

# ESBG response to the European Commission consultation on the upcoming review of the Mortgage Credit Directive

Position paper - Executive summary

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**In November 2021, the European Commission published a questionnaire for interested stakeholders to gather input on what could, or should, be included in the Review of the Mortgage Credit Directive (MCD). ESBG sent its response to the Commission on 28 February. The questionnaire covered 55 questions, and goes into a lot more detail than what we were originally expecting. The proper review of the text is expected to be launched later on this year.**

## ESBG asks for a limited review on the necessary topics only

Our overall position is that we believe an in-depth review of the Mortgage Credit Directive is premature, at this time. The last review took place in 2016 and, as it concerns long-term finance, we need more time to see the impact of the last changes that have been made.

As the mortgage market is not operating much cross-border, we believe that EU level intervention is not necessary. Consumers rely heavily on local expertise of mortgage advisers and working in their own languages and within national legal frameworks.

However, one area we are in favour of a review is the compatibility with other EU texts. For example, the General Data Protection Regulation, the EU Accessibility Act, and the Rome I Regulation will all impact the MCD so alignment is necessary.

As always, ESBG is pleased to see work being carried out on consumer protection. We believe that information should be simplified for consumers, and not to share the same information at different stages of the mortgage process. As is the case with the Consumer Credit Directive review, we wish to reduce the volume of pre-contractual information and provide just a few key information points on the loan, which would be enough (amount, duration, monthly instalments, borrowing rate and APR, total cost, etc.) to provide the main information making it possible to compare loans. What's more, the information requirements on advertising mediums ought to be simplified, as it is not possible to present all information clearly in the time given (in particular on TV or radio).

ESBG members have a long history of financial education, and welcome the provision in the MCD text to increase financial education for consumers, which is more defined at national level.

We do not see a need to include provisions on lending-based crowdfunding in the MCD, as long as an appropriate reference is made to the European Crowdfunding Service Providers Regulation, which has an adequate legal framework in place. All non-bank lenders should be regulated in the same way as banks to allow for healthy competition.

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