



Finland: Implementation of the EU Consumer Credit Directive EU 2023/2225

Comments from Zalando SE, February 2025

I. Introductory Remarks


In January 2025 the Ministry of Justice published a report prepared by an expert working group including a draft Government Proposal for the implementation of the EU Consumer Credit Directive EU 2023/2225 (CCDII). It largely reforms European consumer credit law and poses new regulatory challenges for the popular payment via invoice option (also referred to as deferred payment or purchase on account).

To date, the provisions of consumer credit law have rightly not applied to invoice payments. In principle, this still seemed to be the intention of the EU legislator. Nevertheless, the final EU compromise set out in the final published text of the directive suggests that an invoice payment method - even with a maximum payment period of 14 days - could after the implementation of the CCDII be excluded from the scope of application only in certain limited circumstances and correspond to a consumer credit agreement in others.

In this case, extensive pre-contractual information (possibly even in paper form as standard for online purchases) would have to be provided to the consumer in advance and a creditworthiness assessment would have to be carried out. This presents retailers and marketplaces with enormous challenges and is cumbersome and incomprehensible for consumers.

A targeted and solution-oriented implementation of the directive for all business models in e-commerce is necessary in order to avoid distortions of competition and maintain consumer satisfaction. Otherwise, hybrid marketplaces with platform and retail business, among others, will be placed at a disadvantage compared to other retailers or third party buy now pay later (BNPL) providers.

In the long term, retailers and consumers could resort to other payment methods. As a result, the very payment method that provides for consumer-oriented and risk-free payment upon receipt of the goods may die out. "Convenience" for the consumer will be lost to a greater extent. Merchants would be forced to increasingly rely on third-party providers for payment processing instead of offering their own solutions that are tailored to the respective merchant or marketplace and can therefore guarantee the greatest



convenience and the highest security standards. Less competition in the market for payment and financing options will then inevitably lead to a higher cost burden for consumers and merchants alike.


Due to these far-reaching effects, which should not be underestimated for online retail, Zalando comments below on the implementation of the EU Consumer Credit Directive and asks the Finnish legislator to maintain invoice payment as a popular payment method for merchants and consumers in the long term.

II. Zalando SE and Zalando Payments GmbH

Founded in Berlin in 2008, Zalando is Europe's leading online multi-brand fashion destination. We are building a pan-European ecosystem for fashion and lifestyle e-commerce, along two growth vectors: Business-to-Consumer (B2C) and Business-to-Business (B2B). In B2C, we provide an inspiring, high-quality multi-brand shopping experience for fashion and lifestyle products to more than 50 million active customers across 25 markets. In B2B, we leverage our logistics infrastructure, software, and service capabilities to support brands and retailers in managing and scaling their entire e-commerce business, both on and off the Zalando platform. Through our ecosystem vision, Zalando aims to enable positive change in the fashion and lifestyle industry.

For Zalando, payment processing has been a key driver of customer satisfaction, growth and profitability since its foundation in 2008. In order to offer a "fitting room experience at home", free delivery and free returns were complemented by the popular invoice payment. With the development of the curated platform service Zalando Partner Program, the regulatory hurdles became higher to provide the same offer to partners (merchants selling through the Zalando platform) and customers. Thus, Zalando Payments GmbH (ZPS) was founded in 2016 as a wholly owned subsidiary of Zalando SE. It received an e-money license from the German financial supervisory authority BaFin in spring 2019.

Today, Zalando offers 20 different payment options in 25 countries. The payment via invoice remains popular: **The outstanding amount is due within 14 days of the shipping confirmation. No additional fees or interest are charged. Installment purchases are not offered by Zalando itself or by ZPS. Invoice payments cannot be converted or prolonged to other payment or credit methods.**



This invoice as offered by Zalando (interest-free and fee-free payment only after receipt of the goods within 14 days of the shipping confirmation) enables consumers to shop conveniently online: fast (no payment method information required like a credit card number), secure (payment only upon receipt of the goods) and liquidity-friendly (no payment during the payment period for returned goods). Invoice offers retailers a payment method with a high conversion rate and without the cost-intensive integration and dependency of other third-party payment providers.


For payment processing within the group of companies, Zalando Payments GmbH acquires the payment claim of Zalando SE or the partners who sell products via the platform to the customer. As already mentioned, the wholly-owned Zalando subsidiary Zalando Payments GmbH is an e-money institution regulated by the supervisory authority BaFin. This ensures the highest possible level of consumer protection, financial stability, safeguarding of funds received and compliance with applicable laws and regulations. The application process with BaFin includes the provision of detailed information about the company's ownership structure, business model, risk management practices, safeguards and consumer protection measures. Strict audits are also carried out regularly. A key benefit for consumers is the strict safeguarding requirements for the receipt of funds.

In contrast to payment processing via an external service provider or third-party provider, the Zalando Group remains responsible for purchases on account via the Zalando website at all times.

III. Scope: Invoice Payment and BNPL (via third-party providers)

CCDII was driven by the political goal of including so-called "buy now pay later" (BNPL) products in the scope of application. "Credit agreements which have as their object the deferred payment of an existing debt free of charge" were still to be excluded from the directive. This description of a deferred payment corresponds to the invoice payment and should protect it accordingly. However, the final legal text in accordance with Article 2 (2) h) CCDII is unclear in some parts, so that it is up to the national legislator to ensure that it is applied with legal certainty.

From an economic point of view, invoice payment cannot be equated with a credit agreement due to its interest-free nature and the agreement of short




payment terms. Rather, the extended yet very short payment term protects the consumer from the particular disadvantages of distance selling and advance payment for goods that are still to be delivered or, in the case of returns or bad/wrong deliveries, from unnecessary payments and chargebacks.

With invoice payment, the consumer will only pay once an item or service has been received and accepted. At the same time, there are no risks for consumers similar to a credit agreement, in particular the risk of over-indebtedness due to the build-up of a large number of parallel and long-term interest obligations, as payment is due within 14 days when purchasing on account, as offered by Zalando. Furthermore, all sales are subject to risk management processes in order to protect both merchants selling on the Zalando platform and customers from payment defaults and over-indebtedness (see below on credit worthiness assessments).

The EU legislator has recognized these arguments and excluded invoice payment with payment terms of up to 14 days for large retailers (Article 2(2)(h) CCDII). However, **it is questionable whether the same conditions also apply to merchants with their own payment processing company or to marketplaces**. This is because an invoice can only be assumed "without a third party offering credit" or where "a third party is neither offering nor purchasing credit". It is not clear which persons are considered *third parties* for the purposes of the exemption, what is meant by the involvement of third parties in the payment processing of the invoice and who is the creditor in the case of the marketplace model.

In Zalando's opinion, the intention of the EU legislator should be taken into account here, as set out in recitals 16 and 17: Deferred payment should not fall within the scope, but rather only BNPL products that are "new digital financial instruments". An invoice, which is the payment method used by the merchant group or the marketplace on which the sale is made is not a new financing instrument. Rather, it is a decades-old payment method used in mail order and distance selling, to which the customers are very accustomed to and, with solid grounds, consider a safe payment method.

The invoice payment at Zalando can also not be converted into an installment purchase, as with third-party providers, and the invoiced amount is not automatically debited, but rather a triggering of the payment. Furthermore, regulatory requirements have driven large retailers and marketplaces, such as Zalando, to incorporate separate legal entities within their groups to organize



payment processing. The entire processing remains within the group of companies of the merchant/marketplace or ultimately with the merchant (Zalando SE as parent company).

Finally, from a consumer perspective Zalando Payments GmbH or other marketplace payment capabilities cannot be used as payment service providers for other e-commerce destinations (such as other online shops or marketplaces) which is usually the case for pure third party BNPL or PSP providers. The risk for consumers to incur high costs or fall into debt is only possible via these wallet solutions with the possibility to shop at various online destinations simultaneously and have the possibility of converging payment terms within the wallet (e.g. from invoice to installment, prolonging payment deadline, etc.).

A ‘third party’ as defined in Article 2(2)(h) CCDII should consequently in the Finnish implementation of that Article be understood as a ‘third-party provider’ that is not integrated into or affiliated with the merchant group or marketplace in organisational or corporate terms. Transfer of the invoice receivable within the merchant group should accordingly be excluded from the application of the CCDII. Otherwise, there is a risk of severe competitive distortions:

1. Competition with merchants without own payment company

Merchants and marketplaces that process invoice payments by integrating their own, but legally independent, payment service would otherwise be at a disadvantage compared to large merchants that issue invoices. They could continue to offer a low-cost invoice payment, which consumers would still be happy to use without the additional information and credit checks, while they would be deterred from purchasing on marketplaces and would switch to other, more costly payment methods for the marketplace via third-party providers. Rather, there would be a significant incentive for large online goods suppliers not to offer their goods on marketplaces, but to expand their own online sales. However, it is precisely the advantages of large online goods suppliers mentioned in recital 17 CCDII that exist there, and the customers should be able to continue benefitting from such advantages. Online marketplaces would continue to be used primarily by small and medium sized enterprises (SMEs) as suppliers of goods, but the attractiveness of these marketplaces would decrease due to the lack of participation by large retailers, and the market position of




SMEs would deteriorate – contrary to the regulatory objective of the EU legislator.

There is no apparent objective reason why different rules should apply to a large retailer on the one hand and a payment service provider in a corporate group of a platform operator on the other, which aggregates the receivables processing of other retailers (in particular on one platform) due to a regulatory requirement. Rather, the supervision of the payment service provider by the regulatory authority can ensure the highest possible level of consumer protection, financial stability, safeguarding of the funds received and compliance with applicable laws and regulations.

If the rules are applied differently by merchants with their own payment companies and marketplaces, it would also be impossible for consumers to recognise and understand when they are concluding an online invoice or a consumer credit agreement with which merchant and what rights and obligations arise from this. For example, the consumer credit right of withdrawal would apply to an invoice falling under the EU directive – in contrast to the distance selling right of withdrawal, which includes different instructions, rights and obligations and deadlines.

2. Competition with BNPL providers

Merchants and marketplaces with their own payment service would also be at a disadvantage compared to BNPL providers. This is because, in contrast to the marketplace, where a credit check might need to be carried out for each order and a warning notice would have to be issued in addition to the transmission of pre-contractual information, less information is required and lower standards are set for BNPL providers and for processing via a so-called 'wallet solution'. Creditworthiness checks and the provision of pre-contractual information, including warnings, would only be carried out once when the BNPL account is set up. This would be the consequence of the fact that further orders would only be qualified as an 'increase in the total loan amount' and would not be considered as new loan agreements, unless there is a significant increase. This means that customers would be informed less frequently and to a lesser extent, even though it is the riskier transaction. As a result, the hurdles and disincentives to customers on marketplaces using purchase on account are so high that it is no longer used or offered – while BNPL providers are gaining popularity.



It is therefore not compatible with the purpose of the EU directive to assure even more business for the regulated BNPL providers by including marketplace models in the scope of consumer credit law, and to reduce favourable payment options for merchants and consumers.

Finally, in this context, we would like to point out the potential for third-party providers to circumvent the law carelessly: According to our understanding of the law, the directive does not apply to payments made by way of non recourse factoring. This also seems to be incompatible with the purpose of the EU directive.

IV. Pre-Contractual Information

Apart from the extension of the scope of application to consumer credit agreements, the legal consequences, such as the pre-contractual information requirements in Art. 10 of the CCDII, are extended and their presentation in the form is more precisely regulated.

The directive stipulates that the respective information, in particular pre-contractual information obligations of the lender, should be physically handed over to the consumer on paper or in another form chosen by the consumer (e.g. digitally on a durable medium). The recitals of the directive do not suggest that it was the European legislator's intention to strictly adhere to physical information carriers. On the contrary, the text of the directive clearly shows in many places that current digital business models should be given due consideration. German legal literature is of the opinion that the consumer's right of choice extends only to the 'other' 'durable medium' that is different from paper, so that the creditor has the choice between paper or another medium at an initial stage and the consumer is then only allowed to choose the type of 'other durable medium' at a second stage.

If the legislator sees any need for action here at all, it must not lead to a situation in which, in e-commerce, mandatory information can only be sent to consumers in digital form 'in good time' after their express consent. **Rather, it must be sufficient that consent to the sending of information in digital form is already provided by the underlying contact channel. Displaying the information as part of a standard e-commerce checkout should remain permissible.** Anyone who enters into a contract via the internet (which usually requires the provision of an e-mail address for further communication) thereby documents their preference for a digital form of communication. This is no



different for other information that is important to consumers, such as cancellation policies.


Finally, as already mentioned in the previous section, there is a risk of unequal treatment of BNPL providers and other merchants that are incorrectly included in the scope of application: BNPL providers make their services available in so-called wallets to enable customers to make purchases in a wide range of online shops. They could enter into framework agreements for their wallets, whereby the pre-contractual information requirements would only have to be displayed to the customer for confirmation once (or, if necessary, at regular intervals). Further orders could then be covered, for example, by an 'increase in the total amount of credit'. By contrast, in marketplaces within the scope of the directive, each order process would possibly constitute a separate 'consumer credit agreement' due to the lack of a wallet. This would deter customers even more, increase the incentive to use third-party providers or credit card payments and distort competition in favour of BNPL providers. It should be clarified when the pre-contractual information needs to be provided when using e-commerce wallets, customer accounts, guest access or individual transactions. For example, to level the playing field for customers with a customer account or payment wallet the pre-contractual information could be provided upon the first order/payment with a BNPL/deferred payment option and not for every following purchase or invoice.

According to the directive and the Finnish report, if the pre contractual information is given less than one day before the credit agreement is concluded, the merchant shall within seven days give the consumer a reminder of his right of withdrawal and inform him of the conditions for exercising the right of withdrawal.

V. Creditworthiness Assessment

The creditworthiness check in Article 18 CCDII has also been significantly amended, with a substantial expansion of the requirements for the creditworthiness check, a specification of the information that may be used for the creditworthiness check, a ban on granting credit and a new regulation on the creditworthiness check by credit institutions, together with rights for the consumer.

Currently Zalando Payments already has elaborate risk checks in place to ensure that the customer is able (credit risk) or willing (fraud risk) to pay for the goods



when choosing to pay via invoice. This entails a payment risk assessment which is performed automated during the checkout process (pre order layer) and once the order is placed (post order layer).

In view of the different risk structures and characteristics of consumer credit agreements, which could now all be subject to the directive, there should be no rigid requirements for creditworthiness checks without a proportionality measure. Any information requested should be necessary and proportionate to the nature, duration, value and risks of the credit for the consumer and at a minimum, include income and expenses. The advantages for consumers who order online should also not be affected by media disruptions or the presentation of sensitive data (such as proof of income).

The implementation also requires a sense of proportion with regard to data protection. It does not appear expedient for merchants to be (correctly) obliged to minimise data on the one hand, but at the same time be subject to legal requirements to collect sensitive (income) data on a large scale for credit checks.

The potentially distortive effect of wallet solutions on individual orders for creditworthiness checks must also be taken into account by legislators. **Again, the question arises if a credit check would be necessary for every transaction or with customer account/wallet set-up or in regular time intervals.**

The guiding principle for implementation should be that the scope of a credit check must be proportionate to the underlying transaction in terms of type, amount and risk. To this end, national legislators should provide clear guidelines, examples and frameworks for what constitutes appropriateness and proportionality. Further guidance and examples are necessary to clarify when (at which value, how often) credit checks have been appropriately carried out.

In Zalando's view, it would accordingly be disproportionate to require credit providers without exceptions to conduct checks from external registers, such as the Finnish positive credit register, for the credit provider to be compliant with its creditworthiness assessment obligations. Article 18 of the CCDII does not impose an obligation for Member States to require credit providers in each case to consult a database referred to in Article 19. On the contrary, it is specifically provided in Article 18(3) that such consultations should be conducted only "where necessary". In Zalando's view, there should not be such necessity for

example in connection with invoice payments to the extent no interest or fees are charged from the customer.



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