requirements for distance contracts for financial services to consumers (Art. 16a(1) Consumer Rights Directive)

Background: With Art. 1 of the Directive amending Directive 2011/83/EU as regards distance contracts in financial services (Directive (EU) 2023/2673), Art. 16a on pre-contractual information requirements for distance contracts in financial services to consumers has been added to the Consumer Rights Directive (Directive 2011/83/EU).

Problem: The catalogue of Art. 16a of the Consumer Rights Directive contains a large amount of pre-contractual information that goes beyond the information that the consumer needs to compare different offers.

Solution: These pre-contractual information obligations should be significantly reduced.

2. Waiver of renewed withdrawal information (Art. 16a(5) Consumer Rights Directive)

Background: According to Art. 16a(5) of the Consumer Rights Directive, the trader is obliged to inform again about the right of withdrawal if the pre-contractual information according to Art. 16a(1) of the Consumer Rights Directive is provided less than one day before the date on which the consumer is bound by the distance contract. This reminder is sent to the consumer on a durable medium between one and seven days after the conclusion of the distance contract.

Problem: The newly introduced obligation to inform the consumer again about the right of withdrawal one to seven days after the conclusion of the contract creates unnecessary bureaucracy. The costs resulting from this new, post-contractual withdrawal information are not justified, as the consumer has already been informed of their right of withdrawal before the contract was concluded and also when the contract was concluded.

Solution: The new withdrawal information should be deleted without replacement.

IV. Deposit Guarantee Schemes Directive (Directive 2014/49/EU)

1. Waiver of annual information on deposit protection

Background: According to Art. 16 of the Deposit Guarantee Scheme Directive (Directive 2014/49/EU), depositors must be informed of their credit institution's affiliation to the statutory deposit guarantee scheme before concluding a contract on the acceptance of deposits and then at least once a year in accordance with Art. 16(3) of the Directive on an information sheet set out in Annex I of the Deposit Guarantee Scheme Directive.

Problem: Bank customers have no interest in the annual and usually identical information on deposit protection. As this information must be provided at least every year, even if there have been no changes to the statutory deposit protection scheme, this annual information often leads to uncertainty among customers as to whether the scope of protection for their deposits has changed. From the depositors' point of view, the annually repeated information is unnecessary, as they are already sufficiently informed when the contract is concluded.

Solution: Credit institutions should only inform depositors about the statutory deposit guarantee once before concluding a contract in accordance with Art. 16(1) and (2) of the Deposit Guarantee Schemes Directive. The depositor should only receive subsequent information on deposit protection if there are significant changes to the statutory deposit protection scheme after the contract has been concluded. At least the annual information sheet pursuant to Art. 16(3) of the Directive should therefore be waived.

V. Proposal for a Directive on Environmental Claims (2023/0085/COD)

1. Waiver of a prior checking procedure in accordance with Art. 10 of the Directive

Background: The European Commission published its proposal for a Directive on environmental claims (Green Claims Directive, 2023/0085/COD) on 22 March 2023. The European Parliament and the Council of the European Union have now also taken a position on this. Art. 10 of the Commission's proposal provides for mandatory prior verification procedures before the publication of an environmental claim or the use of a sustainability label. An independent inspection body to be set up in the Member States within the meaning of Art. 11 of the proposed Directive is to issue a certificate of conformity confirming that the explicit environmental claim or the eco-label fulfils the requirements of this Directive (Art. 10(6) of the proposed Directive). The details on the organisation of the test procedure and the issuing of the certificate of conformity are to be regulated in implementing acts (Art. 10(9) of the proposed Directive). The prior checking procedure should have to be repeated at the latest after 5 years on the basis of the information updated by the company, even if no circumstances are apparent that could affect the accuracy of a statement (Art. 9 of the proposed Directive). Even after the preliminary assessment procedure has been completed and despite the certificate of conformity being available, the environmental claim should be able to be assessed as inadmissible by courts and national authorities at any time (Art. 10(8) of the proposed Directive).

Problem: The prior checking procedure provided for in Art. 10 of the proposed Directive involves considerable bureaucratic effort both for the member states and for European companies. The Member States would have to set up the necessary inspection bodies and establish the necessary inspection procedures. Companies would be burdened with a disproportionate amount of time and costs as a result of the prior checking procedure. This bureaucracy would weaken the incentives for innovation for ecologically committed companies, as they would only be allowed to communicate sustainability claims if they were prepared to undergo a time-consuming and cost-intensive and also legally uncertain pre-certification process. If companies shied away from this endeavour, consumers would lack the information they need to make sustainable decisions. This would have detrimental consequences for

Europe's competitiveness and ability to innovate, as well as for consumer and environmental protection.

Solution: The effectiveness of existing regulations to prevent greenwashing should be comprehensively reviewed before additional bureaucratic requirements are adopted. This applies in particular with regard to the Empowering Consumer Directive, which came into force on 26 March 2024 (Directive (EU) 2024/825). The negotiations on the Green Claims Directive should in any case be postponed until the implementation of the Empowering Consumer Directive, which also pursues the goal of preventing greenwashing and ensuring better information for consumers with regard to environmental claims. If the trilogue negotiations on the Green Claims Directive are taken up, the prior authorisation procedure in Art. 10 of the proposed Directive should be dropped completely. At the very least, however, the Council's general approach with regard to Art. 10 of the proposed Directive should be taken into account for the trilogue negotiations and a so-called 'simplified procedure' should be established for all types of environmental claims. In addition, there should only be an obligation to update environmental claims and to carry out a new prior checking procedure if there are objective indications that the environmental claim is incorrect. The mandatory updating and recertification after 5 years (Art. 9 of the proposed Directive) should be waived.

VI. Streamlining Reporting Requirements: Addressing Challenges and Reducing Redundancies

The banking sector faces an ever-growing number of reporting requirements. Regulatory initiatives such as COREP (Common Reporting) and FINREP (Financial Reporting) have introduced detailed data collection standards, requiring institutions to submit tens of thousands of data points. These extensive requirements come with significant challenges.

The sheer volume of data points to be reported and the overlap among various reporting frameworks often lead to inefficiencies and redundancies. For example, COREP and FINREP alone demand rigorous coordination across multiple internal departments to ensure accuracy and compliance. Meanwhile, new reporting standards such as AnaCredit and evolving ESG (Environmental, Social, and Governance) obligations add further layers of complexity, requiring substantial investment in data systems and skilled personnel.

While these reports play their role in safeguarding financial stability and providing transparency, the administrative burden on institutions is growing at an unsustainable pace. To address these challenges, it is imperative to streamline reporting processes, eliminate redundancies, and enhance clarity in reporting standards. The following outlines key areas where reporting requirements create unnecessary burdens and proposes targeted solutions to mitigate these issues.

1. Identification of Burdensome Reporting Requirements and Redundant Reporting Formats

a. Identification of Redundant Reporting Templates and Data Granularity

Problem:
IREF (Integrated Reporting Framework) aims to streamline the reporting process by introducing granular data submissions, similar to AnaCredit (Analytical Credit Datasets), which would eliminate redundant templates. However, the current approach may not fully benefit the banking sector unless it is completely implemented. Supervisory and resolution reporting are not yet integrated into this framework, leading to continued redundancy. Despite the overlap in data attributes, the lack of comprehensive consolidation hinders meaningful relief for banks.

Solution:
Complete the integration of supervisory and resolution reporting into the IREF framework alongside statistical reporting. Ensure full consolidation to leverage the high overlap in data attributes, providing meaningful reductions in reporting burdens for banks.

b. Redundancy in SHS and SHSG Reporting

Problem:
Some institutions submit both SHS (statistics on holdings of securities) and SHSG (statistics on holdings of securities by reporting banking groups) reports monthly. The SHSG report, intended as a group submission (e.g., for financial holding group), results in duplicate reporting for identical transactions (e.g., Depot A). The SHSG report is more granular, and the SHS report does not provide additional value, leading to unnecessary duplication.

Solution:
Eliminate the SHS reporting requirement for institutions already submitting SHSG reports, as the latter's granularity sufficiently fulfils the reporting needs.

c. National BISTA Reporting and Cross-Border Obligations

Problem:
Starting in 2025, BISTA (reporting templates for the balance sheet statistics of banks) reporting for branches within the EU will no longer be required; a domestic report will suffice. However, foreign status reporting obligations remain unchanged. BISTA for foreign branches must still be prepared, even though submission is no longer required. Due to the close link between BISTA and AUSTA (external position of banks), both reports still need to be prepared, negating the intended reduction in administrative burden.

Solution:
Address the linkage between BISTA and AUSTA by revising reporting requirements to eliminate redundant preparation steps. Enable full relief by aligning foreign and domestic reporting obligations.

d. Weekly ECB Liquidity Exercise

Problem:
The ECB's weekly Liquidity Exercise includes data already covered in the monthly LCR (Liquidity Coverage Ratio) and AMM (Additional Monitoring Metrics for Liquidity Reporting) resulting in duplication. This increases the reporting burden without adding supervisory value.

Solution:
Introduce a threshold (e.g., an LCR below 120%) at which supervisory authorities could request additional Liquidity Exercise reports. This would streamline reporting and focus efforts on institutions requiring closer monitoring.

e. Climate Risk STE Reporting Overlap

Problem:
The first two templates for the climate risk stress test overlap significantly with CRR disclosure requirements. This duplication increases complexity without adding value.

Solution:
Eliminate the first two climate risk stress test templates and integrate the relevant data into CRR disclosures. This would consolidate reporting requirements and reduce redundancy.

2. ESG Reporting Obligations: Challenges and Opportunities

a. Taxonomy Regulation (Art. 8 TR) reporting for Banks

Problem:
The reporting templates for Art. 8 TR are overly complex and unsuitable for inclusion in management reports. Institutions often require more than 100 pages to meet these requirements, making it difficult for investors and specialists to extract necessary data for taxonomy calculations. Overlap with Art. 449a CRR results in double reporting, further complicating disclosure.

Solution:
Simplify ESG reporting templates to a level comparable to the KM-1 disclosure template (key metrics template), including only key figures relevant to investors. Alternatively, make taxonomy-related disclosures in management reports obsolete if disclosures under Art. 449a CRR are required.

b. European Sustainability Reporting Standards (ESRS)

Problem:
The sector-agnostic ESRS standards are disproportionately complex, exceeding IFRS requirements in terms of formal design. This complexity does not result in clarity but instead increases interpretive challenges due to ambiguously formulated requirements.

Solution:
Leverage planned sector-specific ESRS requirements to create a "banking package" that consolidates sector-agnostic and sector-specific disclosures. Limit additional requirements to "non-standard banking scenarios" to reduce complexity, particularly for less complex institutions.

3. Recommended Improvements to Facilitate Reporting Processes

a. Reinstating the "Group Privilege"

Problem:
The obligation to prepare an ESRS individual report for publicly traded subsidiary companies imposes a disproportionate burden, as it duplicates the parent company's consolidated report. This redundancy creates significant coordination challenges, requiring extensive resources.

Solution:
Reintroduce the group privilege to eliminate the need for individual ESRS reports for subsidiary companies. Propose revisions to the Level 1 CSRD (Corporate Sustainability Reporting Directive) during future European-level reviews to streamline reporting processes for smaller institutions. Adjust size-class criteria to better reflect the scale of banking institutions.

b. Parallel Maintenance of Registers (EBA Guidelines and DORA)

Problem:
Institutions must maintain both an outsourcing register (per EBA guidelines and national laws) and an additional information register (as mandated by DORA (Digital Operational Resilience Act)). This redundancy results in increased administrative complexity without adding supervisory value, as many ICT and cloud services are documented in both registers with partially different data requirements.

Solution:
Streamline requirements by harmonizing data documentation across the outsourcing register and DORA information register. This would reduce duplication while maintaining effective oversight.