

## Closing Keynote Speech

### 2022 ACCIS Annual Conference “Powering access to responsible credit”

- Good afternoon, ladies and gentlemen.
- Mr Velazquez, thank you for your kind invitation to your annual conference.
- I should have been here two years ago when you invited me to the 2020 edition of your annual conference. But unfortunately, the COVID-19 crisis forced us to wait a little longer.
- In the meantime, our world has changed. The pandemic has had a considerable impact on everyone’s life but has also made the vulnerable more exposed.
- As you may know, one of my priorities as Justice Commissioner is to protect the more vulnerable members of our society, including the financially vulnerable consumers.
- I am happy to be here to share my reflections on how to empower consumers and ensure their access to responsible credits.
- I think we share common goals.
- As organisations managing data to assess consumers’ creditworthiness, **you seek to avoid over-indebtedness** and situations in which people cannot repay the money they have borrowed.
- This was also part of our thinking behind the **New Consumer Agenda**.

## [The New Consumer Agenda]

- Our **New Consumer Agenda**, adopted in 2020, is designed to empower consumers in the green and digital transitions. It addresses questions of consumer protection and consumer resilience, especially after the Covid pandemic.
- This agenda contains **22 concrete actions**, with all the measures available to us:
- There are **legislative proposals**, like the revision and updating of the Consumer Credit Directive, which I will speak about in a moment, and the Distance Marketing of Financial Services Directive.
- At the same time, we are **supporting Member States in the transposition** of legislation, for instance the Directive on Representative Actions.
- Then, we **strengthen the capacity of national authorities** to tackle illegal online commercial practices, through innovative e-tools.
- We also **provide funding**, for example to enhance the **availability and quality of debt advice services** in the Member States.
- Of the 22 actions set out in the New Consumer Agenda, **ten** were already delivered. Nine actions are being carried out as we speak, and the last three are set to start soon.
- My focus today will be on one of those actions, the Consumer Credit Directive, which I know is of interest to you.

## [Consumer Credit Directive (CCD)]

- Digitalisation has of course changed the way **financial services are marketed** and sold to consumers.
- At the moment, households are suffering the effects of an increase in food and energy prices.
- They are still feeling the effects of the Covid pandemic. And now, the war in Ukraine has made the situation even worse.
- I worry about families turning to credit, getting over-indebted and falling victim to irresponsible lending practices in the EU.
- This is why the **Commission proposal to revise the Consumer Credit Directive** aims at better protecting consumers taking out consumer credit, which is all the more important in the current context.
- It aims to respond to the challenges of digitalisation and the impact of COVID-19 on the credit market and on consumers, especially the vulnerable.
- We also aim to improve the competitiveness of the internal market.
- One key element of the proposal is the creditworthiness assessment. In line with the jurisprudence of the Court of Justice in Luxembourg, the proposal aims to **strengthen responsible lending requirements**.
- The proposal sets out rules obliging creditors to carry out a creditworthiness assessment. This assessment must **take into account the consumer's interest** and only **be based on necessary and proportionate information** on financial and economic circumstances **to prevent over-indebtedness**.

- The terminology was chosen to mirror the Mortgage Credit Directive, which also provides rules on creditworthiness assessment.
- Our intention is to ensure that **only necessary data is processed**. This is in line with the principles of the General Data Protection Regulation, namely data minimisation, purpose-limitation and the general principle of proportionality.
- For example, health data, such as the cancer status of the credit applicant, is usually irrelevant for a creditor when processing a request for a small loan.
- The Commission proposal also requires that credit be offered where the result of the creditworthiness assessment indicates that the obligations of the credit agreement are **likely to be met** in the manner that agreement required.
- But it allows, in specific and well-justified circumstances, that the credit can **exceptionally be made available** to the consumer even if these obligations are not likely to be met.
- We attach particular attention to this point for the ongoing discussions between the co-legislators about the proposal.
- The processing of a consumer's financial data should be done in a way that is open and transparent, especially when profiling or automated decision-making is part of the outcome.
- That is why the Commission proposal widens the rule set out in the GDPR to cover cases when automated processing, including profiling, is used for the creditworthiness assessment.

- In this case, **consumers have the right to request and receive human intervention** on the part of the creditor and a **meaningful explanation** of the assessment of creditworthiness.
- They should be able to **express their views** and to **contest the creditworthiness assessment**.
- When it comes to the balance of **data protection and data innovation**, it is essential to keep in mind that **personal data is a fundamental right**.
- The revision of the Consumer Credit Directive conforms with the General Data Protection Regulation which is **flexible enough to ensure sound protection** of data and, at the same time, **allow innovation** in the sector.
- In addition, it is important to ensure that innovative systems using artificial technology also put people first. This is essential to build trust in the system.
- Therefore, the Commission adopted the Artificial Intelligence Act (AI Act) proposal to **strengthen the safety and fundamental rights compliance** of this technology.
- This is of relevance to the guiding principles of your industry, seeking, among others, to avoid causing or perpetuating credit discrimination.
- We are also looking at proposing targeted and risk-based rules on liability in the second half of this year.
- Regarding progress of digital literacy and skills, the digital space has enabled data sharing to be faster and on an unprecedented scale.

- Data sharing mechanisms in the credit market could contribute significantly to **improving the risk profile of borrowers**; therefore, data sharing can ultimately **prevent over-indebtedness**.
- Even so, data sharing is **subject to the legal safeguards** imposed by the GDPR. And consumers taking out **consumer credit should be protected** through this legal framework.
- To enable consumers to better **understand the credit agreement** they are entering into, the proposal provides for **disclosure of the information in stages**.
- Hence, the consumer will receive information gradually: first general information, then pre-contractual information and finally contractual information.
- At the **pre-contractual stage**, the proposal introduces a Standardised European Consumer Credit Overview (SECCO).
- On one page, the information summarises the **key features of the credit** to ensure that consumers see all essential information at a glance, even on the screen of a smartphone.
- Often people taking out a credit agreement don't really understand what they are signing.
- So we have introduced the idea of **adequate explanations** in the Consumer Credit Directive.
- Creditors will have to explain the proposed credit agreements adequately to consumers.

- This will **enable consumers to assess whether the proposed agreement is adapted to their needs and financial situation.**
- The Commission proposal also contains **financial education measures** to improve consumer understanding of the credit products they want to purchase.
- And finally, to support consumers in financial difficulties or already over-indebted, the proposal ensures that **debt advisory services** are made available at national level.
- Debt advisory services offer the personalised assistance of independent professional operators who are not creditors, credit intermediaries, or credit servicers.
- This targets consumers who experience or might experience difficulties in meeting their financial commitments. And it may include legal counselling, money and debt management as well as social and psychological assistance.
- **The proposal was favourably received** in the Council and in the Parliament. The Council has reached a general approach and the Parliament is expected to reach a position soon.
- And I will stop there on that very positive note, as the work will now continue with the trilogues starting very soon.
- Thank you for your attention.

**Speech at ACCIS Annual Conference  
National Bank of Belgium Auditorium,  
14 June 2022**