Visa Europe

Lausunto

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Kuluttajaluottoja koskevan lainsäädännön tarkistaminen. Työryhmän mietintö.

Lausunnonantajan lausunto

Voitte kirjoittaa lausuntonne alla olevaan tekstikenttään

Report of the Consumer Credit Working Group – Visa Europe opinion

Introduction:

Thank you for the opportunity to comment on these proposals. Visa shares the Ministry’s interest in promoting a sound and efficient payments ecosystem that benefits all participants. It is central to our mission to connect the world through the most reliable and secure digital network in the world.

We therefore support the Ministry’s objective to increase consumer protection and ensure appropriate credit assessment rules to avoid over-indebtedness. With this in mind, we also welcome a proportionate, risk-based approach to regulation. Any new regulation should aim to be “future-proof”, given the fast-changing and innovative nature of the payments market, and focus on delivering the best customer outcomes. It is therefore also critical to ensure a level playing field between Fintech and more “traditional” players. Finally, the right balance must be struck to ensure the appropriate customer protection while avoiding hindering competition and innovation.

The payments and credit industry has been changing rapidly, and we appreciate policymaker’s desire to ensure the best outcomes for consumers. This is also recognised by the European Commission which is making efforts to update the EU Consumer Credit Directive (CCD). We strongly recommend that national regulators align with pan-European regulatory approaches as far as possible. Duplicative or disparate regulatory regimes can lead to increased risk and inefficiency for regulators, economic distortions, and an uneven playing field across the payments ecosystem. We would therefore encourage the Ministry to consider delivering any updates to consumer credit legislation through the European process. The review of the EU CCD is likely to consider many of the topics

addressed in the Working Group report, including interest rate caps, marketing and invoice-based buy-now-pay-later solutions. There is therefore a risk that lenders, payment service providers and merchants may need to make disproportionately costly updates only to have to amend these again shortly afterwards, depending on the outcome for the revised EU CCD.

In the remainder of this response we provide feedback on the various proposals set out in the draft bill.

Interest rate cap:

While we understand the desire to reduce the cost of credit, we believe individual Member State caps set under different criteria pose a risk to the provision of credit. We believe that a single cap covering all types of credit may not achieve the best outcome for consumers. There are a variety of different consumer credit products with varying degrees of riskiness, consumer protection, levels of costs to the consumer and options: for example, credit cards offer consumers a variety of services along with a defined line of credit. Such services include advanced security procedures, and additional consumer protection such as post-transaction services when a product is damaged upon delivery, not delivered or in case of other payment related disputes between a merchant and cardholder. Thus, any introduction of caps should take into consideration the specific characteristics of different consumer credit products.

We therefore recommend that, if interest rate caps are to be imposed, categories of credit should be defined and a methodology developed for calculating caps for each category. This should be done as part of the review of the EU CCD with collaboration between the EBA, industry and member states. As above, we therefore encourage the Ministry to reserve any new requirements in this space until alignment can be ensured under the revised EU CCD.

Further, we note the proposal to apply the new interest rate cap to all existing (as well as new) credit agreements. This would be very costly for lenders who would need to make extensive changes in all their systems, materials and channels. If this proposal is retained, the proposed transition period of six months would not be sufficient; we would instead recommend a transition of two years to allow the changes to be made.

Marketing:

We agree with the Working Group’s approach to not pursue a complete ban on marketing of credit or by credit companies, which could lead to consumers missing out on products and services that could be valuable and beneficial to them. We also agree with the examples of good lending practice

and the approach of ensuring consumers have appropriate and clear information when credit is being marketed to them.

In relation to the requirement for the warning to be given in advertisements for consumer credits, it is important to clearly specify exactly when the warning should be applied, to enable lenders to ensure marketing remains in line with the legislation. We understand that the bill specifies that the warning should be given when marketing a specific credit product or agreement “if the advertisement for a consumer credit contains information about a term in the credit agreement or if the advertisement refers to the price of the credit”. Therefore, the warning requirement would not apply, for example, to marketing by a company which offers credit but which does not refer to particular credit products or agreements.

Identity verification:

We support the proposed changes, in the interest of ensuring a level playing field across all providers of credit or deferred payment.

Ecommerce:

We have some concern that the proposals in relation to the ordering of payment options at the ecommerce checkout may involve unduly burdensome costs for merchants which may not be justified by sufficient benefit for consumers. The draft bill proposes that options where there is no possibility to pay with credit/deferred payment should come first, followed by ‘combined’ options and finally credit or deferred payment options.

This does not reflect how many ecommerce checkouts work today, where ‘pure’ credit and non-credit options are not often split out. For example, many merchants will offer a ‘cards’ option – where the consumer may input card details for either a debit or credit card. In this case, the consumer is not prompted to enter a credit card – if they do, they are making a proactive choice to do so. This is in line with the aim of the legislation that consumers should not be directed to a particular payment type.

Solutions are also available which enable a consumer to store their preferred payment instrument for future transactions. In this case the consumer is again making a proactive choice of how to pay, and they should not be prevented from doing this. Many merchants also accept digital wallets (e.g. Mobilepay) and present these as an option in the checkout. It is impossible for a merchant to know, or change, the ordering of payment options included in the wallet.

Further, and as mentioned above, there are a variety of different consumer credit products with varying degrees of riskiness, consumer protection and levels of costs to the consumer. Credit cards, for example, offer advanced security and consumer protection. Using a credit card at the point of sale is also fundamentally different to options where a new credit line is effectively being created. When using a credit card, the consumer is operating in line with previously assessed affordability checks, and there is no additional risk being created. We would therefore suggest that it would be particularly disproportionate to subject all credit agreements to the same proposals relating to the point of sale.

Therefore, we see a number of practical and policy challenges associated with the proposals. A prescribed ordering of payment types raises many questions and complexities, and a strict interpretation of the legislation may require merchants to incur substantial costs to reorder their ecommerce checkouts without achieving the intended benefits for consumers. For example, requiring merchants to 'split' a cards option in the ecommerce checkout would be disproportionately costly, particularly for small merchants. Merchants would need to make substantive changes to their underlying systems and logic, and many (particularly small merchants) would be reliant on their payment gateway to make such changes.

Alternatively, we would recommend an approach more focussed on ensuring the consumer has sufficient transparency and information when choosing a payment option. As an alternative to prescribed ordering, 'warning' text could be added where the consumer enters credit card details or otherwise selects a credit payment option, to ensure that they understand they are paying with credit and this must be repaid etc.

If the proposal relating to ecommerce is retained, a six month transition would not be sufficient. There are many participants and dependencies involved in building the checkout experience – including merchants, gateways, acquirers, ecommerce platform providers – and therefore at least a year would be needed to deliver an aligned approach.

We would be happy to discuss any questions or comments you have on any aspect of this response.

Visa Europe