

COFACE member online exchange on financial inclusion

14/04/2023

CCD Update

- Last political trilogue on 1 December 2022 – agreement reached.
- However, some member states (notably Germany) raised strong opposition to some key measures (deferred payments; forbearance)
- They have now been addressed in technical trilogues and the final text is to be formally approved in late April/early May.
- The issues were in particular:
 - Exclusion of large online retailers from the CCD deferred payments exemption + factoring.
 - Obligation to offer forbearance and binding list of measures.

Open Finance

- Initiative of the European Commission to **increase data sharing and third party access for a wide range of financial sectors and products.**
- A **legislative proposal** is expected **on 28 June 2023.**
- Finance Watch key positions: high standard of data protection and privacy (e.g. consent); only anonymized and aggregated data access for firms; clear rules on which specific data can be used for different use cases.

Personal Insolvency

- An EU harmonized personal insolvency framework does not exist.
- The patchy mix of national insolvency frameworks makes it hard for people to seek debt relief, and hinders a fresh start:
 - **Barriers to access:** e.g. proceedings costs; accumulation of a certain amount of debt to be eligible; and provision of proof that the financial difficulty was reached in good faith.
 - **If accessed, long discharge periods** (average of 5 years) during which debtors live on subsistence wages while the remainder of their income is divided between their creditors.

Personal Insolvency (cont'd)

- Having an EU harmonized personal insolvency framework in place is more important than ever:
 - Rising over-indebtedness due to cost-of-living crisis (inflationary pressures and higher interest rates on existing variable rate loans)
 - High economic and social costs of over-indebtedness: lower work productivity, healthcare systems, cost for national social welfare systems.
- Therefore, **Finance Watch will advocate for a legislative proposal to be tabled at the start of the new EC mandate** (starts in late 2024).

Finance Watch financial inclusion priorities for 2023

