



# **Financial Services User Group's (FSUG)**

**opinion**

**on interest rate  
restrictions in the EU**



22 March 2011

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# FSUG response to the consultation on the Study on interest rate restrictions in the EU

## INTRODUCTION

Main goals of credit and debt law has been two-fold: protect lower-income and disadvantaged consumers against unfair credit terms, redistribute power and resources generally from creditors to consumers, and free movement of goods and services financed by credit. Consequently, it has developed into a balancing act between stimulating financial services and safeguarding economic interests of consumers.<sup>1</sup>

In the European debate, two main strands of regulatory strategies can be distinguished. The first strand is neoliberal in approach and relies on empowerment of the consumer, who is assumed to be a rational maximizer of his own utility by making optimal resource allocation decisions when provided with sufficient information. In this model, regulating information disclosure and installing some controls on unfair terms in credit contracts is considered adequate condition for markets to police credit provision, to foster responsible lending and borrowing and to sustain the development of financial capability. The second strand is more interventionist and paternalistic in operation and it is typified as social market approach to consumer credit. It is not primarily concerned with economic grounds and includes compulsory interest rate ceilings, lender liability for irresponsible lending, controls on termination and default penalties and restrictions on debt recovery from consumers. These non-economic rationales may express social values such as distributive justice, access to credit, may draw on human rights and constitutional principles and may aim at both redistribution of wealth, mitigation of cultural exclusion and marginalization and at increasing autonomy and self-reliance. To some extent, both strategies can be applied simultaneously and a certain degree of overlap between them may exist.

Accordingly, a variety of justifications have been put forward for interest rate restrictions (hereinafter: IRR). A primary motive is to restrict price levels in order to protect unsophisticated and vulnerable consumers (i.e. households with low income, low wealth or already high debt income ratio), provide credit fair prices, not allowing for overpriced credit to inexperienced consumers, and stimulate competitive market force conditions. All previous issues, matter of main concern of the FSUG. Nevertheless, the impact of these controls is still a controversial issue, which has been highlighted as we answer the questions related to the consultation on interest rate restrictions. That does not imply, however, that interest rate restrictions' potential value and its opportunities are overlooked. Rather, the FSUG is attentive of the intrinsic value of interest rate restrictions provided such regulatory technique takes into account the different levels of consumer sophistication, protect high-risk low-income consumer against exploitation by keeping them out of potentially hazardous credit products, address risk insolvency, high cost credit and fraud. Furthermore, the consultation paper on IRR highlights that there are 'only very few empirical studies' which assess the existing modern forms IRR. In Europe, only two major studies directly using empirical data have recently been published<sup>2</sup>, one in the UK in 2004, the other in France in 2009. In light of this finding, the FSUG considers that there is a further need to carry out empirical research into and understanding the impact of IRR policy.

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<sup>1</sup> See, e.g. *White Paper: Financial Services Policy 2005-2010*, Commission of the European Communities, 2005, "The Commission will deploy the most open, transparent, evidence based policymaking based on a dual commitment to open consultation and impact assessments, so to ensure sound rules are drawn up, adding value to the EU's financial services sector and consumers". See also *Consumers of Financial Services and Multi-Level Regulation in the European Union*, Bradley, C, 2008, *Fordham International Law Journal*, Vol.31, University of Miami Legal Studies Research Paper No. 2008-23, 24 pp.

<sup>2</sup> See page 35 of the study on IRR.

## **FSUG response to the consultation on the Study on interest rate restrictions in the EU**

### **RESPONSE**

#### **General assessment**

*(1) Do you think that the inventory of IRR presented in the study accurately reflects the reality in EU27? If not, please explain why, and what information you think is missing or incorrect.*

In general, the FSUG consider that the study provided a good overview of different types of IRRs in the member states as well as its impact.

However, as far as IRR and the prevention of usury is concerned, the inventory does not seem to address – to a large extent – the so-called objective control system vs. the subjective control system approach. In the former case, interest rates receive a control a priori and they cannot exceed the maximum rate established by national law (for example, Italy, France, the Netherlands, Belgium). In the latter approach, usury rates are determined by subjective case by case decisions of the national competent Courts that exercise the control over usury practices a posteriori/ex post (e.g. in the UK and Germany), as well as the power to render unenforceable high interest rate agreements.

In addition, the study on IRR draw attention to the limitations of consumer rationality due to cognitive biases and the inability to manage complex decisions<sup>3</sup>, which introduce the grounds on which they based the twelve hypotheses on the impact of interest rate restrictions. However, drawing on the analogy to consumer safety and the regulation of potentially hazardous products, still little attention has been pay on the unsophisticated and vulnerable consumer. Despite the fact that IRR may be an important measure of protection to high risk low income borrowers by keeping them out of potentially hazardous situation.

Further, as regards information on Romania, the recently introduced modifications in the legislation are not mentioned. These refer to the restriction on the default interest rate for loans at 2 % above the contractual interest rate, in some special cases (unemployment, death, decrease by more than 15 % of the income, etc.). This provision was introduced in June 2010 (by Emergency Government Ordinance 50/2010) and is the result of a proposal made by the financial portal Conso.ro, within the public consultation carried by National Authority for Consumer Protection, before adopting the draft regulation. The proposal envisaged the limitation of the default interest rate for all types of individual customers, as a reaction to the credit institutions' practice that charged exaggerated default interest rates (up to 7 % over the contractual interest rate) in case of delay in reimbursement. This high default interest rate was burdening even more the financial situation of the debtor, leading to higher debts that were ultimately in the creditor's disadvantage too.

In relation to restrictive lending in The Netherlands, commercial banks do not give out loans to people with an income at the social minimum. The social income (100 %) is seen as necessary for living and should not be restricted by repayment of credit. Where social credit is needed, the Volkskredietbanken (NVVK, Dutch council of municipal banks) do have a structure in place for small social loans for clients with an income of up to 130 % of the social minimum at low interest rates.

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<sup>3</sup> See Chapter 2.1.

## **FSUG response to the consultation on the Study on interest rate restrictions in the EU**

Finally, while the study on IRR reveals findings that "problems of usury and extortionate credit are basically concentrated in consumer credits, especially in certain forms of revolving loans and small loans as opposed to mortgage loans"<sup>4</sup>. In Spain, more than twenty thousand consumers are affected by the minimum interest mortgage repayment clause and have joined the collective action against the Spanish banks that hide this clause.<sup>5</sup>

<p><i>(2) Do you think IRR policies are justified? Why? Under which conditions?</i></p>
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Traditionally, price control has generally only been accorded a consumer protection role in monopoly situations, as well as means of controlling inflation. The FSUG believe that IRR policies are a precondition to benefit fully from the internal market and contribute to social inclusion. Given that they are especially justified in terms of consumer protection and financial inclusion promotion. IRR policies could ensure that all consumers are able to access appropriate lending in a modern society, improving the quality of their everyday lives and their participation in the internal market.

Overall, one of the study's findings is that IRR in its various forms exists in 21 Member States. This fact could be a first significant indicator justifying IRR policies.

The need of IRR policies may be also seen from the aspect that low-income persons with a heavy burden of debts are not enabled to change the bank, neither now nor in future. According to experience in Austria, bank changes and consumer mobility ends up at this point: if debts explode unlimited by an accumulation of default interest rates and compound interest, in particular low-income borrowers are forced to stay with a bank probably for life time, as other banks will not be interested at any time in gaining a client with a steadily increasing lack of creditworthiness.

As far as direct IRR concerns, restrictions on the default interest rate are highly important for consumer protection as consumers get often in the situation of not being able to pay the instalments due to the financial difficulties they are facing. Nevertheless, default interest rate should not be, for the financing institutions, a way to maximize their profits.

At the same time, ceilings on the contractual interest rate are also justified, although often their levels are too high in order to be effective. These ceilings concern only a small part of the loan offers, thus the uninformed consumers or mislead consumers by the financial offers are protected against very expensive loans that could bring to them in the future more disadvantages than advantages. In Austria, mortgage credit agreements of building societies include a well-approved system of floor rates (for instance 3 %) as well as of ceiling rates (6 %). The interest rate is being bound to a reference index, but may not exceed the ceiling of 6 %. This prevents over-indebtedness in the long run, as borrowers obviously profit from ceilings in cases of sharp increase of interest.

IRR are also justified to tackle unacceptable forms of predatory lending or loan sharks, mainly in the area of unsecured loans and consumer credit markets, that today are unregulated and in some member states may carry on business legitimately. Often, weak and vulnerable consumers access these forms of credit as they are excluded from mainstream lending as the result of (unregulated) credit scoring practices.

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<sup>4</sup> See pages 37 and 54.

<sup>5</sup> Moreover the study on IRR reports that "the consumer detriment resulting from such practices, have only been found in Spain", see page 105. For an extensive overview on the issue of 'cláusula de suelo', or minimum interest mortgage repayment clause reported by Spanish Association of Consumers ADICAE see <http://www.consumersinternational.org/our-members/member-activity/2011/02/adicae>.

## **FSUG response to the consultation on the Study on interest rate restrictions in the EU**

IRR policies would also contribute to discourage the indiscriminate use of credit scoring techniques not only to accept or refuse credit applications but also price loans according to credit scores, where weak scores determine not the refusal of credit but credit at a very high interest rate (i.e. high price for those who may have more difficulties in repaying their debts – the poor pay more). Credit scoring techniques, nevertheless, should be regulated separately.

Two methods are used by lenders to reduce credit risk:

1. Conduct thorough creditworthiness assessment: the credit is not granted if present and/or future ability of the borrower to meet his financial obligations is at risk. This method is the most efficient to combat all together risk of limited access to credit and overindebtedness. Nevertheless, the way creditworthiness assessment is implemented, the type of data used (sociological/statistical or personal, and/or related to budget management and budget balance of the client) can dramatically change the quality of the assessment, and then the quality of the risk. This is especially true for low income people that are not appropriately assessed by 'credit scoring' method (usually, they are excluded from mainstream creditors), because they were not part of the population that has been use to build such predictive tools. For an appropriate risk assessment for the 'current' excluded people, a new approach should be necessary, and the numerous 'projects' active in affordable credit show some new good practices to be widespread in the mainstream market operators.
2. Transfer the credit risk to the borrower by charging high interest rates. The latter method prevails in the markets for short-term and high-risk loans. While responsible lending is primarily being considered with respect to traditional instalment credit (secured and unsecured loans), high-risk credit segments have not been addressed in all Member States. Nevertheless, given the fact that short-term and high-risk loans mainly target low-income consumers and youngsters, possible damage caused by such loans should not be underestimated (debt-spiral or over-indebtedness).

Finally, should be the impact of the debtor which justifies IRR policy and not the economics of the supply side.

Market competition does not seems to play its role within the financial market, at least considering the interest rate level as an indicator, in some countries where no IRR exists. Unsurprisingly, high-cost credit (sms-loan, payday loan) has mostly developed in countries with no IRR or high interest rate ceiling (e.g. the UK, Sweden, Slovenia), meaning that loopholes in legislation are immediately exploited by market players. Market failure are probably due to many reasons, in which we can find the lack of transparency in products, fees and costs, the relatively small number of operators, the limited number of type of providers in some of them (only profit oriented company, weakness of affordable supply operator via savings banks, cooperative banks or NGO), the lack of information and understanding of a significant part of the public at risk of exclusion, the lack of economical rationality when considering credit because, above all, the 'social' use of the credit (for health, family, other urgent debts) will explain the client behaviour.

The study finds that the primary objective of the IRR policy in some Member States is to comply with the principle of good morals and fairness, i.e. to prevent the intentional exploitation of the weakness of another person at an individual level through extortionate pricing, especially in relation to credit. It is indeed immoral to exploit weakness of low-income consumers (narrow choice) by charging high interest rate.

## **FSUG response to the consultation on the Study on interest rate restrictions in the EU**

Instead, in order to fight against over-indebtedness and prevent financial exclusion of vulnerable and high-risk consumers, such consumers should be offered loans adapted to their needs (e.g. micro-credit). Development of these forms of credit must form part of public policy actions. They must target specific consumer groups and be affordable. Best practices must be promoted on an EU-wide scale.

### **Impact of interest rate restrictions**

(3) *Do you agree with the conclusions of the analysis of the 12 hypothesis examined in the study?*

A preliminary observation is that, it is not easy to assess whether these conclusions were reached based on a balanced panel of respondents by country and by stakeholder. For example, if the conclusions were based on prevailing provider association's answers, they reflect a bias position. Moreover, these conclusions rely on subjective assessment. As in more advanced countries IRR regulation exist for a while, a quantitative impact assessment of these regulations would have been more helpful. There were many opinions against IRR because, for example, they limit access to credit and an impact assessment in this respect would have been very helpful. In spite, FSUG generally support the other hypotheses, they would require qualification or further specifications.

Concerning H1, it may be correct that IRR reduce credit access for low-income borrowers but it would do so for products that are not suitable for them anyway.

As mentioned above, all lenders and intermediaries must act responsibly, irrespective of the type and amount of the credit. While H1 may be true, i.e. credit access for some low-income consumers may be reduced as a result of IRR, it should not be taken for granted that existence of easy access to credit always leads to a better outcome for borrowers. Spending more than you earn is not sustainable in the long run. Thus, social utility of some types of credit may be questioned. Considering the financial inclusion definition we are currently referring, it is not only the 'access' that should be taken in account, but also the lack of 'use difficulties' that should be taken in account to consider the financial inclusion in is complete dimension.

It would be also interesting to mention at this stage that it is much less expensive to 'avoid' a bad credit thanks to an appropriate regulation that to solve an 'overindebtedness' situation. All the stakeholders involved in the curative process of overindebtedness will insist on the importance of prevention. Moreover, it should also be mentioned about the social and public cost of overindebtedness, which is not, so far, transferred to the credit providers. The 'polluter pays principle' is not very much implemented so far.

Market segmentation is also highly questionable because of the lack of transparency regarding the real costs and benefits related to a particular product, to a particular public. In fact, the 'sub-prime' for particular public usually increase highly the profitability of the product. Why? Because the real risk level is applied to the whole group at risk but, in the reality, only some of them are going to have effective defaults. As a paradox, this leads to particular lucrative niches, which one can consider as a discriminative practices, because of a difference of a price that is not justify for the considered 'at risk people' who will reimburse their credit like the others.

## **FSUG response to the consultation on the Study on interest rate restrictions in the EU**

Concerning H3, it may be true that without IRR more product types exist in the market. However, the question is what kind of products would not be there. If the result is that of eliminating predatory 'credit products' and practices, this should be seen as positive. Markets adapt themselves, evolve, and correct themselves from regulation. Therefore, such an hypothesis should not be seen necessarily as negative.

With or without IRR, when a person or a household face financial difficulties, its first reaction is usually to find more 'money' rather than reduce expenses, because its expectation is usually that the difficulties will not last too long. When the situation last more than expected, the person/household will use the various possibilities to get 'cash' or financial means. In this set of possibilities, paying bills late is an option. This option is only possible for some particular goods and services that are paid 'after' the consumption (energy, some phone bills).

The providers of such goods can develop ways to reduce the risk of to high debt by implementing 'pre-paid' tools.

Concerning H4, the problem of illegal lending is not an issue in many countries where IRR are implemented. In no case may emergence of illegal market be used as an argument against IRR. Illegal lending and black market are by definition prohibited and must be punished in accordance with relevant legislation in countries where such a problem exists.

Concerning H5, over-indebtedness is a too much inter-related issue to be simply explained by a single element as 'interest rate'. It is also true that they are very few in depth studies that have worked on this particular dimension, with a statistical relevance.

What can be said is that interest rate, and all the financial fees attached to financial products have to be considered as expenditures for the budget of the household and that over-indebtedness is considered as a long-term unbalanced situation between incomes and expenses. Therefore, if a direct influence exists between IRR and the financial expenditures amount of a household, it should not means that is has an influence on over-indebtedness.

Concerning H6, the FSUG appreciate that the absence of interest rate restrictions leads, on the contrary, to a higher level of over-indebtedness. Without these restrictions, credit institutions are more willing to grant loans to individuals with a high risk profile at high costs, according to the assumed credit risk. Experience shows that these loans have a high default rate, meaning that very many consumers get to over-indebtedness situations because they got an inappropriate loan.

Concerning H7, as suggested by the study, providers react to regulation by charging fees for which the regulation does not apply. Thus, all loopholes in the legislation must be removed so as to fix the issue.

In Belgium and France, for example, APR includes all fees and charges linked to the loan. Adopting a similar measure for all types of credit would have a two-fold positive effect: prevent lenders from charging unregulated fees and enable consumers to compare different offers.

FSUG agree with the conclusion of H8, IRR is unlikely to be a barrier to consumer credit market integration. On the contrary, a certain level of harmonisation of IRR is likely to contribute efficiently and objectively to market integration.

## **FSUG response to the consultation on the Study on interest rate restrictions in the EU**

Concerning H9, competition measure, indicators are hard to define therefore measuring it is until now very challenging. We do not want to list all the theoretical pre-conditions necessary to reach a good competitive market, but we will mention some of the most important effective one in the current financial EU market:

- number of providers, size of the providers, diversity (status/type) of the providers (profit oriented or not, public/partly public bank/cooperative banks, savings banks, postal bank, credit intermediaries, non-banking credit providers, SRI/social dimension in the management);
- transparency in the market information (easy to access, to understand by all actors (clients);
- product homogeneity for an easy comparability;
- market maturity (credit penetration);
- financial literacy level of the actors.

Considering all these dimensions, it is already clear that competition is hardly served in the financial market, because of its characteristics (it is not easy to enter or leave the market as a provider). Therefore, in many case, the level of competition (considered to serve the interest of the consumers), has been improved thanks to national and European regulation.

IRR, when they apply to all the practitioners with no exception, are theoretically neutral on competition because they affect all of them in the same direction.

**(4) Do you think that IRR are a barrier to the EU credit market integration?**

FSUG consider that IRR are not an obstacle towards the integration of the credit single market. On the contrary, the lack of it – together with a number of other factors – contribute to the fragmentation of European credit markets where as a result credit products and services develop differently and/or at a different pace. Consumer credit has impacts on financial and social inclusion and consumers' welfare – IRR should be harmonised together with other identified areas that currently jeopardise consumer credit markets. A certain level of IRR harmonisation is likely to contribute efficiently and objectively to market integration. Moreover, there was some consensus for allowing financial supervisors or consumer authorities on the national level to carry out the initiative of introducing IRR.

For instance, in Romania although there is no restriction and the average cost of loans on the market is much higher than in other EU Member States, there are no financing institutions to grant cross-border loans to individuals. Therefore other factors could represent barriers to the integration of retail credit market.

**(5) Which would be the impact, at social and consumer level, of a ban of IRR?**

Financial exclusion is a process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market, that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong.<sup>6</sup> In this regard, IRR undoubtedly provide important consumer protection. A ban of IRR could be a disaster for consumers, especially for low-income people in risk of financial exclusion.

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<sup>6</sup> *Financial services provision and prevention of financial exclusion*, European Commission, VC/2006/0183, March 2008.



## **FSUG response to the consultation on the Study on interest rate restrictions in the EU**

Given the growth in high-cost fringe banking services that target people who do not have access to mainstream financial services and the limited respect of consumers' rights and fair dealing rules by some alternative financial providers that exploit low-income people, it is important to consider the interplay between services and providers when assessing the access someone has. Further, predatory lending practices by non-mainstream lenders would be legitimised. This, combined with unregulated credit scoring practices by mainstream lenders, would exacerbate financial exclusion and over-indebtedness. As a result, a ban on IRR could be more detrimental than the non-existence of IRR. With no regulation on IRR, a moral judgment can be performed on various practices that take advantage of the consumers' lack of awareness and financial literacy, at least.

*(6) What system/type of IRR, if any, do you find is most appropriate/effective to prevent potential consumer over-indebtedness? Please describe.*

Unsecured debt is becoming concentrated amongst particular social groups, such as households with low income, low wealth or already high debt income ratio, whom run risk of overindebtedness because of their vulnerability to adverse events, such as fall income or higher debt repayment charges following an interest-rate hike.

Numerous studies<sup>7</sup> distinguish between, at on hand, active over- indebtedness, due to institutional factors, such as the efficiency of the legal system or efficiency of information-sharing mechanisms in place amongst lenders, increasing incentives to apply for loans at more than one institution, which reveals rather an opportunistic behaviour on the part of borrowers. On the other hand, passive- over- indebtedness, due to events that negatively impacts an individual's financial situation, and is mainly the result of a change in employment conditions, i.e. job loss, reduction in working hours, a change in composition of the household, i.e. divorce and separation, illness or injury, death, but also changes in macroeconomics variables, which will be the case of interest rates hikes. Consequently, reduce of income source next to unexpected liabilities.

IRR measures are an efficient protection to prevent over-indebtedness issues and meet appropriately the objective of addressing use problems, ensuring appropriate credit provision by the market.

People face use difficulties because they access inappropriate financial products. These difficulties are caused simultaneously by the characteristics of the products, the way they are sold (supply side) as well as the situation and the financial capability of the customer (demand side).

These difficulties can happen with a loan that is sold with insufficient advice and with technical terms that are incomprehensible to anyone who is poorly informed, or with exorbitant charges for someone with a low income. Inappropriate access (e.g. use difficulties) to credit could result in the borrower having less disposable income and sometimes become over-indebted (Gloukoviezoff 2008).

In this context, the most appropriate/effective system/type of IRR to prevent potential consumer over-indebtedness seems to be APRC taking into account all cost elements from ancillary services such as payment protection insurance, fees charged for brokerage, fees for cash withdrawal or small amounts of credit card.

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<sup>7</sup> For an extensive overview see, *Consumer Credit in Europe: Risk and Opportunities of a Dynamic Industry*, Vandone, D, 2009, Springer:Verlag Berlin Heidelberg.

## FSUG response to the consultation on the Study on interest rate restrictions in the EU

However, IRR measures might be insufficient to guarantee credit access to some people with an adequate demand. Other initiatives, requiring to check more extensively the ability to pay, coupled with legislation that enables credit agreements to be considered by the courts and terminated if inadequate checks have been made, seem likely to provide responsive protection for consumers and at the same time to carry a lower risk of exclusion.

It is also important to recognise that people to whom banks and other mainstream lenders will not lend often need to borrow. If they are not to be exploited by commercial lenders they need an alternative source of credit. The funds established in Italy to assist victims and potential victims of exploitative lending, the Irish Money Advice and Budgeting Service, the NVVK in the Netherlands as well as the steps taken in the United Kingdom to develop not-for-profit lenders provide useful models of how this might be achieved.

Therefore, the FSUG consider that fixing a legal ceiling interest rate can, on the one hand, limit the credit offer to overall less solvent populations and, on the other hand, reduce the risks of credit use which then appears too expensive and could lead to over-indebtedness. However, during exchanges with experts it appeared that when these ceilings are fixed in an adequate way (together with a suitable control mechanism), they do not cause a significant rise in illegal practices<sup>8</sup>.

Indirect IRR could be more effective as it could be not seen as a direct intervention on the market, interfering with the free market, it would not need periodical revision and it would be applicable by each institution.

The most practical solution is establishing a maximum ceiling as a percentage of the average APRC for the loans granted at domestic level, according to the official statistics. The ceiling could be different based on the type of loan, the loan currency and the loan maturity. Thus the ceiling is adjusted to the market conditions, eliminating the offers at exaggerated costs. Moreover, an objective control system covering all types of lending by banks and non-banks alike. Interest rates should be tied to the official interest rate or the cost of obtaining money paid by lenders (e.g. inter-bank rate).

*(7) What system/type of IRR, if any, do you find has less negative effects in terms of limiting the access to credit? Please describe.*

While IRR undoubtedly provide important consumer protection, they carry the risk of excluding people to whom lending might, in fact, be responsible. Indeed IRR can restrict access and can also lead to additional charges which are less transparent, while complete transparency and predictability of charges is important to low-income people.

Loss of transparency and displacement of charges as a consequence of an IRR can be avoided when, as it is the case in France and Belgium, the interest ceiling applies to the total cost of credit (the APR). Moreover, in Belgium, the costs and charges related to default payment are also strictly limited by law.

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<sup>8</sup> *Financial inclusion indicators report, Olivier Jérusalmy, June 2009.*

## **FSUG response to the consultation on the Study on interest rate restrictions in the EU**

However, limiting access to credit is not necessarily negative and a culture of savings should also be encouraged. On the contrary, the recent financial crisis and experience has shown that in countries where households were less indebted the impact was not as devastating as in countries over-relying on credit to consumers where households were heavily indebted. A relative restriction mechanism has the smallest effect over the limitation of the access to credit. In this case, the maximum ceiling varies based on the market conditions, allowing thus the increase in the credit costs during periods when the market conditions determine a growth of the credit risk.

### **Possible follow-up**

*(8) Do you believe that, based on the findings of the study, there is a need for further action at EU level? If yes, what form such a policy response should take?*

A directive stating, at least, the obligations of the financial and consumer authorities to prevent over-indebtedness and to prevent abuse practices of financial institutions by IRR regulations and providing the principles of setting up IRR.

A uniform or, at least, a better harmonized approach is needed for the 'usury' concept, present in the legislation of all Member States, in order to provide measures for fighting against this kind of practices.

Establishing a unique level of IRR at European level is not advisable, but a general framework for setting up the ceilings would be beneficial for consumers.

Finally, an FSUG consider that an important step in the analysis of IRR impact is to compare the results of the introduction of IRR with results of an alternative and more targeted intervention, such as default risk based re-pricing in connection with vulnerable consumers in financial difficulties.