



EBA CONSUMER TRENDS REPORT 2022/23

24 APRIL 2023

EBA/REP/2023/12



EBA

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BANKING
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Contents

Figures	2
Tables	3
Box	4
Abbreviations	5
Executive Summary	6
Background	9
Chapter 1: Retail banking products and services	11
Residential mortgages	11
Consumer credit	17
Payment services	22
Electronic money	27
Payment accounts	28
Deposits	31
Chapter 2: Topical issues	35
Fraud in retail payments	35
Over-indebtedness and arrears	42
Chapter 3: Measures adopted by the EBA and NCAs to address the topical issues identified in the CTR 2020/21	49
Topical issues in the CTR 2020/21	49
EBA's measures to address the topical issues	50
Regulatory and supervisory measures adopted by NCAs to address the topical issues identified in the previous CTR 2020/21	55
List of References	59

Figures

Figure 1: Mortgage as a percentage of loans to households in EU MSs 2015-2022 (EU27)	12
Figure 2: Annualised rate of lending for house purchases in the EU	12
Figure 3: Lending for house-purchases, 2015-2022 (in euro) – EU27	13
Figure 4: Share of new loans with variable rate by country, September 2019-September 2022	14
Figure 5: Outstanding amount and interest rate of consumer credit in the EU across time (in euro)	18
Figure 6: Percentage of arrears on loan repayments, 2015-2021	19
Figure 7: Total number of payments per type of payment service, 2015-2021	23
Figure 8: Electronic money issues in the EU, 2015-2020 (billion euro)	27
Figure 9: Percentage of the population aged 15 years or over holding a payment account in the EU	29
Figure 10: Deposits held by households, 2015-2021 (billion euro, outstanding amounts) – EU changing composition	32
Figure 11: Saving rate and interest rates in the EU, 2015-2021	33
Figure 12: Relative importance attributed to the topical issue ‘fraud in retail payments’	35
Figure 13: Share of fraudulent card payments over all card payments – volume and value (2021)	36
Figure 14: Share of fraudulent payments over all payments (credit transfer) – volume and value 2021)	37
Figure 15: Relative importance of the topical issue ‘over-indebtedness and arrears’	43

Tables

Table 1: Total number of complaints filed for mortgages, per type of issue (2020-2021)	15
Table 2: Total number of complaints filed for consumer credit per type of issue (2020-2021)	20
Table 3: Total value of payments per type of payment instrument (billion euro), 2015-2021	24
Table 4: Total number of complaints filed for payment services per type of issue (2020-2021)	25
Table 5: Total number of complaints filed for electronic money per type of issue (2020-2021)	28
Table 6: Total number of complaints filed for payment accounts per type of issue (2020-2021) ..	30
Table 7: Total number of complaints filed for deposits per type of issue (2020-2021)	34

Box

Box: NCAs and governments' measures to support consumers in the current changing economic outlook of increase in inflation and in interest rates

46

Abbreviations

AI	Artificial Intelligence
AIS	Account Information Services
AMLD	Anti-Money Laundering Directive
APIs	Application Program Interfaces
APRC	Annual Percentage Rate of Charge
ATM	Automated Teller Machine
BBMs	Borrower-based Measures
BNPL	Buy Now Pay Later
CCD	Consumer Credit Directive
CTR	EBA Consumer Trends Report
DGSs	Deposit Guarantee Schemes
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
EIOPA	European Insurance and Occupational Pensions Authority
EMIs	Electronic Money Institutions
ESAs	European Supervisory Authorities
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
EU	European Union
FIN-NET	Financial dispute resolution network
GL	Guidelines
ICT	Information and Communication Technology
ID	Identity Document
LTV	Loan-To-Value
MCD	Mortgage Credit Directive
MIFIR	Regulation on Markets in Financial Instruments
ML/FT	Money Laundering / Financing of Terrorism
MS	Member State
NCA	National Competent Authority
NPLs	Non-performing loans
PAD	Payment Accounts Directive
PIs	Payment Institutions
PISs	Payment Initiation Services
POG	Product Oversight and Governance
PSD2	Revised Payment Services Directive
PSPs	Payment Services Providers
SCA	Strong Customer Authentication
SIM	Subscriber Identity Module

Executive Summary

The European Banking Authority (EBA) delivers on the mandate under Article 9 of its Founding Regulation by publishing a biennial Consumer Trends Report (CTR). The report summarises the trends and issues that the EBA has observed for EU consumers during the preceding two years in respect of the retail banking products and services that fall under the EBA's mandate on consumer protection. Furthermore, the report describes the topical issues that have emerged, and the actions the EBA and national competent authorities (NCAs) have taken to address the issues identified in the previous CTR that the EBA had published in 2021.

With regard to the trends and issues observed for retail banking products and services under the EBA's remit on consumer protection, this CTR arrives at the following main findings:

- Mortgages account for 79% of the volume of loans to households in the European Union (EU) Member States (MSs) in 2022, showing a steady increase up from 75% in 2015. The recent change in the normalisation / rise in interest rates and consequent risk for consumers to face repayment difficulties and over-indebtedness are the main issues observed, together with the inadequate provision of (pre)contractual information.
- Consumer credit has decreased in volume by 4% between 2015 and 2021. However, in 2022 several NCAs reported an increasing consumer demand for this product. In terms of issues observed, poor creditworthiness assessment procedures, inadequate provision of pre-contractual information, as well as the fees charged represent significant detriment for consumers.
- The use of payment services continues to grow both in numbers and value of electronic transactions. The most relevant issue observed is related to fraud in retail payments mainly covering the period prior to the implementation of the strong customer authentication (SCA) requirements for both credit cards and credit transfers.
- The importance of electronic money (e-money) services grew in the past two years, reaching 17.6 billion euro in 2020 from 13.9 in 2019. In terms of issues reported, some e-money users were victims of frauds, and others saw their accounts frozen as a result of the tighter anti-money laundering/counter financing of terrorism (AML/CFT) requirements imposed on financial institutions.
- Payment accounts continue to be widely used among consumers and in seven EU countries almost 100% of the population aged 15 years or over hold a payment account, while in the other EU Member States, the percentage ranges between 80% and 70%. In terms of issues affecting consumers, the most frequently observed concern difficulties with opening, closing and blocking accounts.

- Deposits have significantly grown in recent years despite the low interest rates applied previously by credit institutions. Consumers were most affected by issues related to administration and processing of accounts, incorrect application of interest rates and of charges and fees.

Furthermore, the EBA has observed the following two topical issues as being relevant to consumers in the EU in order of relative importance:

- *Fraud in retail payments* – the most significant issue concerns the rapid adaptation of techniques used by fraudsters. Based on the fraud data available at the time of publishing this report, which was H1 and H2 of 2021, EU Member States that had implemented the stricter revised payment services directive (PSD2)'s payment security requirements applicable since September 2019 and the EBA's technical standards on SCA on time experienced significant reductions in fraud. However, possibly as a result of the success of these regulatory measures, fraudsters have started to deploy different methods to defraud consumers. For example, they are increasingly exploiting the increased digitalisation of retail payments, through methods such as 'phishing', 'vishing', 'subscriber identity module' (SIM) swapping, 'ID spoofing', 'manipulation', 'spyware', and 'smishing', and perpetrate their fraud particularly on credit card transactions and credit transfers. Furthermore, several NCAs and other stakeholders reported an increase in fraudulent payments executed to purchase crypto-assets. In response, NCAs took measures focused on assessing financial institutions' compliance with applicable security requirements, raising consumer awareness, and financial institutions enhancing their IT systems.
- *Over-indebtedness and arrears* – the more recent changes in the economic environment with persistently increasing inflation where central banks across the EU are normalising interest rates to pre-crisis levels have resulted in more expensive borrowing costs for consumers, a general increase in the cost of living and of consumers' demand to access credit facilities. Several Member States have already implemented measures to support consumers in repayment difficulties and/or financial distress. The aforementioned effects exacerbate already existing issues arising from the impact of poor creditworthiness assessment procedures applied by some financial institutions. Relatedly, new business models and credit products have become increasingly popular, all of which are often exclusively available through digital channels and many of which currently fall outside of the regulatory perimeter (Buy-Now-Pay-Later, peer-to-peer lending).

Finally, the report presents the measures that the EBA and NCAs have adopted to address the topical issues identified in the last edition of the CTR. These include inter alia, from the EBA's end, the publication of a report on the use of digital platforms, the EBA Opinion and Report on 'de-risking', and a thematic review into the transparency and level of fees and charges for all the retail banking products and services under the EBA's remit on consumer protection. Furthermore, NCAs have carried out several regulatory, supervisory and educational initiatives in order to tackle, among others, issues arising from poor creditworthiness assessments, incorrect application of fees

and charges, the risk of financial exclusion for certain categories of consumers, and obstacles to opening a payment account.

As next steps, the EBA will assess the new issues described in this CTR to identify which, if any, steps it could take in 2023/24 to contribute to better outcomes for consumers, consistently with ongoing legislative measures that are being considered by the EU Commission and/or EU co-legislators, such as the evaluation of the Payment Accounts Directive (PAD), the review of the PSD2 and of the Consumer Credit Directive (CCD), and is cognisant also of the EU and national measures recently adopted to address the negative impact experienced by consumers as a result of the increase of the cost of living and normalisation / increase in interest rates. Where the EBA has already taken action, this is explicitly stated in the report.

Background

1. One of the mandates conferred on the EBA is to collect, analyse and report on consumer trends, as laid down in Article 9(1) of the EBA Regulation¹. In order to fulfil this mandate, the EBA regularly publishes a Consumer Trends Report (CTR), and has done so in March 2013², February 2014³, June 2015⁴, June 2016⁵, June 2017⁶, and, following a change from an annual to a biennial publication, in February 2019⁷ and March 2021⁸.
2. The objective of the CTR is to set out the trends and issues that the EBA has observed in the two years preceding the biennial covered by this report on the products and services within its remit, and to identify the topical issues that arise or have arisen for consumers. Furthermore, this CTR reflects on the initiatives that the NCAs have taken in response to the issues identified in the previous edition and those implemented by the EBA. Finally, this CTR mentions the initiatives that the EBA is considering for inclusion in its work program for the following year(s).
3. The products and services that are covered in the CTR comprise retail banking products and services, such as mortgages, consumer credit, payment services and electronic money, payment accounts and deposits (including structured deposits), that fall within the scope of action of the EBA's consumer protection mandate. This edition of the report, which covers the years 2022 and 2023, sets out the trends and issues that the EBA has identified and analysed from a consumer protection perspective.
4. With regard to the methodology implemented to develop the CTR, firstly the EBA requested and collected input from NCAs in the 27 EU Member States, a selection of national and EU consumer associations, the members of the financial dispute resolution network (FIN-NET), and EU industry associations. Through this request, the EBA has asked NCAs and the other stakeholders to identify the topical consumer issues and trends observed in 2020 and 2021 within the retail banking products and that they therefore consider the EBA should address in 2023 and beyond.
5. Secondly, in Q4 2022 the EBA organised a virtual workshop with representatives of national and EU consumer associations to discuss the consumer protection issues identified.

¹ [Regulation \(EU\) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority \(European Banking Authority\), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC](#)

² [EBA Report on Consumer Trends – Supervisory Concerns regarding Consumer Protection Issues in 2012/13](#)

³ [EBA Consumer Trends Report 2014.pdf \(europa.eu\)](#)

⁴ [EBA Consumer Trends Report 2015.pdf \(europa.eu\)](#)

⁵ [Consumer Trends Report 2016.pdf \(europa.eu\)](#)

⁶ [Consumer Trends Report 2017.pdf \(europa.eu\)](#)

⁷ [EBA BS 2019 XX Consumer Trends Report 2018-19 - draft report.docx \(europa.eu\)](#)

⁸ [EBA Consumer Trend Report \(europa.eu\)](#)

6. Thirdly, the work on the development of the CTR was further complemented by the EBA's gathering and analysis of statistical datasets and reports on market developments across financial services, produced by public sources, such as Eurostat, the European Central Bank (ECB) and the World Bank⁹.
7. In the absence of relevant aggregate data for all 27 EU Member States, the report exceptionally refers to data for the subset of EU Member States that belong to the Eurozone. For all topics, the report refers to the most recent data periods available, which in some cases is 2022, whilst in others it is 2021.
8. Unless otherwise stated, all information presented in this report has been obtained from the sources mentioned in paragraphs 4 to 7. With regard to the data displayed in the consumer complaints' table, NCAs and FIN-NET members provided information related to their remit, when available. Therefore, conclusions and comparison might be difficult to draw.
9. The 2022/23 edition is split into three chapters. As in previous editions of the report, Chapter 1 covers the retail banking products and services within the scope of action of the EBA's consumer protection mandate and that are therefore monitored by the EBA. The information in this first chapter comprises a short introduction on the legal and regulatory framework of each product/service, their evolution and trends, the relevant issues observed supported by the main reasons for complaints reported by NCAs and FIN-NET members, and the relevant regulatory and supervisory measures adopted by NCAs and the EBA.
10. Chapter 2 covers the topical issues that NCAs and the other stakeholders have identified as relevant to the EBA. These issues have tended to vary across past editions of the report, which reflects the different inputs received over time. In this edition, the topical issues include 'fraud in retail payments' and 'over-indebtedness and arrears'. While the latter emerged in various past editions, 'fraud in retail payments' has become more relevant as digitalisation and cashless payments increased during the COVID-19 period.
11. The description of each topical issue consists of a brief introduction of the topic and its relative importance, the relevant issues that have been identified as arising from the topic across the EU, and the regulatory and supervisory measures, including educational initiatives where available, which NCAs have already undertaken to address some of the relevant issues.
12. Finally, Chapter 3 covers the measures adopted by the EBA and the NCAs to address the topical issues identified in the 2020/21 edition of the CTR.

⁹ Data set and years of reference are indicated in each figure/graph.

Chapter 1: Retail banking products and services

13. This chapter, as per previous editions of the CTR, covers the retail banking products and services within the scope of action and monitoring of the EBA's consumer protection mandate, i.e. mortgages¹⁰, consumer credit, payment services, electronic money, payment accounts and deposits, including structured deposits.

Residential mortgages

Legal and regulatory framework in the EU

14. Residential mortgages for consumers are regulated under the Mortgage Credit Directive (MCD), which entered into force across the EU in 2014 and is applicable since March 2016¹¹. This Directive was developed with a view to bringing about a more transparent, efficient and competitive internal EU market, through consistent, flexible and fair credit agreements relating to residential immovable property. The MCD also aimed to promote responsible lending and borrowing practice, and financial inclusion, thus providing a high level of consumer protection and promoting financial stability. At the time, the EBA supported the implementation of the MCD by issuing a number of Level 2 and 3 measures¹².

Evolution and trends

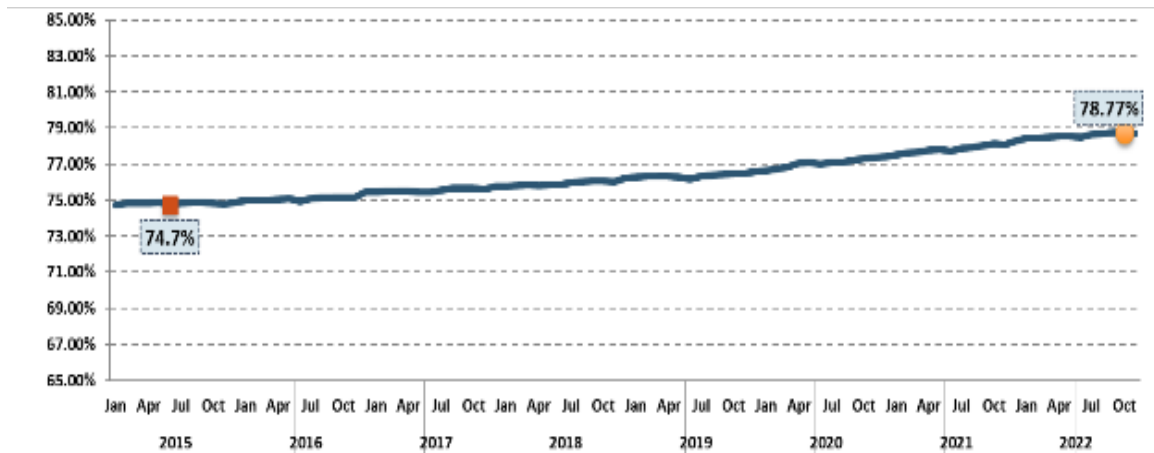
15. Mortgage repayments represent a significant share of consumers' personal finances. Mortgages accounted for 79% of loans to households in EU Member States in 2022 (see Figure 1) showing a steady increase from 75% in 2015.

¹⁰ For the purpose of this report, 'mortgage' is understood as defined in Article 3(1)(a) and (b) of the MCD, which covers "credit agreements for consumers relating to residential immovable property as credit agreements, entered into by consumers, which are secured either by a mortgage or by another comparable security commonly used in the Member States of the European Union on residential immovable property or used to acquire or retain property rights in land or in an existing or projected building."

¹¹ Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 [EUR-Lex - 32014L0017 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32014L0017), available at <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32014L0017>

¹² Regulatory Technical Standards (RTS) on the Minimum Monetary amount of Professional Indemnity Insurance or comparable guarantee to be held by credit intermediaries under the MCD (EBA/RTS/2014/080); EBA Guidelines on creditworthiness assessment (EBA/GL/2015/11) and EBA Guidelines on Arrears and Foreclosure (EBA/GL/2015/12) which have been repealed by the first set of GLs and fully incorporated into the second set of GLs, the more recent EBA Guidelines on Loan Origination and Monitoring (EBA/GL/2020/06); an EBA decision on specifying the benchmark rate under the MCD (EBA/DC/2016/145); EBA Guidelines on passport notification for credit intermediaries (EBA/GL/2015/19).

Figure 1: Mortgage as a percentage of loans to households in EU MSs 2015-2022 (EU27)



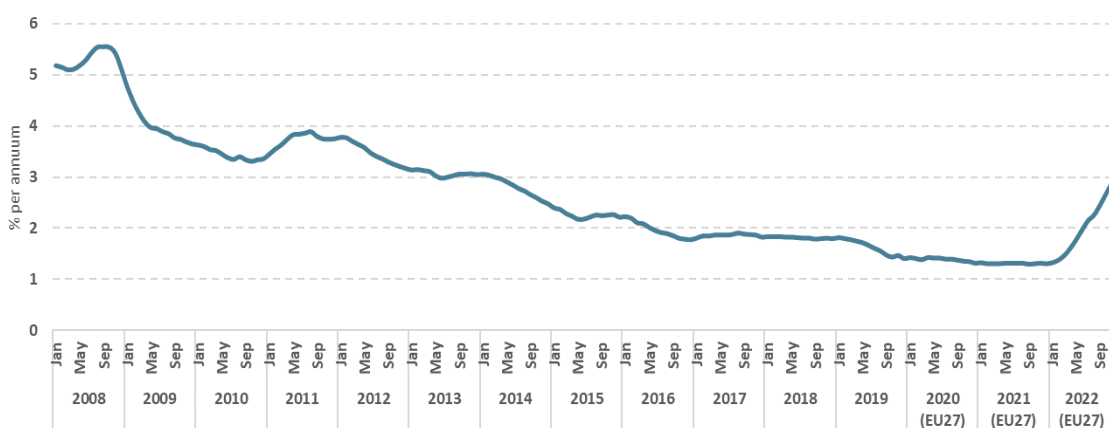
Source: ECB

Note: EU 27

16. Most NCAs explained that residential mortgage represents households’ main source of indebtedness. This trend might be partially explained by households in these jurisdictions preferring to own a property rather than renting it.

17. Figure 2 below shows the annual percentage change in lending for house purchases¹³, which decreased to 1.3% in October 2021 from 5.5% in September 2008. The annual percentage change in lending for house purchases has since increased its trajectory to reach 2.9% in August 2022.

Figure 2: Annualised rate of lending for house purchases in the EU



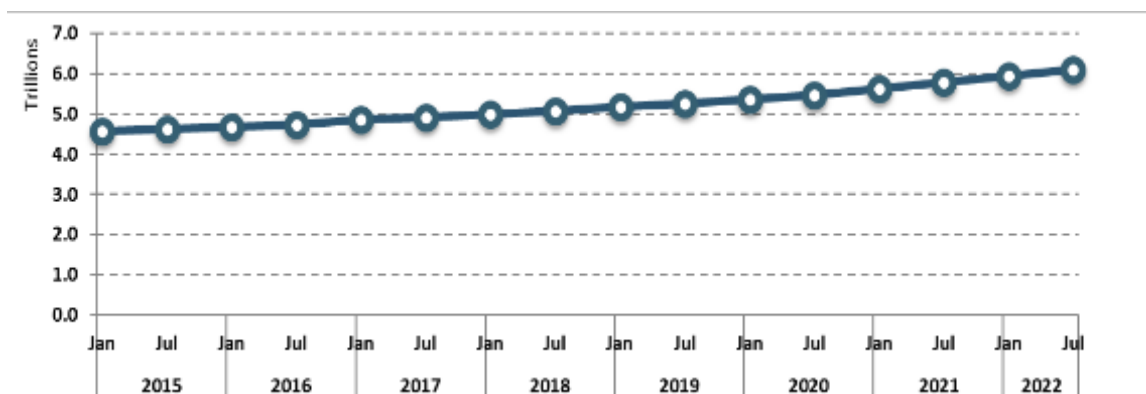
Source: ECB

Note: EU changing composition (EU 28 and EU 27 from 2020)

¹³ The overall cost of borrowing to purchase a house or an apartment.

18. Lending for house purchases rose in a steady upwards trajectory from euro 4.6 trillion in January 2015 to euro 6.10 trillion in July 2022 (see Figure 3).

Figure 3: Lending for house-purchases, 2015-2022 (in euro) – EU27



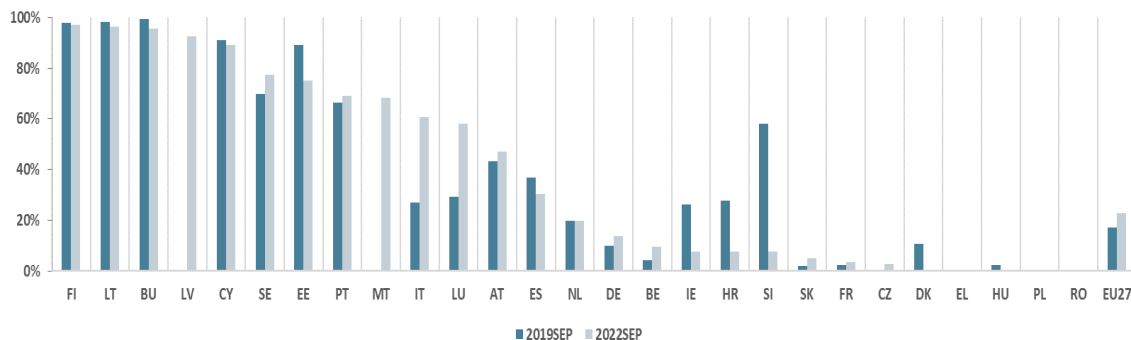
Source: ECB

Note: EU 27

19. Throughout the period displayed in the graph (Figure 3), lending increased constantly as interest rates continued to fall, which made loans more attractive. After the summer of 2022, a decrease in the take up of mortgages was recorded in a few jurisdictions. This observation may be significant in respect of the impact of increasing inflation and interest rates across the EU. Indeed, several NCAs have observed that changes in the interest rates applied to mortgages will have an impact on consumers' disposable income and repayment ability.
20. A few NCAs reported that the demand for mortgages has been occasionally supported also through national schemes and fiscal policies acting as a stimulus for the market.
21. Although most NCAs reported that mortgages are predominantly provided by credit institutions, a few NCAs have observed a slight increase in the offer of this type of credit by non-bank lenders.
22. Only a few NCAs indicated that fixed-rate loans are historically the most common in their jurisdictions or for loans granted more recently¹⁴. Figure 4 below depicts the share of new loans with a variable rate by jurisdiction between September 2019 and September 2022.

¹⁴ One NCA reported that in its jurisdiction, over the last few years, mortgage lenders have been offering fixed-rate mortgages with interest rates lower than in the past and closer to the ones they offer in their variable-rate mortgages. This narrowing of the interest rate differential (fixed-rate mortgages vs variable-rate mortgages) is due to the preference of financial institutions for fixed-rate mortgages as a way to ensure a minimum income and has resulted in making fixed-rate mortgages more appealing for consumers to the point that three out of four new mortgages were fixed-rate mortgages. Another NCA explained that refinancing of old loans contributed partially to this trend, whereby in the process the mortgage was converted from variable interest rate to fixed interest rate.

Figure 4: Share of new loans with variable rate by country, September 2019-September 2022



Source: ECB

Note: EU27

23. No change in the use of digital channels to obtain a mortgage has been observed between 2020 and 2021, as in most cases contracts are not concluded digitally. Only one NCA observed between 2020 and 2021 an increase in the number of consumers' demand to obtain mortgages through digital channels, although in most cases the contracts are ultimately not concluded digitally due to legal and technical constraints.
24. The trends of mis-selling practices are evolving in a few jurisdictions and ultimately cause detriment to consumers.
25. Furthermore, a few NCAs observed the practice from certain banks to apply lower interest rates once the consumers have added a credit protection insurance to their loan, which may cause detriment to consumers if the sale of the insurance policy was unsuitable.
26. As more thoroughly explored in Chapter 2 below, one NCA reported that the increase in the volume of mortgages might be related to poorer creditworthiness assessment procedures compared to the standard required, where lenders do not apply strict criteria to assess the borrowers' financial situation and disposable income. In addition, the same NCA reported recent consumer demands to refinance existing loans due to the increase in interest rates in line with the changing economic outlook.

Relevant issues

27. According to the data provided by NCAs and FIN-NET members, the most common reasons for consumers' complaints about mortgages in 2020 and 2021 were fees and charges, in particular early repayment fees and lack of transparency in both fees and terms and conditions of the contract as well as the treatment of borrowers in arrears.

Table 1: Total number of complaints filed for mortgages, per type of issue (2020-2021)

Period	Fees and charges	Early repayment fee	Lack of transparency	Arrears
2020	1,708	626	533	321
2021	200	565	1,470	86

28. In addition to the information reported on complaints received, two key issues related to residential mortgages emerge from the NCAs' responses:

- impact of rising interest rates, where several NCAs observed that long-term mortgages, in particular with interest-only period of 30 years may bring several risks for consumers, in particular at a time of rising interest rates for those mortgages with variable interest rates as consumers might be exposed to the risk of arrears and ultimately, over-indebtedness, due to worsening of the repayment conditions;
- inadequate provision of (pre-)contractual information, in particular on the level of certain fees (arrears, repayment and maintenance) and their applicability and transparency. The issue is in some cases further exacerbated by digitalisation of the mortgages' contracting procedures, which emerged during the COVID-19 pandemic. One NCA observed risks for consumers arising from inadequate provision of pre-contractual information which is accompanied by a lack of knowledge on the product and its features. In addition, consumers were often unable to identify the contracting parties.

29. The following additional issues were mentioned albeit by a very small number of NCAs:

- arrears and consumers' repayment difficulties. As a result, consumers' demands to have 'payment holidays' may have increased;
- inadequate training of sales staff to deal with consumers in repayment difficulties;
- the partial sale of the underlying collateral to reduce or cancel altogether the outstanding debt¹⁵; and
- the inadequate sale of linked products, especially single-premium credit insurance protection products.

¹⁵ Due to the EU rules on creditworthiness assessments introduced requiring a positive prognosis of debtors' ability to repay a loan without resorting to the sale of a mortgaged property, pensioners have found it more difficult to refinance their existing loans when the contract terms end. As a result, legal entities are now offering to buy a portion of the property, with the purchasing price acting as a credit substitute. These contracts stipulate a life-long right of residence for the original owners, who in return must pay a monthly fee and are required to maintain the property at their own expense.

Regulatory and supervisory measures at national level

30. NCAs reported the following *regulatory* measures that have been, in part, aimed at addressing the abovementioned issues:

- Introduction of an interest rate cap for mortgages with variable interest rates (action from the government) and for first time buyers;
- Adoption of specific local rules on macroprudential borrower-based measures, such as:
 - limits on debt-to-income ratio for existing loans;
 - limits on loan-to value (LTV) ratio for new loans;
 - limits on Annual Percentage Rate of Charge (APRC) calculation;
 - requirements to maintain a systemic risk buffer;
- Adoption of temporary measures to mitigate the impact of the exit of public credit moratoria to prevent borrowers from entering into arrears in their credit agreements¹⁶;
- Rules on bundling practices, further to which if consumers intend to associate their mortgage to a current account held at another institution, neither can the lender oppose such a request nor refuse to enter into the agreement on that basis;
- Prohibitions and limitations on the fees charged to consumers, namely preventing institutions from charging fees to issue statements to cancel credit agreements, due to early repayment or following the term of the agreement, or to process instalments;
- Issuance of new rules, for example on arrears' prevention and treatment, on responsible lending so that the minimum LTV ratio is higher for secondary mortgages, on tying the interest rate of new mortgages to a specific index, adoption of new acts on consumer protection with a focus on assessment of unfair contract terms, including the adequacy of the price and remuneration for the provision of the services, and the introduction of a temporary right for borrowers, subject to specific conditions, to renegotiate mortgages with variable interest rates, in order to replace the variable interest rate with a fixed rate calculated according to the criteria set out in the law;
- Issuance of a regulatory decision according to which local credit institutions have to comply with good practices in granting mortgage credits, particularly in terms of borrowers' effort rate and loan maturity as of 1 January 2022;
- Adoption of a moratorium on repayments of mortgages.

¹⁶ Such measures included, namely financial institutions establishing contact with customers and presenting proposals, and strengthening guarantees for consumers in default integrated in the out-of-court arrears settlement.

31. In addition, NCAs have reported the following *supervisory* initiatives:

- Ongoing monitoring activities (off-site and on-site) on the fulfilment of legal obligations by financial institutions, in particular of the transparency and content of the information provided to customers especially via digital channels; financial institutions' pricing strategies; lending standards; complaints-handling; creditworthiness assessment; compliance of credit institutions with the applicable requirements for fees and charges; prevention and treatment of arrears, and the offering of credit product insurance;
- Carrying out of mystery shopping activities¹⁷;
- Educational campaigns to raise consumers' awareness on product features and risks, and publishing of frequently asked questions on mortgages.

32. Furthermore, one NCA initiated sanctioning actions, issued specific requirements and recommendations to the financial institutions. Another NCA published a report on cross-selling practices, in particular bundling practices and fees charged to retail bank customers regarding mortgage credit and consumer credit agreement.

Consumer credit

Legal and regulatory framework in the EU

33. The Consumer Credit Directive entered into force in June 2008 to achieve a more transparent, efficient and well-functioning internal EU market in consumer credit while ensuring a high level of consumer protection. The CCD, which is currently under revision by the EU Commission and co-legislators, set out a harmonised set of rules at EU level, regarding, among others, pre-contractual and contractual information to be provided to consumers¹⁸. The revision of the EBA Founding Regulation brought this EU Directive under the scope of action of the EBA as of 1 January 2020.

34. Relatedly, in June 2021, the EBA Guidelines on Loan Origination and Monitoring (EBA/GL/2020/06)¹⁹ became applicable to both mortgages and consumer credit and are aimed

¹⁷ This NCA conducted mystery shopping activities, at institutions' internet websites and branches, to verify the information provided regarding sales associated with mortgage. In addition, in 2022, this NCA carried out mystery shopping inspections at branches of the 10 most representative institutions.

¹⁸ In addition, the CCD sets out a set of obligations for lenders, who are now required to provide adequate explanations to consumers, to enable the consumer to assess whether the proposed agreement corresponds to their needs and financial situation, and to assess consumers' creditworthiness prior to the conclusion of a credit agreement, as well as before any significant increase in the total amount of credit.

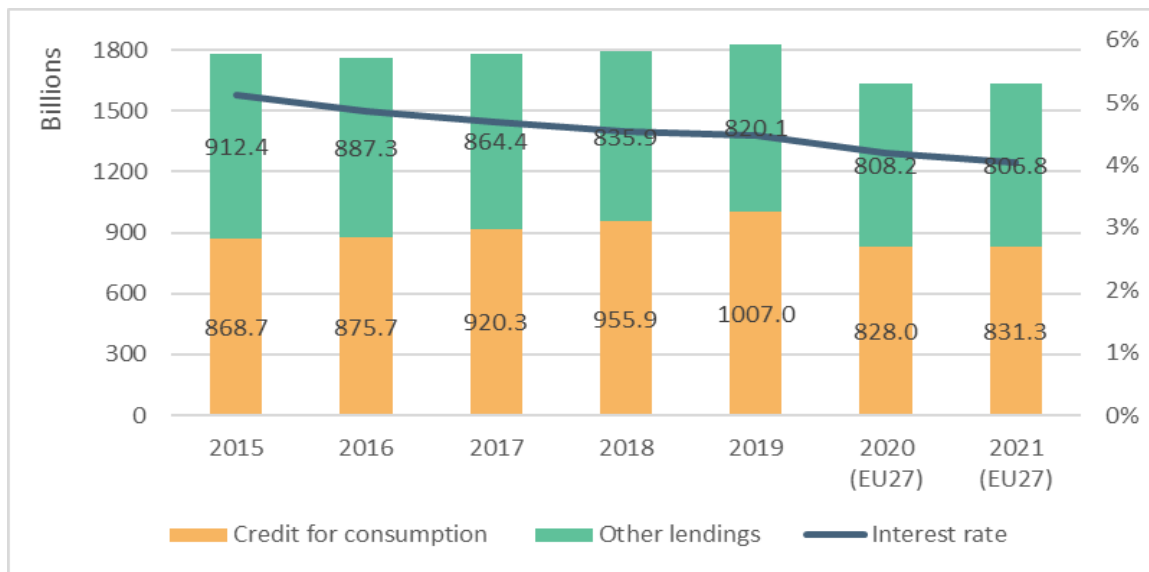
¹⁹ [EBA GL 2020 06 Final Report on GL on loan origination and monitoring.pdf \(europa.eu\) \(https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Guidelines/2020/Guidelines%20on%20loan%20origination%20and%20monitoring/884283/EBA%20GL%202020%2006%20Final%20Report%20on%20GL%20on%20loan%20origination%20and%20monitoring.pdf\)](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Guidelines/2020/Guidelines%20on%20loan%20origination%20and%20monitoring/884283/EBA%20GL%202020%2006%20Final%20Report%20on%20GL%20on%20loan%20origination%20and%20monitoring.pdf)

at ensuring that institutions have both prudential loan origination standards in place and consumer protection rules for the fair treatment of consumers.

Evolution and trends

35. The volume of consumer credit has slightly decreased overall between 2015 and 2021, despite reaching its highest peak in 2019 (see Figure 5).

Figure 5: Outstanding amount and interest rate of consumer credit in the EU across time (in euro)²⁰



Source: ECB

Note: EU changing composition (EU 28 + EU 27 from 2020)

36. Consumer credit²¹ plays an important role in the daily lives of consumers and is widely used. Credit granted under the CCD helps consumers satisfy their needs and contributes to economic growth by providing easy access to liquidity and consequently increase the demand and consumption of certain products. However, as explained in Chapter 2, credit may also give rise to risks when it is taken without a proper creditworthiness assessment being carried out and/or when the lenders do not have the full visibility on consumers' real financial situation and disposable income.

37. Despite the data shown in Figure 5 above, several NCAs reported a growing demand for consumer credit in their jurisdiction, both in terms of number of contracts concluded and of volume of loans granted. Only one NCA reported a decrease in credit demand, probably caused

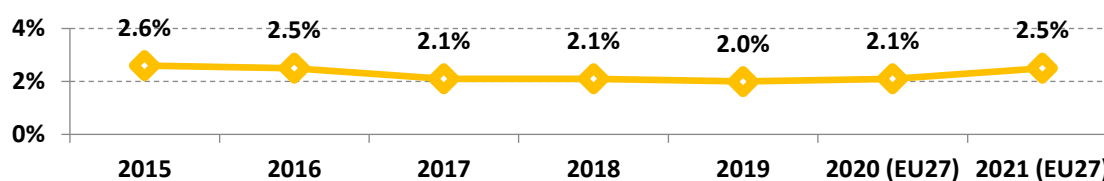
²⁰ The interest rate indicated refers to the average annual return. consumer credit considered in the graph comprises loans granted for mainly personal consumption of goods and services, and other lending, such as for business or education.

²¹ For the purpose of this report, consumer credit refers to 'loans granted for the purpose of mainly personal use in the consumption of goods and services. Credit for consumption granted to sole proprietorship/partnerships without legal status is included in this category, if the reporting monetary financial institution knows that the loan is predominantly used for personal consumption purpose'.

by the decline of household consumption as a result of the COVID-19 pandemic, tighter lending requirements and the rise in interest rates, while two other authorities observed a stable trend.

38. Among the risks, repayment difficulties and ultimately, over-indebtedness, are the most significant ones. Relating to the risks, Figure 6 below shows a slight increase in arrears' percentage on loan repayments from 2019 to 2021.

Figure 6: Percentage of arrears on loan repayments, 2015-2021



Source: ECB

Note: EU27

39. In addition to the abovementioned trends, several NCAs observed an increasing presence of non-bank credit providers for consumer credit, especially for the provision of micro-credit, and a growing demand for this latter type of consumer credit. Relatedly, several NCAs observed some limited peer-to-peer lending opportunities for consumers as well as online platforms, and a slow increase in the use of artificial intelligence (AI) systems to carry out the creditworthiness assessment.
40. In terms of type of popular consumer demand for specific products, NCAs reported different types of products between them, such as cash credit, revolving credit, including credit cards, and overdrafts, personal loans, and motor finance. Several NCAs also observed a steady increase in the demand of Buy-Now-Pay-Later (BNPL)²² and other unregulated credit products.

Relevant issues

41. NCAs and FIN-NET members reported that, in 2020 and 2021, the most common reasons for consumers' complaints about consumer credit were related to fees and charges, in particular early repayment, contractual documentation disclosure, creditworthiness assessment, and over-indebtedness and arrears. While issues related to fees and charges have been reported as being the reason for most complaints in 2020, the issues concerning the disclosure of contractual documentation were reported as the most significant in 2021.

²² At the moment of drafting this report, the EU Commission's adopted proposal for revision of the Consumer Credit Directive foresees that BNPL will fall under the scope of the revised Level 1. Furthermore, based on the text adopted by the EU Parliament, it is foreseen that the EBA will have a number of mandates conferred upon and will therefore be delivering also on BNPLs.

Table 2: Total number of complaints filed for consumer credit per type of issue (2020-2021)

Period	Fees and charges	Early repayment	Contractual documentation disclosure ²³	Creditworthiness assessment	Arrears and over-indebtedness
2020	4,150	3,600	2,700	320	109
2021	590	950	4,017	300	160

42. In addition to the data on consumer complaints mentioned in the table above, the main issues identified by NCAs relate to:

- poor creditworthiness assessment procedures, sometimes facilitated by the use of digital channels;
- the rise of online and/or digital contracting procedures that give rise to new risks and challenges for consumers, such as aggressive advertising and marketing campaigns promising a fast and almost cost-less loan. This then results in poor information provision to consumers and ultimately over-indebtedness, due to high fees applied to late repayment. Challenges are also encountered by supervisory authorities, with the increased need to monitor the adequacy of the information provided to consumers and the automated decision-making processes and risk management. The increase in digital sales of consumer credit gave rise to challenges for providers also, such as the implementation of a proper customer identification policy and procedure and compliance with AML/CFT requirements. It has also led to an increased number of scams;
- inadequate provision of pre-contractual information, which led to a number of complaints concerning applicable fees and charges;
- increase in arrears.

43. In addition to the abovementioned common issues, the following issues were reported by a small number of NCAs:

- sales staff who are not adequately trained to deal with debtors in repayment difficulties;
- cross-selling practices; and
- disagreements between financial institutions and consumers on the outstanding debt.

²³Including provision of pre-contractual and contractual information.

Regulatory and supervisory measures at national level

44. Regulatory measures adopted by NCAs in order to address the issues reported above include:

- Issuance of guidelines on creditworthiness assessment;
- Adoption of a moratorium on repayments of consumer loans;
- Regulation on debt-to-income ratio;
- APRC calculation;
- Publication of specific rules on revolving credit, establishing new requirements applicable to open-ended revolving credit or with a fixed term that is renewed automatically. These rules aimed at enhancing the creditworthiness assessment of consumers and increasing the substance of information provided to consumers when marketing revolving credit, both in the pre-contractual phase and also during the life of the contract;
- Issuance of circulars to financial institutions on complaints-handling procedures, equity release financial products, remuneration policies and practices and internal governance oversight;
- Publication of a report on arrears management.

45. NCAs have reported the following supervisory initiatives:

- Ongoing monitoring activities (off-site and on-site inspections) of the fulfilment of legal obligations, in particular of transparency and content of the information provided especially on digital channels and new types of consumer credit (i.e. BNPL), prevention and treatment of arrears, offering of credit product insurance, lending standards, complaints-handling, creditworthiness assessment, compliance of credit institutions with the applicable requirements for fees and charges;
- Carrying out of mystery shopping activities on the information provided by all supervised institutions about personal credit products, car loans, and credit cards on their website and online surveys;
- Educational campaigns to raise consumers' awareness about product features and risks, publishing of frequently asked questions on consumer credit, education on revolving cards and on BNPL.

Payment services

Legal and regulatory framework in the EU

46. The PSD2, which entered into force in January 2016 and is currently under revision by the EU Commission, lays down EU rules on payment service providers (PSPs) regarding their authorisation and registration, use of agents, branches or entities to which payment service activities are outsourced, and supervision of PSPs; transparency of conditions and information requirements for payment services; and rights and obligations in relation to the provision and use of payment services.
47. PSD2 brought under the scope of EU regulation account information services (AIS) and payment initiation services (PISs) aiming to ensure equivalent operating conditions for existing and new players, enhance competition, digitalisation transparency, security in the use of payments and consumer protection, in a harmonised payments market.
48. In support of PSD2, the EBA developed six technical standards, six sets of guidelines and provided clarity on payment-related questions through more than 250 answers to questions received by external stakeholders via the EBA Q&A tool and through six Opinions²⁴.
49. More recently, in its response to the EU Commission call for advice on PSD2 review, having monitored the implementation and the application of various provisions of PSD2 and the EBA's legal instruments in the past few years, the EBA observed a significant number of issues that should be addressed in order to more fully achieve the objectives of PSD2 of enhancing competition in retail payments vis-à-vis incumbents, facilitating innovation, increasing security of payment transactions, protecting consumers, enhancing customer convenience, ensuring technological and business model neutrality, and creating a single EU retail payments market. The EBA therefore recommended that the EU Commission revise the directive in a number of areas including enhancing consumer protection²⁵.

Evolution and trends

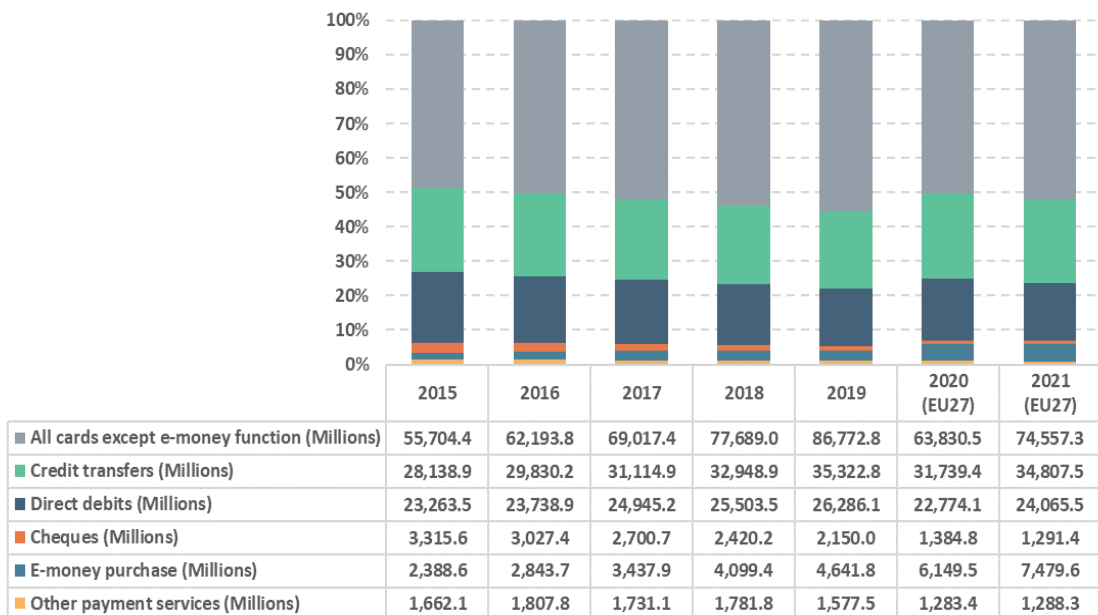
50. Payment services that are secure, efficient, well-functioning, innovative, cross-border and user-friendly are of utmost importance for a developed economy, enabling consumers to access a wide range of goods and services. Secure payments are also crucial to ensure consumers' trust in the financial systems.
51. Most of the NCAs reported a continued increase in terms of number and value of electronic/digital payment services among consumers, especially in the under 40 age group, and that such a trend became more significant during the COVID-19 pandemic.

²⁴ Such EBA products include: RTS on SCA and common secure communication (CSC) under PSD2 (EBA/RTS/2017/02); RTS on central contact points (EBA/RTS/2017/09); RTS on home-host coordination (EBA/RTS/2018/03); GL on authorisation of payment institutions (EBA/GL/2017/09); GL on ICT and security risk management (EBA/GL/2019/04) which repealed GL on operational and security measures (EBA/GL/2017/17); GL on fraud reporting (EBA/GL/2019/05).

²⁵ [EBA's response to the Call for advice on the review of PSD2.pdf \(europa.eu\)](#)

52. The increase in the use of electronic payments can be attributed to the COVID-19-related health measures to contain the pandemic and avoid contact points, but also the emergence of mobile payment solutions some of which are in the form of peer-to-peer application and the provision of online accounts.
53. As shown in Figure 7 below, payment cards are still the prevailing retail payment instrument in the EU in the last few years. However, as showed in Table 3 below, the significance of payment transactions in terms of total value has decreased since 2019 from euro 3,482.48 billion to euro 2,691.95 billion mainly explained by the exit of the UK from the EU.

Figure 7: Total number of payments per type of payment service, 2015-2021



Source: ECB

Note: EU changing composition (EU 28 + EU 27 from 2020)

Table 3: Total value of payments per type of payment instrument (billion euro), 2015-2021

Period	All cards except e-money function	Credit transfers	Direct debits	Cheques ²⁶	Other payment services	E-money purchase
2015	2,859.14	257,338.81	8,384.64	-	4,640.50	95.73
2016	2,916.80	263,488.86	8,028.22	-	3,771.14	119.48
2017	3,043.44	271,529.74	8,186.13	-	3,761.35	143.23
2018	3,257.99	265,110.68	8,391.10	2,591.00	3,511.63	173.73
2019	3,482.48	275,493.93	8,662.91	2,422.64	3,819.17	196.16
2020	2,344.72	188,452.26	6,767.75	1,424.01	2,967.59	258.49
2021	2,691.95	224,756.11	7,521.87	1,424.15	3,273.77	356.93

Source: ECB

Note: EU changing composition (EU 28 + EU 27 from 2020)

54. Few NCAs have observed an increase in the cross-border provision of payment services also in the form of agents and/or distributors.
55. In addition, one NCA observed that following the adoption of the PSD2 and implementation of application program interfaces (APIs) and SCA, there was a decrease in security risks. Moreover, one NCA indicated that in 2021, the implementation of SCA has enabled a decrease of remote payment fraud rate. Another consequence of the implementation of PSD2 is the increase of entities registered to provide account information services and payment initiation services, also on a cross-border basis.
56. Furthermore, the implementation of instant payments by several banks in 2022 has also supported the increase of digital payment services.
57. Finally, few NCAs reported the increased presence of crypto business models, which incorporate a fiat dimension and imply a potential qualification under payment services, as well as capital movements (towards sectors and activities related to crypto-assets). These trends may represent a potential risk for consumers due to the lack of clear applicable regulatory framework until the entry into force and applicability of Markets in Crypto-assets Regulation²⁷ and lack of awareness from consumers about the products' features and risks.

²⁶Cheques are not in the scope of PSD2.

²⁷ At the time of the drafting of this report, the triologue between the EU Parliament, the Council and the European Commission has reached a political agreement on the text of the upcoming Markets in Crypto-Assets Regulation which is expected to take effect from Q3 2024. This EU Regulation will bring crypto-assets, crypto-asset issuers and crypto-asset service providers under a common regulatory framework.

58. Although acknowledging the benefits brought about by the recent and rapid shift of payment services towards digitalisation, NCAs and other stakeholders mentioned the importance of maintaining the same level and quality of services for those consumers who are less digitally savvy.

Relevant issues

59. Based on the information received from NCAs and FIN-NET members (see Table 4 below), the majority of consumers' complaints for payment services in 2020 were related to fraudulent transactions, in particular unauthorised payment transactions (mainly phishing/vishing), non-execution or delayed execution of payment transactions, and fees unduly charged. In 2021, the number of complaints lodged for fraudulent transactions significantly dropped and this may be a result of the introduction of SCA requirements under the PSD2. In addition, NCAs observed an increase in complaints in 2021 for issues related to over-indebtedness and arrears.

Table 4: Total number of complaints filed for payment services per type of issue (2020-2021)

Period	Fraudulent transactions	Fees and charges	Lack of transparency	Arrears and over-indebtedness
2020	52,000	3,000	500	-
2021	30,100	1,700	400	100

60. NCAs also observed an increase in the number of fraud cases (as further explained in Chapter 2) and cyberattacks against systems and platforms of financial institutions which ultimately would result in detriment to consumers due to, inter alia, loss of funds and/or impossibility to avail of them. In addition, NCAs also reported issues related to the implementation of AML/CFT requirements and Know-Your-Customer procedures whereby financial institutions would block consumers' transactions and payments in order to be fully compliant with the rules. A few NCAs reported issues on the provision of pre-contractual information and on fees.
61. Exclusion from accessing the financial services system due to a rapid shift to digital payments has been indicated as an issue by a few NCAs especially for categories of consumers who are not technologically savvy, in particular the elderly.
62. Few NCAs reported that market participants faced difficulties adapting to the new PSD2 requirements, in particular those emanating for the two services recently introduced, while one NCA observed cases of IBAN discriminations.
63. From a supervisory perspective, one NCA indicated issues arising from the unclear competence allocation between home and host authorities, when it comes to the supervision of access interfaces to payment accounts provided by branches located outside the Member State in which the financial institution was authorised.

Regulatory and supervisory measures at national level

64. Regulatory measures adopted by NCAs in order to address the issues reported above are as follows:

- issuance of circular addressed to PIs and electronic money institutions (EMIs) on confidential reporting rules and format in order to improve knowledge of these institutions' business models and activities;
- revision of local legislation to adapt to the revised rules from PSD2, as well as issuance of opinion on APIs;
- implementation of the EBA Guidelines on major incident reporting under PSD2, on Information and Communications Technology (ICT) and Security Risk Management, and on outsourcing arrangements;
- introduction of prohibitions and limits on the collection of fees for the use of payment applications operated by third parties for carrying out payment operations such as withdrawal of funds, payments or transfers in local legislation.

65. In terms of supervisory measures, NCAs reported the following:

- monitoring of implementation and compliance with cross-border payments regulations, with a focus on the requirement for information on currency conversion fees in connection with a payment initiated directly online or via a payment service provider's website;
- revision of the PSPs in the national market for compliance with SCA requirements under PSD2 and AIS /PIS requirements under PSD2;
- setting-up a virtual assets expert group mandated to follow the deployment of the new crypto-assets business models;
- educational campaigns on payments in Europe;
- carrying out a thematic review on PIs and EMIs in order to verify procedures and practices adopted to protect users of payment services (digital onboarding, unilateral modification to the contract, contract termination, management of unrecognised transactions).

Electronic money

Legal and regulatory framework in the EU

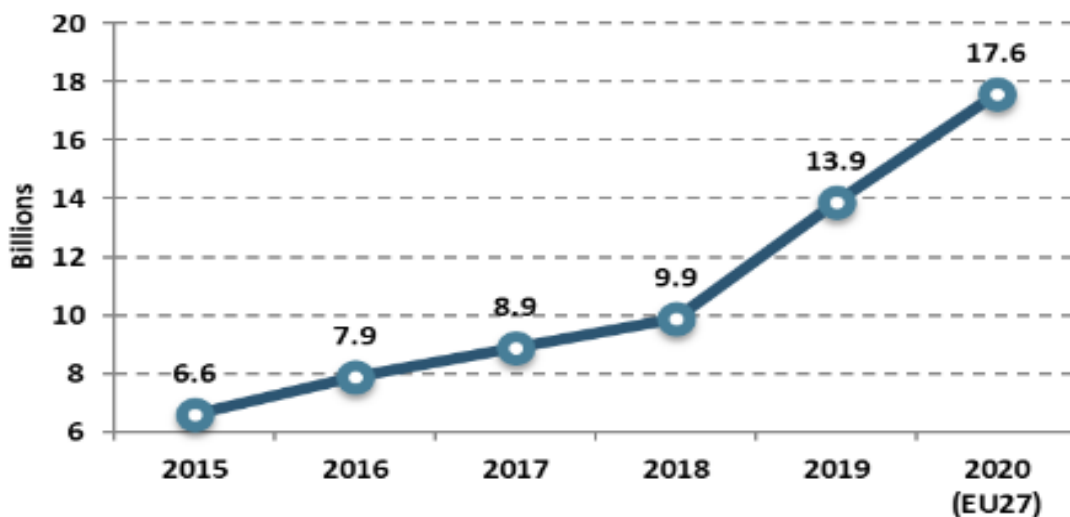
66. Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 lays down the rules for the pursuit of the activity of issuing electronic money. In addition, several provisions of the PSD2 apply *mutatis mutandis* to EMIs.

Evolution and trends

67. Electronic money (e-money) plays a significant role in a limited number of jurisdictions, while in several other countries the importance of this banking retail service is rather minimal, possibly caused by the often-unclear boundaries between payment services and e-money services.

68. The importance in terms of volume of e-money has increased in the past years in several jurisdictions mainly due to development of fintech companies. In some instances, this was the result of Brexit. Figure 8 below shows a steady increase in e-money issued in the euro area from 2015 to 2020, which has almost doubled since 2018.

Figure 8: Electronic money issues in the EU, 2015-2020 (billion euro)



Source: ECB

Note: EU changing composition (EU 28 + EU 27 from 2020)

69. For this service, cross-border provision is quite relevant in several jurisdictions.

Relevant issues

70. NCAs and FIN-NET members reported the following most common reasons for consumers' complaints lodged in relation to e-money services: (i) freezing of the electronic money accounts and funds held therein; (ii) fees and charges; and (iii) fraud.

Table 5: Total number of complaints filed for electronic money per type of issue (2020-2021)

Period	Freezing of electronic money accounts	Fees and charges	Fraud
2020	210	50	40
2021	450	30	50

71. Few NCAs reported issues in the definition of electronic money services from a supervisory perspective and market participants as well.

72. In addition to the above, most of the issues identified are similar to payment services, such as increased number of fraud cases issues with the implementation of AML/CFT requirements and the increased presence of crypto-asset business models.

Regulatory and supervisory measures at national level

73. NCAs reported the following regulatory measures:

- ongoing investigation against a local e-money institution;
- issuance of circular addressed to PIs and EMIs on confidential financial reporting rules and format in order to improve knowledge of these institutions' business model and activities.

74. Supervisory measures implemented to tackle issues arising from e-money, in addition to the ones mentioned in the section of payment services, were the following:

- thematic inspections on payment institutions and e-money institutions in order to verify procedures and practices adopted to protect users of payment services (digital onboarding, unilateral modification to the contract, contract termination, management of unrecognised transactions).

Payment accounts

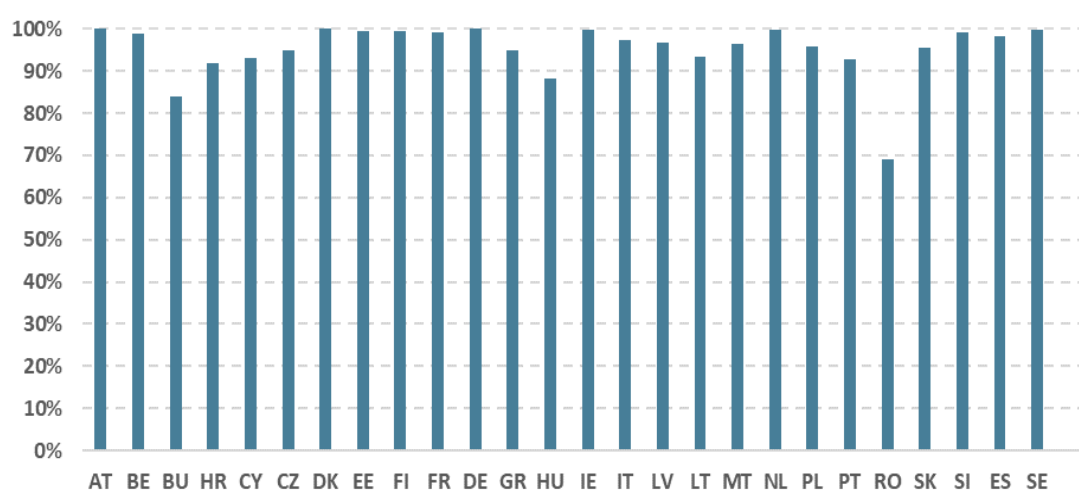
Legal and regulatory framework in the EU

75. The PAD, applicable since 2016, lays down the main provisions concerning the transparency and comparability of fees charged to consumers on their payment accounts held within the EU, and the switching of payment accounts within a Member State, as well as rules aimed at enabling the opening of payment accounts with basic features.

Evolution and trends

76. Payment accounts are widely used among consumers as most of the time they represent the first contact with the financial services system and are utilised to manage the daily activities, i.e. safeguarding of funds, salaries, payments.
77. Figure 9 below shows the percentage of the population aged 15 years or over holding a payment account in the EU as of 2021. This percentage ranges from 69% to 100%.

Figure 9: Percentage of the population aged 15 years or over holding a payment account in the EU



Source: 2021 – World Bank Global Findex Report²⁸

78. Several NCAs remarked on the importance of this product for financial inclusion and counteracting of shadow banking.
79. Several NCAs reported the impact of digitalisation on payment accounts, which can now be easily opened online as offered by recently established ‘neobanks’. Therefore, NCAs registered an increase in the number of payment accounts, mostly provided by credit institutions, whereby in a few jurisdictions fintech and non-bank institutions are growing their market presence for offering this product.
80. Few NCAs reported an increase in the demand to open payment accounts with basic features as a trend resulting from the increase in the number of people seeking international protection.
81. Digitalisation has paved the way for greater cross-border offering of payment accounts by financial institutions.

²⁸ The World Bank Global Findex’s data is based not on private or public data but on consumer surveys.

Relevant issues

82. NCAs and FIN-NET members reported the following most common reasons for lodging complaints against financial institutions about payment accounts in 2020 and 2021 (i) frauds; (ii) fees and charges; (iii) opening and closing of the account; (iv) blocking of the account; and (v) inadequate information provision.

Table 6: Total number of complaints filed for payment accounts per type of issue (2020-2021)

Period	Fraud	Fees and charges	Opening and closing of account	Blocking of the account	Inadequate information
2020	250	350	2,000	700	350
2021	315	150	3,500	800	300

83. NCAs reported the challenges arising from digitalisation for less technology-savvy consumers who may be cut off from accessing the financial services, especially in those circumstances where consumers do not have the necessary tools and have no service provider's office nearby, as well as a general increase in the exposure to fraud risks. Furthermore, one NCA highlighted that, in its jurisdiction, the number of consumers experiencing financial fragility has increased and, consequently, benefited from a cap on incident fees as a result of the optimisation of the detection mechanisms set up by banks.
84. In addition, NCAs have highlighted the difficulties for consumers to open payment accounts with basic features due to their lack of awareness on and/or understanding of the product's characteristics, both being mostly a consequence of inadequate provision of information from the institutions' end. Furthermore, one NCA reported issues arising from the insufficient level of knowledge from sales staff on the specific characteristics of this product, including its feature of being cost-free, for vulnerable consumers.
85. Cross-selling practices and issues associated therein were observed by few NCAs, as well as a lack of transparency on fees and other contractual information and changes applied.
86. The impact of AML/CFT requirements on the operation of payment accounts was also reported as an issue by several NCAs, resulting in denial and or delaying of opening of an account, blocking of the product, and/or freezing of the funds held therein.

Regulatory and supervisory measures at national level

87. NCAs adopted the following regulatory measures to address the issues mentioned in the subsection above:
- with regard to payment accounts with basic features: information to credit institutions on restating the prohibitions on rejecting and application to open a bank account on the grounds that the citizen does not have an address in the country, and adoption of

specific rules on identification documents requested from refugees to open a bank account;

- request to credit institutions to provide documentation explaining the reasons for denying the opening of an account as well as the reason for closing accounts of consumers with certain nationalities / geographical origin;
- issuance of guidelines on the assessment of AML/CFT risks and compliance with applicable rules.

88. Supervisory actions adopted to address the issues mentioned for payment accounts are as follows:

- with regard to payment accounts with basic features: monitoring of credit institutions' compliance with rules to open a bank account with basic features, in particular following the increase in the number of people seeking international protection due to the Russia's invasion of Ukraine;
- conducting several supervisory actions with different objectives, such as verifying the effective compliance with payment account switching regulations and with the established regulatory obligations regarding 'tacit' overdrafts granted to consumers, as well as the adequacy of branches' sales staff's knowledge and skills and the remote marketing of payment accounts to assess the impact of the digital transformation on customer protection;
- supervision of proper application of AML/CFT requirements for opening a bank account;
- warning and educational campaigns towards consumers to increase their knowledge and avoid fraud;
- creation of an inclusion alert unit within the observatory of banking inclusion²⁹;
- carrying out of an annual survey on basic banking services.

Deposits

Legal and regulatory framework in the EU

89. In 2014, the recast Deposit Guarantee Schemes Directive (DGSD) came into force. It provides uniform deposit coverage of euro 100,000.00 and aims to provide reinforced protection for depositors, with quicker pay-outs and improved information. This directive also requires that

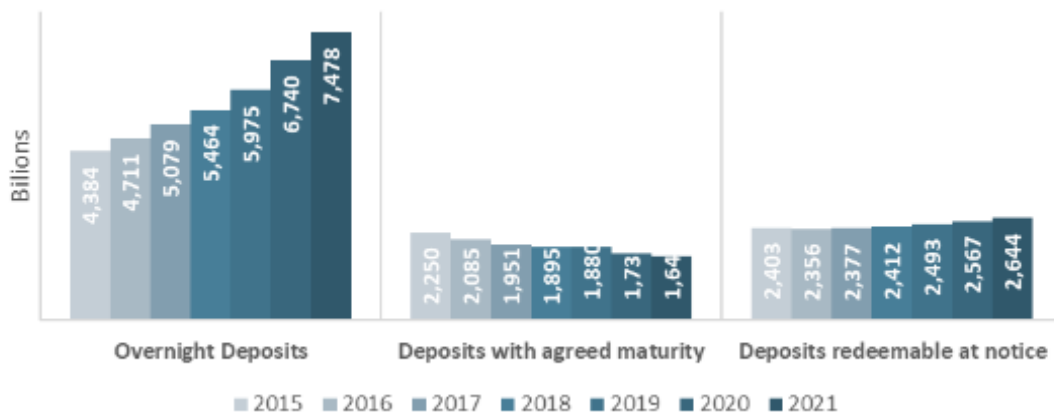
²⁹ The observatory of banking inclusion was created in 2013 and in May 2020 its action was augmented by setting up an inclusion alert unit that functions as a contact point for associations and provides budget advice points for individuals facing difficulties, such as failure to detect a situation of fragility, lack of a cap on incident fees, difficulty in accessing the specific offer or the right to have an account.

all Deposit Guarantee Schemes (DGs) be pre-funded to ensure that they will be able to fulfil their obligations towards depositors, and by doing so, increasing confidence in the banking system.

Evolution and trends

90. Almost all NCAs reported that (household) deposit accounts represent a very important banking retail product for consumers mostly held with credit institutions. Indeed, in addition to being the product holding the life savings, deposits are also the source of liquidity, are easily accessible represent one of the main sources of financing and a stable form of funding for the market through credit institutions' balance sheet. In addition, consumers are reassured by the safety provided by the Depositor Compensation Scheme. Figure 10 below shows that deposits held by households have grown significantly in recent years.

Figure 10: Deposits held by households, 2015-2021 (billion euro, outstanding amounts) – EU changing composition



Source: ECB

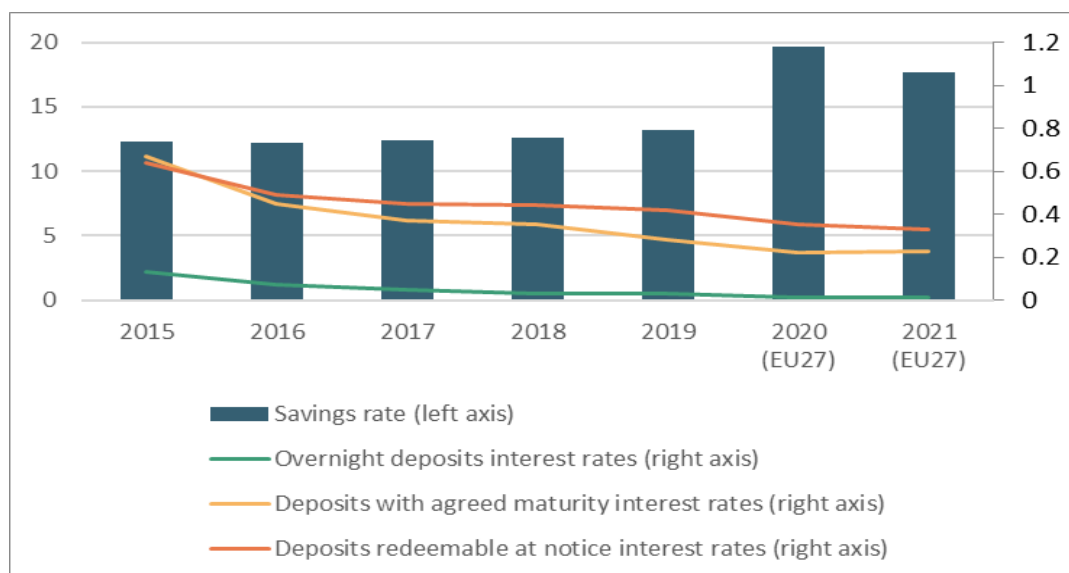
Note: EU changing composition (EU 28 + EU 27 from 2020)

91. Several NCAs noted that, despite the low interest rates applied previously on deposits by credit institutions, opening of deposits has continued to increase, in particular from households, especially during the pandemic due to the high uncertainty, increased risk-aversion, and several COVID-19 restrictions. In particular, one NCA reported a sharp increase in this product since 2016.

92. In addition, few NCAs indicated that most of the deposits are held by residents, except for a few cases which also resort to online deposit platforms and holds non-resident deposits. One NCA reported an increase in the number of national savings accounts of local citizens in other Member States as a result of the interest rate differential on deposits between that country and other Member States.

93. Two NCAs have reported different evolution of household's deposits. In one case, when looking at longer term trends, household deposits showed a sharp increase from 2016, while in the short term, the rate of growth became lower in 2022. In the other case, there has been a continuous drop in the amount of households' deposits over the last few years, which may be reflective of the general low-interest-rate environment, as households may be shifting their savings into more profitable investments.
94. In terms of cross-border provision of deposits, one NCA reported a surge in this type of notification largely caused by one big foreign banking group, while another NCA observed an increase from fintech banks.
95. Figure 11 shows households' saving rate from 2015 to 2021. The saving rate is the percentage of disposable income that a person or group of people save rather than spend on consumption. Figure 11 also presents the interest rates for (i) overnight deposits; (ii) deposits redeemable at notice; and (iii) deposits with agreed maturity. As shown in Figure 11, the saving rate has been slightly falling from 2015 to 2016 and increasing significantly from 2016 until 2021. The increase in deposits since 2020 might be partially explained as a consequence of the lockdown measures implemented during COVID-19, when people drastically reduced their daily expenses and leisure activities. Since 2015, while interest rates and return on investments were reducing, the 'zero-lower bound' pricing policy held by most credit institutions may have incentivised deposits. Figure 11 also shows the decreasing trend of interest rates from 2015 to end of 2020, when there has been stabilisation and a slight increase for deposits with agreed maturity.

Figure 11: Saving rate and interest rates in the EU, 2015-2021



Source: ECB

Note: EU changing composition (EU 28 + EU 27 from 2020)

Relevant issues

96. NCAs and FIN-NET members reported that, for deposits, most of the complaints were related to the administration and processing of the accounts, fees and charges, customer services in general, provision of information, interest rates applied and few cases of fraud.

Table 7: Total number of complaints filed for deposits per type of issue (2020-2021)

Period	Account administration and processing	Fees and charges	Customer service	Information provision	Interest rates	Fraud
2020	17,728	12,136	6,277	53	90	-
2021	13,726	4,537	4,290	47	229	42

97. NCAs reported mainly three types of issues, respectively related to the low/negative interest rate, fees and charges and digitalisation. More specifically, with regard to the application of low/negative interest rates, several NCAs reported issues for consumers in dealing with a transparent and correct application of these and lack of opportunity for returns. One NCA observed issues related to the frequent changes of type and amount of fees levied on deposits.

98. Several NCAs reported that digitalisation, closure of physical branches and electronic fraud affected consumers in their jurisdictions.

Regulatory and supervisory measures at national level

99. Regulatory measures reported by NCAs to address the issues observed above included:

- amendments to local legislation on complaints-handling, remuneration policies and internal governance, adequacy of the price and remuneration for services;
- issuance of circulars to the industry about safeguarding clients in times of COVID-19, especially in relation to online systems.

100. With regard to supervisory measures implemented to address the issues observed for deposits, NCAs reported the following measures:

- monitoring of removal of fees related to high balances, commercial advertising via third party application;
- conducting of surveys on targeted credit institutions to assess compliance with timely closing of deposits;
- consumers awareness campaigns.

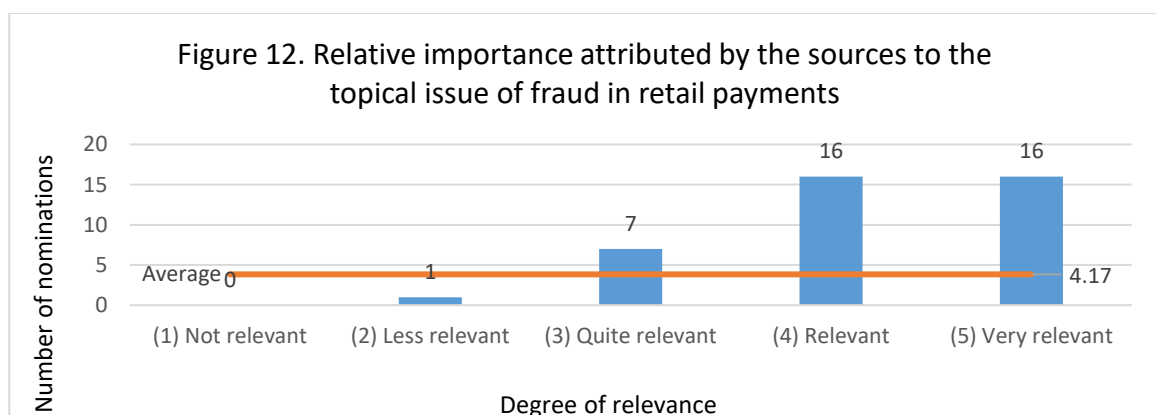
Chapter 2: Topical issues

101. This chapter presents the topical issues identified by the sources that had provided input, namely NCAs, FIN-NET members, consumer associations and EU industry associations.
102. Based on the input received, the CTR 2022/23 addresses the following two issues ranked as the two most significant by respondents:³⁰
- fraud in retail payments;
 - over-indebtedness and arrears.
103. While a small number of consumer associations and NCAs also highlighted issues with access to bank accounts, fees and charges and mis-selling practices, this report develops in detail the two issues mentioned above.

Fraud in retail payments

104. Fraud in retail payments is considered to be of great relevance by all stakeholders. Figure 12 below shows the importance attributed by NCAs and the other stakeholders in relation to this topical issue, which has an average score of 4.17 out of 5 based on the feedback received from 40 respondents out of 49³¹. Only one respondent indicated that this topical issue is not relevant in its jurisdiction, while the vast majority of the respondents (32 out of 40) highlighted that the issue is either relevant or very relevant.

Figure 12: Relative importance attributed to the topical issue ‘fraud in retail payments’

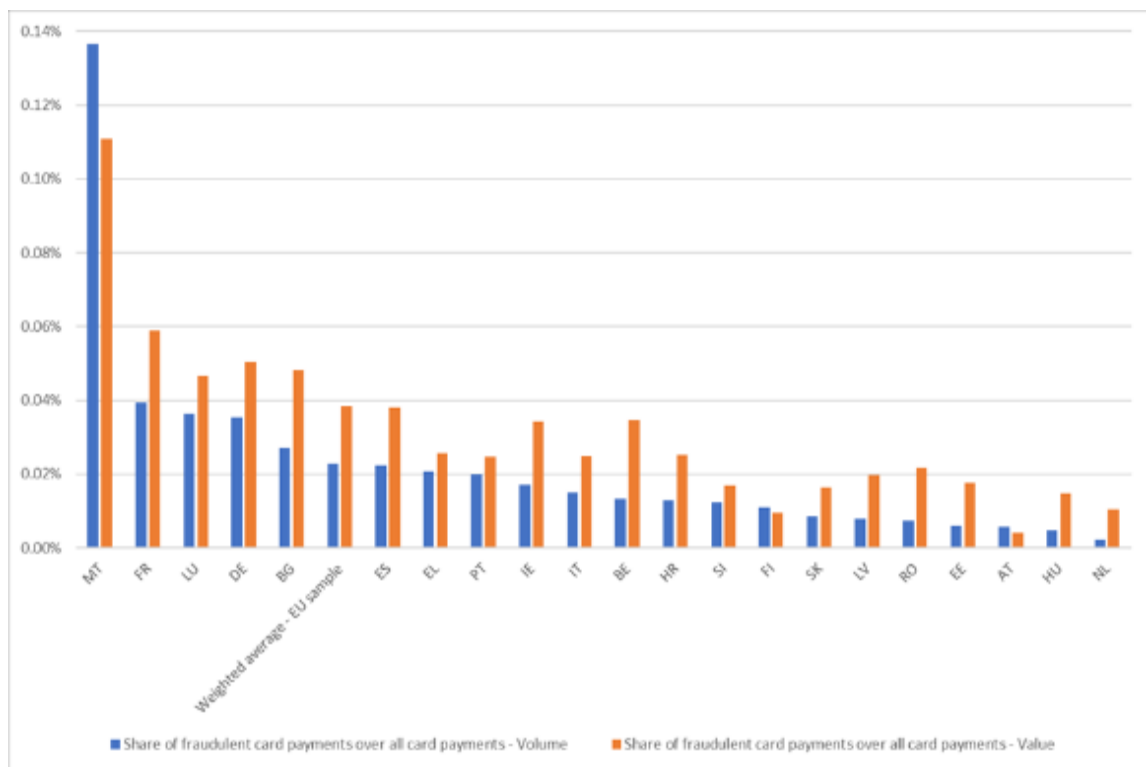


³⁰ The topical issues are numbered and described in order of the relative importance assigned to them by the sources of information.

³¹ The grid of scores was composed by 5 levels, whereby ‘not relevant’ was equivalent to score 1, ‘less relevant’ to 2, ‘quite relevant’ to 3, ‘relevant’ to 4, and ‘very relevant’ to 5.

105. Fraud in retail payments emerged already as an issue for consumers in the CTR 2020/21 under the broader topic of ‘payment transactions’, when several NCAs and stakeholders reported that most of the unauthorised payment transactions were of a fraudulent nature (page 68 of the CTR 2020/21).
106. The significant shift towards the digitalisation of financial services progressed further during the COVID-19 pandemic. While this development has brought enormous benefits to consumers and financial institutions in terms of quality and quantity of services available, it has also led to an increase in the number of digital payment transactions, which has coincided with an increase in the number of fraudulent transactions. As a partial illustration of this trend, Figures 13 and 14 below respectively depict the share of fraudulent card payments over all card payments per volume and value, and the share of fraudulent payments over all payments (credit transfers) per volume and value.

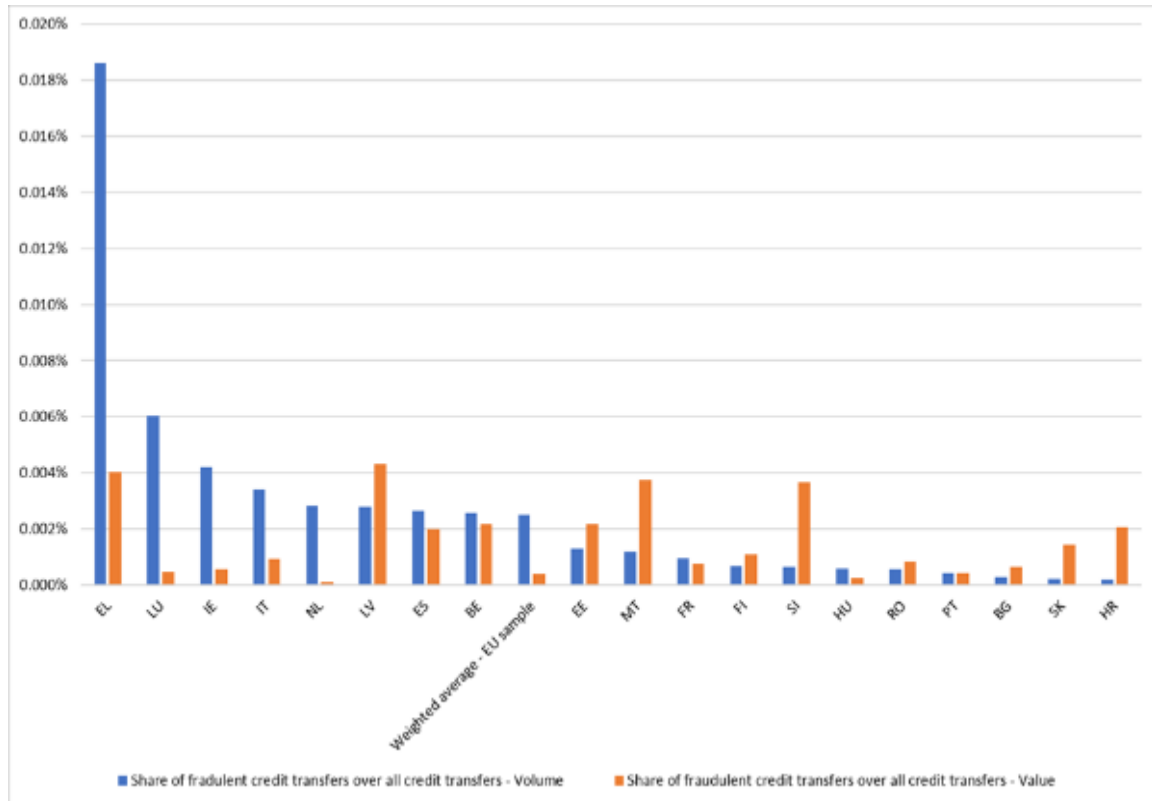
Figure 13: Share of fraudulent card payments over all card payments – volume and value (2021)³²



Data source: EBA

³² Data reproduced based on the EBA’s retail risk indicators available at [Retail risk indicators \(europa.eu\)](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2023/1054040/Retail%20risk%20indicators.pdf). (https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2023/1054040/Retail%20risk%20indicators.pdf).

Figure 14: Share of fraudulent payments over all payments (credit transfer) – volume and value 2021)³³



Data source: EBA

107. Relatedly, several stakeholders reported that fraudsters are constantly adapting their techniques and using new approaches, which in turn leads to an increase both in the number of victims and of fraud cases. Fraudsters take advantage of consumers, especially vulnerable ones, and their lack of knowledge and awareness regarding digital safety³⁴. Elderly people and, more broadly, vulnerable consumers who are not familiar with digital retail payments are more exposed to fraud perpetrated through phishing and vishing techniques. Fraudsters steal these consumers' SCA elements and register their own devices as trusted (possession element) from which they execute the fraudulent transactions.

108. The impact on consumers might materialise in different ways: they might lose their savings and/or be put in financial distress, lose trust in payment services and/or more generally in the

³³ Data reproduced based on the EBA's retail risk indicators available at [Retail risk indicators \(europa.eu\)](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2023/1054040/Retail_risk_indicators_(europa.eu)_tail%20risk%20indicators.pdf) ([https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2023/1054040/Retail_risk_indicators_\(europa.eu\)_tail%20risk%20indicators.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2023/1054040/Retail_risk_indicators_(europa.eu)_tail%20risk%20indicators.pdf)).

³⁴ With regard to 'vulnerable consumers', in EU law these are defined in the 'Unfair Commercial Practices Directive' which focuses on consumer information and marketing before consumers buy a product or a service. The Directive defines the vulnerable consumers as an exception to the concept of the average consumer. Compared to the average consumer, who is 'reasonably well-informed and reasonably observant and circumspect', some consumers require additional protection because they are particularly vulnerable due to their mental or physical infirmity, age (children and elderly people) or credulity. [...]'. Source 'Briefing – European Parliament – Vulnerable consumers', European Union, 2021.

financial services, factor that ultimately might undermine consumers' confidence more widely³⁵.

109. The PSD2, and the technical standards the EBA developed in support of SCA, are aimed at reducing fraud. However, by the time of the most recent period for which fraud data was available when this report was published, which was H1 and H2 of 2021, payment service providers in many jurisdictions across the EU had not yet complied with the SCA requirements. This was particularly the case for card-based remote electronic transactions.

110. As a result, the evolution of fraud trends differed between Member States, with several NCAs indicating a decrease in number of fraud cases, while others reported an increase.

Relevant issues

111. NCAs and the other stakeholders reported two main issues, manifestations of fraud in retail payments, these being (i) *the increase in unauthorised payment transactions*, which can happen through different techniques, as detailed in the following paragraphs; and (ii) *payments/ investments in crypto-assets*.

112. *The increase in unauthorised payment transactions* is the issue observed by most of the NCAs and other stakeholders³⁶. Respondents reported that phishing and vishing³⁷ are the two techniques most commonly utilised to defraud consumers, followed by *SIM swapping*³⁸, *ID spoofing*³⁹, *manipulation*⁴⁰, *spyware*⁴¹, and *smishing*⁴².

³⁵ For a definition of 'scam' and 'fraud', please refer to the FinCoNet's report 'Supervisory challenges relating to the increase in digital transactions, especially Payments' (<http://www.finconet.org/Supervisory-challenges-digital-transactions.pdf>).

³⁶ Article 64 of PSD2 defines an authorised payment transaction as follows: 'a payment transaction is considered to be authorised only if the payer has given consent to execute the payment transaction. A payment transaction may be authorised by the payer prior to or, if agreed between the payer and the payment service provider, after the execution of the payment transaction. (...) In the absence of consent, a payment transaction shall be considered to be unauthorised.'

³⁷ 'Vishing scams can happen over the phone, voice email, or VoIP (voice over Internet Protocol) calls.' Source: [Spoofting and Phishing — FBI](#).

³⁸ For the purpose of this report, 'SIM swapping' is the case when a fraudster '[...] takes over the mobile phone number of the real subscriber, by asking the mobile telecom provider to link that number to a SIM card under the attacker's control. [...] In a SIM swapping attack, the attacker will convince the telecom provider to do the SIM swap, using social engineering techniques, pretending to be the real customer, claiming that the original SIM card is for example damaged or lost. When the attack is successful, the genuine subscriber's phone will lose connection to the network and they won't be able to make or receive phone calls [...]. Link to [Beware of the Sim Swapping Fraud! — ENISA \(europa.eu\)](#).

³⁹ Spoofing is '[...] Spoofing is when someone disguises an email address, sender name, phone number, or website URL—often just by changing one letter, symbol, or number—to convince you that you are interacting with a trusted source[...]. Source [Spoofting and Phishing — FBI](#).

⁴⁰ For the purpose of this report, 'manipulation' commonly refers to the '[...] fraud cases [that are] caused by a third party manipulating a payer into making a payment and that it is, at least partially, the responsibility of the PSP to identify any such potential case [...]. EBA Guidelines on Fraud Reporting under the PSD2 [EBA/GL/2015/05 \(consolidated version\)](#).

⁴¹ 'Spyware' is commonly known as a fraudulent technique through which the fraudster installs a software token/mobile banking app on the device of the victim or through tokenisation of the payment card in a wallet.

⁴² 'Smishing' is a fraudulent technique through which the consumer is lured into accepting active links from message ostensibly sent by commercial banks or postal services by SMS.

113. The increase in these types of fraud is driven by the ease with which fraudsters can contact consumers using modern technology, and their ability to make their contacts appear genuine, for example by mimicking the logo, texts and websites of well-known firms. In some cases, consumers are misled to believe that by clicking on a link they are simply authorising one payment, while in reality they are subscribing for a recurrent service of which they were not made aware. One NCA reported cases where the victims were misled into opening an account in their own name and handing over authentication details and password to the scammer.
114. One NCA and one stakeholder reported an increase in the incorrect execution of payment transactions as a result of *SIM swap*, perpetrated through forgery of the identity of the payee. More specifically, one NCA reported a scheme where the fraud results from an ostensible problem with the telephone line, caused by the duplication, without the victim's knowledge, of the telephone number used to receive information and transmit instructions to their bank.
115. With regard to the types of payment services and instruments, few NCAs and one stakeholder indicated credit cards and credit transfers as the most often targeted by fraudsters.
116. Some stakeholders also indicated that the likelihood for a defrauded consumer to be compensated/reimbursed by the payment service provider is very low. This is due to the circumstances under which the fraud or scam occurred, which rarely fall under the criteria to be eligible for reimbursement according to applicable legal framework due to consumer having allegedly acted with intent or gross negligence and hence not falling under the reimbursement criteria.
117. Although not related to retail payments, several NCAs and other stakeholders reported issues arising from a recent trend connected to fraudulent payments executed for a specific scope, the *purchase of crypto-assets*. Among the cases reported, NCAs observed an increase in number of persons falling victim to fraud through which they authorise payments of relevant sums of money to purchase an asset in the hope of making a high profit which never materialises. This scam normally occurs either through online advertisement, social networks or telephone calls. Only after having executed the transaction the victims realise that the assets they purchased do not exist. Websites promoting these platforms develop (appear and disappear) very dynamically. NCAs highlighted the risks arising from crypto-assets given the lack of specific regulation covering this product. Two consumer associations drew attention to the fact that this type of fraud is widespread especially in Eastern Europe and lately connected to false donation to support Ukrainian refugees.
118. A few respondents also noted the risks arising from the recent increase in cyberattacks on financial institutions which have become more sophisticated, more frequent, more targeted and progressively more difficult to detect, and which ultimately affect consumers in cases of loss of funds and/or impossibility to access their accounts.

Regulatory, supervisory and educational measures

119. In order to address the issues described in the sub-chapter above, NCAs have implemented several types of regulatory, supervisory and educational initiatives.

120. Starting with *regulatory measures* implemented to address fraud in retail payments, NCAs reported the following:

- with regard to regulatory acts and actions taken towards financial institutions, one NCA reported the issuance of a circular letter to credit institutions to emphasise their responsibility regarding the application of SCA requirements during the onboarding process of payment cards to digital wallets, and another NCA informed of a recommendation towards PSPs in which expectations are recorded in order to reduce fraud in electronic payments with a particular focus on real-time transaction monitoring. Another NCA mentioned a recent publication of a best practice that payment service providers are expected to comply with and that, in the event the consumer denies having authorised a payment transaction that has already been executed or alleges that it was executed incorrectly, in accordance with good banking practices, the customer service of the institution needs to provide the consumer, within the corresponding previous claims, with the supporting documentation of the correct authorisation and/or execution of the payment operation in question. The same authority published another best practice so that PSPs do not make unilateral increases in the limits on disposition of instruments and means of payment, which should always function as security limits and in the event that PSPs allow these limits to be exceeded without the client's consent, they must assume not only the amount exceeded, but also the total sum of the payment by which the limit was exceeded.
- With regard to the amendment of regulatory framework, one NCA is currently undertaking a review of its consumer protection framework and published a discussion paper to engage with stakeholders focusing, among other items, on the risk of fraud especially for vulnerable consumers. Another NCA is working on a project aiming to implement artificial intelligence and rules based on central real-time monitoring system for credit transfer type transactions in order to identify network effects related to frauds. The same NCA has issued a recommendation on the protection of IT system, on IT security requirements for teleworking and remote access. Another NCA has been recently conferred powers to order service providers to remove, block or restrict content deemed false or fraudulent from the internet.

121. With regard to *supervisory measures* that NCAs have taken to mitigate the issues of fraud in retail payment, a few NCAs issued recommendations and guidelines to financial institutions aimed at improving the prevention, detection, blocking and treatment of fraud through payment services. Another NCA indicated the close cooperation with other local authorities in providing information on its website about different types of fraud and unlicensed businesses. In addition, the same NCA has developed a new procedure for assessing and advising citizens' complaints in relation to fraudulent and unlicensed financial services with a dedicated inbox.

Another NCA has been promoting and assessing the compliance with the rules applicable to the provision of payment services, including SCA's rules, through the reporting by payment service providers and complaints' handling. Another NCA has launched an initiative to assess whether, in the case of fraud, consumers' losses could have been increased as a result of the financial institution's misconduct in terms of transparency and consumer protection obligations.

122. Continuing with *supervisory measures*, several NCAs focussed their actions on IT-related issues. One of these authorities carried out thematic inspections on some of the major IT service providers for less significant banks, to assess risks connected with the provision of services rendered to intermediaries, the ability of suppliers to support the evolution of the business model of retail banks and the existence of processes suitable for monitoring cyber risks. The investigations made it possible to identify some areas for improvement concerning, among other things, the practices and methods of controlling risks of a technological nature and IT security safeguards, for which the suppliers have planned specific initiatives. The results were shared with the banks, which were asked to strengthen the supervision of its suppliers. A few other NCAs have established a task force on fraud prevention, including an initiative on automated removal of malicious sites from an internet search provider. Finally, two NCAs carried out supervisory measures to assess banks' mechanisms to reduce the rate of fraud and one in cooperation with an AML/CFT competent authority.
123. In addition, a few authorities have implemented measures to support consumers facing difficulties in obtaining the reimbursement of the defrauded funds. Among these measures, one NCA is considering whether to issue a set of guidelines to address the difficulty consumers face in obtaining reimbursement of the defrauded funds and is also carrying out a thematic review on the procedures set up by prominent payment service providers to deal with unauthorised payment operations. Another NCA created template letters for consumers to report a complaint for reimbursement or reconsideration of a previous decision to their bank due to an unauthorised payment transaction. A third NCA issued a press release to remind payment services providers to ensure compliance with regulatory requirements for handling claims for reimbursement of unauthorised bank card transactions as well as providing consumers with more reasons for the refusals to reimburse.
124. Finally, several NCAs undertook targeted *educational initiatives*, some of these also in cooperation with private and public institutions to raise consumers' awareness and to improve their literacy on the risks of fraud in retail payments, addressing in particular elderly people. Among these NCAs, four published information on their websites related to fraud, including explanation of different fraudulent schemes and risks, and warnings about unlicensed service providers on social media, including a social media page dedicated to financial literacy of citizens.
125. Continuing with more general educational measures, some NCAs carried out dedicated campaigns on financial education which were focused on raising consumers' awareness, also by publishing warnings), on specific types of fraud, such as business name issue and payments towards crypto-assets platforms to purchase these types of assets. Other few NCAs focused

their educational initiatives on informing consumers about cybersecurity, while another NCA established a specific centre for financial literacy to strengthen economic literacy of the public.

126. Finally, one NCA issued a press statement to raise awareness among savers on risks arising from holding or buying crypto-assets, reminding consumers that these products are neither subject to the rules on transparency of banking products and investment services nor are they subject to forms of supervision or control by the supervisory authorities.

Conclusions

127. With the shift towards digitalisation accelerated by the COVID-19 pandemic, fraud in retail payments has had the greatest impact on consumers trust, not only in payment services but in financial services more generally. While the number of digital transactions increased in the last two years, so did the number and value of fraud in a number of Member States, due to more sophisticated techniques used by fraudsters.
128. NCAs have therefore adopted several actions to mitigate the most relevant issues arising from fraud in retail payments. To address the increased number of unauthorised transactions, NCAs have adopted regulatory measures to improve the compliance of financial institutions with SCA requirements, published several warnings to raise consumers' awareness about internet fraud and issued recommendations to enhance financial institutions' IT systems.
129. Furthermore, several NCAs took supervisory measures to protect consumers from fraud. Some authorities focused their attention on IT-related issues by carrying out thematic reviews on service providers and establishing ad hoc task forces on fraud prevention, or supported consumers facing difficulties in obtaining reimbursement of the defrauded funds.
130. Finally, NCAs undertook educational initiatives to raise consumers' awareness on different types and techniques of fraud, either through financial literacy ad-hoc campaigns or by publishing detailed information on their websites. NCAs and the other stakeholders remarked that financial education is one of the most effective tools for consumer protection against fraud, as was also highlighted in the Joint ESAs thematic report on financial education⁴³.

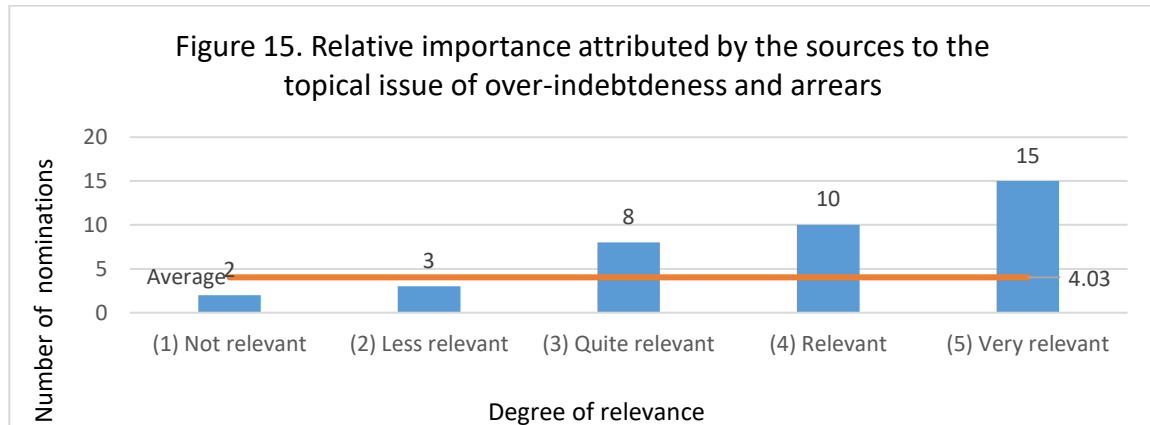
Over-indebtedness and arrears

131. Over-indebtedness and arrears have been reported by NCAs and the other stakeholders as the second topical issue for the CTR 2022/23. That is partly due to the changing economic environment with persistently increasing inflation where central banks across the EU are normalising/increasing interest rates to pre-crisis (Global Financial Crisis) levels, resulting in more expensive borrowing costs for consumers and a general increase in the cost of living.

⁴³ [European Supervisory Authorities identify good practices for financial education initiatives on scams, fraud and cyber security](#)

132. Figure 15 below shows the importance assigned by NCAs and other stakeholders to the topical issue of over-indebtedness and arrears, which has an average score of 4.03 out of 5, based on the feedback received from 38 respondents out of 49⁴⁴. Most of the respondents indicated that this issue is either relevant or very relevant in their jurisdiction.

Figure 15: Relative importance of the topical issue ‘over-indebtedness and arrears’



133. Over-indebtedness and arrears are important due to the changed economic outlook, the effects of which had an immediate impact on the costs of certain retail banking products, such as mortgages and consumer credit. Many mortgage borrowers had paid relatively low interest rates in previous years, on both fixed and variable rates, and are therefore facing increasing mortgage costs as base rates and the cost of new, fixed or other incentivised mortgage deals increase in the current changing economic environment. Several NCAs therefore highlighted that, due to the rising living costs, consumers tend to take out a number of different credit products which, in aggregate, may then lead to them facing difficulties of repayment and/or over-indebtedness. One NCA remarked that this trend might ultimately bring an increase in arrears.

Relevant issues

134. The following paragraphs summarise the three main issues that NCAs and other stakeholders have reported in relation to over-indebtedness and arrears, these being focused on (i) the impact of inadequate creditworthiness assessment procedures applied by several financial institutions; (ii) the effects of the rising inflation which result consumers requiring more credit; and (iii) the risks arising from the use of digital channels in the process of obtaining credit.

135. Firstly, according to replies received from NCAs and other stakeholders, several *financial institutions apply inadequate creditworthiness assessment procedures, which may increase the risk of over-indebtedness*. Several respondents highlighted that a poor creditworthiness

⁴⁴ The grid of scores was composed by five levels, whereby ‘not relevant’ was equivalent to score 1, ‘less relevant’ to 2, ‘quite relevant’ to 3, ‘relevant’ to 4, and ‘very relevant’ to 5.

assessment significantly increases the risk for consumers to find themselves in repayment difficulties at a later point in time. One NCA remarked that most of the times the poor level of the procedure is a result of financial institutions not being able to find financial information on loan applicants. One consumer association indicated that the quality of the creditworthiness assessment procedure is worse still for smaller amounts of credit, possibly driven by financial institutions not seeking robust financial information on the borrower for said small amounts. Two consumer associations highlighted that older people and, in general, vulnerable consumers are more likely to find themselves in financial difficulties as a result of a poor creditworthiness assessment.

136. Secondly, consumers have an *increased need for credit* as a result of the rising cost of living, which reduced the amount of disposable income, and of the normalisation/increase of the key interest rates which indirectly increased reference rates for variable-rate mortgages and its cost for consumers. This necessity is particularly acute for borrowers (existing and new ones) who are subject to variable rates, thus being more exposed to the rising interest rates than those with fixed rates, as indicated by one respondent. One NCA observed that, coinciding with the increased need for credit, consumers may not necessarily be aware of the accumulation of debt and of the high interest rates that credit institutions charge for overdrafts or revolving credit lines. In addition, two respondents highlighted the risk for consumers to fall in a debt spiral, whereby they would obtain multiple short-term credit products, many of them being out of the scope of the CCD, which increases the probability of default and hence reduces the possibility to obtain credit at all or at a reasonable cost in the future.
137. Third, *the increased accessibility of credit facilities through digital channels may give rise to the risk that consumers enter into a credit contract without being fully aware of the features of the product and risks arising from*. Furthermore, as the increased use of digital channels goes hand in hand with the development of new business models and credit-granting practices (e.g. BNPL, peer-to-peer financing) that may not fall under the existing rules on consumer credit, the risk arises that consumers may enter into financial obligations without a proper and thorough prior assessment of their creditworthiness.
138. Several NCAs reported that the risk of over-indebtedness is enhanced by the growing use of digital channels to provide consumer credit and the lack of transparency and/or inadequateness of information provided. These new marketing channels increase the convenience and speed of accessibility of credit facilities. However, credit providers may rely on poor quality data sources and, therefore, carry out a poor creditworthiness assessment. Big Data and new algorithms may pose a problem in terms of responsible lending, the lack of transparency in relation to how the information is provided and made usable, data privacy, and possible discrimination in the granting of credit towards certain categories of borrowers, i.e. those who are not users of digital channels.
139. In addition, consumers, especially the elderly, may have limited awareness of the characteristics and risks of new products and services, as well as the applicable contractual conditions and their rights, especially in the case of digital services and products. Also, financial

institutions are very active in advertising the possibility of concluding pre-approved credit via digital channels.

140. Relatedly to the above, one NCA observed that, in its jurisdiction, the risk of over-indebtedness appeared to be higher for certain categories of consumers, such as single adults or single-parent families, most often where the only parent is a woman, unemployed persons and people in the age group between 25 and 54 years old.
141. Finally, several stakeholders reported risks arising from Buy-Now-Pay-Later products⁴⁵. Two NCAs and another stakeholder highlighted that, due to these products being advertised and marketed mainly through digital channels, consumers may not be fully aware of the respective product features and risks. In particular, one stakeholder reported that in its jurisdiction, following the COVID-19 pandemic, in 2020 and that most users are young consumers with digital skills and frequent online shoppers, without a credit history and with unstable income. Furthermore, often, the creditworthiness assessment is not robust. In addition, one NCA observed that this type of credit is often offered by providers located in another Member State which are hence difficult to supervise effectively.

Regulatory and supervisory measures

142. In order to address the issues described in the sub-chapter above, NCAs have implemented several measures of a different nature. The following paragraphs summarise the most relevant regulatory and supervisory measures adopted by authorities with those implemented to mitigate the rise of inflation and interest rates described in a dedicated box.
143. Starting with *regulatory measures*, NCAs have implemented the following ones in relation to:
- Responsible lending: several NCAs issued specific guidelines or amended already existing laws to require financial institutions to carry out adequate creditworthiness assessments and improve the information provided to consumers. Other NCAs enacted specific regulations and circular letters on lending. Both types of regulatory actions aim to ensure that borrowers' repayment ability is the primary consideration of financial institutions.
 - Monitoring treatment of borrowers: several NCAs focused their regulatory initiatives on monitoring how financial institutions prevent and handle arrears to protect borrowers who face serious financial distress. In particular, one NCA enacted rules containing measures preventing borrowers from benefiting from a moratoria from entering into arrears and the intensification of the financial institutions' reporting requirements, while another one amended its code of conduct on arrears handling aiming at, inter alia, shortening and simplifying the arrears procedures. Another NCA

⁴⁵ To note that BNPL products are not under the EBA consumer protection's remit. However, they may fall under the competence of NCAs. The EBA received information of risks arising from this product and decided to make the public aware, despite its remit limitation.

established an internal working group with the aim of dealing with both legacy and new distressed debt held by financial institutions and carried out several research initiatives on over-indebtedness and arrears which demonstrated that remaining arrears cases are increasingly concentrated in the longer-term arrears cohort. Finally, one NCA increased the countercyclical capital buffer rate applicable to domestic credit risk exposures to mitigate, in times of high credit growth and possible rise of indebtedness, the risk of reducing borrowers' repayment capacity and ultimately the rise in interest rates due to the increase in non-performing loans.

144. Turning to *supervisory measures*, NCAs have adopted the following:

- In relation to provision of information: one NCA used a supervisory tool that enables the review of marketing on social media in a more efficient way and the collection of numerous marketing actions posted on social media. Moreover, one NCA drafted a regulatory proposal for tightening marketing requirements and the requirements for verifying the identity of the person applying for credit. Another NCA carried out several inspections to assess the compliance level of financial institutions in providing consumers with adequate pre-contractual information.
- Educational initiatives were implemented by several NCAs targeting BNPL to raise consumers' awareness on the risks arising from this specific product. Moreover, one NCA carried out an initiative to make consumers aware of how to exit situations of repayment difficulties while another NCA launched a discussion paper highlighting that vulnerable consumers are more likely to be over-indebted and purchase inappropriate products.
- Several NCAs implemented borrower-based macroprudential measures which aimed at containing the risks of over-indebtedness.
- Finally, on-site and off-site inspections were carried out by several NCAs to investigate and address issues arising from over-indebtedness.

Box: NCAs' and governments' measures to support consumers in the current changing economic outlook of increases in inflation and interest rates

The current changing economic scenario, where the rise in the inflation impacts interest rate has several consequences for consumers, such as, *inter alia*, less appetite of credit institutions to lend money, especially residential mortgages, at fixed interest rates, higher repayment instalments and a decrease in consumer purchasing power.

In this scenario, NCAs and governments have adopted several measures targeted towards supporting consumers in repayment difficulties as described below.

In some cases, authorities have observed an increase in consumer demand to fix the interest rates of their credit contracts, to restructure them and/or obtain a credit holiday. In this regard, at the end of 2022, the NCA of this jurisdiction issued a written recommendation for the creditors

under the MCD and the CCD and urged them to be more flexible in the provision of credit holidays for consumers and in the restructuring of credits where it is likely to foresee repayment difficulties in the near future. In addition, this NCA expects creditors to take into consideration the current changing economic scenario and to determine their pricing responsibly. Finally, the fees for the basic services included in this NCA-approved composition of the basic payment account basket have been decreased for consumers and banks have been requested to review other fees applied by them to the payment services and, where possible, to reduce them.

In one jurisdiction, authorities adopted two temporary measures aimed at helping borrowers in financial distress; one focused on mortgage borrowers at risk of default; the other one on granting the suspension of the early repayment fee for mortgages with variable interest rates⁴⁶. Moreover, in the same jurisdiction, authorities have implemented yet another measure introducing the possibility of penalty-free early redemption of education and pension-education saving plans. The three mentioned measures will be applicable until the end of 2023.

In another jurisdiction, the law has been amended by introducing a temporary right for borrowers, subject to specific conditions, to renegotiate mortgages with variable interest rates, in order to replace the variable interest rate with a fixed rate calculated according to the criteria set out in the same law.

One NCA requested banks to implement an interest rate stress at the loan origination to control for a sufficient *minimum surplus income* (i.e. a household's remaining income after debt service for the mortgage). Moreover, this NCA requested domestic banks to update the minimum surplus income based on the inflation rate given by the national statistical institute.

Another NCA reported that the government adopted relief measures for those with a mortgage, structured into three areas: i) a new code of good practices to alleviate the rise in interest rates on mortgage on habitual residences; ii) restructuring the debt of vulnerable families; and (iii) structural measures aimed at improving and increasing the transparency of the national mortgage market.

Another NCA addressed a letter to all regulated financial institutions to reaffirm its expectations on how the institutions treat consumers, in the context of the current challenging economic environment of energy-driven inflation, rising interest rates and significantly higher consumer prices and business costs.

Another NCA plans to issue a communication on how to perform a creditworthiness assessment in light of the current inflation, including how to calculate the consumer's budget, when the consumer's fixed expenses can be expected to increase.

Two NCAs devoted their initiatives to consumers' financial education and awareness on the effects of inflation to avoid incurring detrimental situations of financial distress. To this end, the authorities have published information on inflation and its impact on their website, and one of these has introduced modules on money and prices in financial literacy initiatives directed to schools (primary, lower secondary and upper secondary).

In one jurisdiction, following a request advanced by the local Ministry of Finance, the price increase for banking services cannot exceed 2% in 2023, while in another country as a result of

⁴⁶ Both measures have specific conditions of applicability, including set criteria to define when borrowers can be considered to be in financial distress and categories of mortgages that fall under the scope of such measures.

an action from the local competent authority, fees and charges for delayed payments cannot be applied.

Finally, in another Member State the government introduced an interest rate freeze from 1 January 2022 to variable mortgage and from November 2022 to mortgage with an interest rate fixation period over 1 year and up to 5 years until 30 June 2023, limiting the possible risks of rising interest rates due to the current monetary policy tightening in the household segment. Similarly, another NCA lowered the interest rate cap for consumer loans.

Conclusions

145. NCAs and the other stakeholders highlighted that over-indebtedness and arrears is driven by the changing economic environment where consumers are facing increased inflation, including in energy prices, and the normalisation/increase in interest rates. As a result, consumers tend to take on more credit and may therefore be exposed to a higher risk of over-indebtedness and arrears.
146. NCAs and other stakeholders observed two main trends, in particular:
 - (a) inadequate creditworthiness assessment procedures carried out by financial institutions, which may then lead to repayment difficulties,
 - (b) increased digitalisation which may result in consumers not being fully aware of the features of the product and the risks they may incur; possibly driven by the rise of new business models and credit facilities that fall outside the existing regulatory perimeter (e.g. BNPL, peer-to-peer lending). As a result, credit may be extended to consumers without a prior assessment of their creditworthiness, paving the way for over-indebtedness and financial difficulties.
147. To address the issues mentioned above, NCAs have adopted regulatory and supervisory measures that focused on responsible lending, preventing consumers from opting for a product that is not suitable, monitoring the treatment of borrowers, helping consumers in repayment difficulties and avoiding consumers falling into financial distress. These measures varied from circulars to guidelines, including specific national regulation, and off-site/on-site actions.
148. Finally, several NCAs have carried out targeted educational campaigns to inform consumers about the effect of inflation and to help them out of situations of financial distress.

Chapter 3: Measures adopted by the EBA and NCAs to address the topical issues identified in the CTR 2020/21

149. This chapter is divided into three parts. The first part describes the topical issues that were identified by the EBA in the CTR 2020/21, followed by the measures taken by the EBA (in the second part) and NCAs (in the third part).

Topical issues in the CTR 2020/21

150. The CTR 2020/21 that was published in March 2021 addressed the following six issues:

- a) **Indebtedness, responsible lending and creditworthiness assessment** – issues related to responsible lending and creditworthiness procedures, a heightened risk of over-indebtedness as a result of the growing use of digital channels to access credit, new potential threats as a result of the significant development of consumer credit products and selling practices during the last few years, a potential increase of non-performing loans (NPLs) (including the purchase of NPLs by unregulated entities) and the proliferation of service providers outside the regulatory perimeter, insufficient transparency on digital contracts.
- b) **Fees and charges levied for retail banking products** – with regard to payment accounts, payment services and loans, the report highlighted several issues, such as the steady increase and disproportionate application of fees, lack of transparency, inadequate provision of information mostly at the pre-contractual stage, mismatch between fees charged and services provided, differentiation of fees and charges depending on the channel through which the service is provided.
- c) **Digitalisation** – increase in cybersecurity risk, privacy issues (unintended release, theft, corruption or loss of consumers' personal and financial information), system failure, increase of mis-selling, insufficient or inadequate disclosure in digital means, lack of awareness of consumers regarding who they are contracting with in cross-border transactions, competition issues and impact of digitalisation on financially vulnerable consumers, issues related to de-risking.
- d) **Payment transactions** – unauthorised payment transactions mostly reported as fraudulent (such as misleading the customer in data phishing emails, or telephone calls to acquire customers' bank card data), hidden fees (such as a difference between the amount to be transferred and the amount that is actually transferred which is often due to the charging of a non-transparent fee or opaque exchange rates with cross-border transactions), incorrect execution of payment transactions, surcharges.

- e) **Access to bank accounts** – denial by credit institutions to open a bank account to consumers based on AML grounds, unilateral cancellation of bank accounts by credit institutions to consumers based on AML grounds, insufficient transparency of AML obligations to consumers, issues related to the identification documents provided by the clients, application of ‘de-risking’ policy, difficulties faced by vulnerable groups of consumers (senior citizens, migrants) to access a payment account.
- f) **Selling practices** – (mostly related to credit distribution) high level of fees and lack of clarity regarding the applicability of such fees, the unclear clauses included in the terms and conditions, the mis-selling practices, poor creditworthiness assessment, insufficient information provided to consumers, misleading advertising campaigns, incorrect application of the EBA Guidelines on Product Oversight and Governance (POG)⁴⁷.

EBA’s measures to address the topical issues

151. Since publication of the report in March 2021, the EBA has taken a number of measures to address the aforementioned issues.

Indebtedness, responsible lending and creditworthiness assessment

152. On indebtedness, responsible lending and creditworthiness assessment, and in particular the link with the proliferation of service providers outside the regulatory perimeter, in May 2022, the EBA published a report on non-bank lending⁴⁸ in response to the Call for Advice it had received on this topic from the EU Commission (EC)⁴⁹. In the report, the EBA pointed out that, while the magnitude of non-bank lending in the EU remains limited compared to credit provided by banks, fintech activity has been increasing over the last few years. The trends observed outside the EU also showed that BigTechs and other non-traditional operators have already developed, and successfully rolled out, business models for lending.
153. The response explained that the provision of innovative financial services may bring benefits for consumers and increase competition in the market but also highlighted that the national regulatory regimes currently in place significantly diverge between each other thus leaving opportunities for regulatory arbitrage.
154. In its response the EBA put forward some proposals to address risks arising from the activities of this subset of loan providers, including the enhancement of disclosure requirements and the imposition of requirements for creditworthiness assessments.

⁴⁷ [EBA-GL-2015-18 Final report on Guidelines on product oversight and governance.pdf \(europa.eu\)](#)

⁴⁸ [Report on response to the non-bank lending request from the CfA on Digital Finance.pdf \(europa.eu\)](#)

⁴⁹ [210202-call-advice-esas-digital-finance_en.pdf \(europa.eu\)](#)

155. The issue has also been addressed through the EBA's response to the EC's Call for Advice on the review of the MCD, published in June 2022 in the form of an Opinion and a Report⁵⁰. In this response, the EBA, *inter alia*, highlighted risks arising from the provision of mortgage credit through platforms emerging from the current regulatory framework. Such risks include the financial exclusion of consumers that are less technology savvy, inappropriate credit granting decisions due to the lack of creditworthiness assessments, and lack of consumers' understanding of risks and costs due to incomprehensible or non-existent disclosure documents. To address these issues, in its response the EBA recalled the requirements emanating from its Guidelines on Loan Origination and Monitoring, whereby lenders' credit risk policies and procedures should clarify the conditions for automated decision-making in the credit-granting process, and 'specify the use of any automated models in the creditworthiness assessment and credit decision-making processes in a way that is appropriate to the size, nature and complexity of the credit facility and the types of borrowers'.
156. Furthermore, in its advice on the review of the macroprudential framework⁵¹, the EBA also explained that a number of risks, such as over-indebtedness, arise in the lending market due to the presence of non-bank lenders and their poor creditworthiness assessment, which may subsequently cause detriment to consumers, especially to vulnerable borrowers. In both the MCD review and macroprudential framework review responses, the EBA was supportive of the borrower-based measures that the European Systemic Risk Board (ESRB) had previously recommended in its response to the EC's Call for Advice on the review of the EU Macroprudential Framework where the ESRB explained that '[...] *BBMs act directly on the borrower, generally restricting the quantity of credit provided with characteristic that are deemed risky. [...]*' and that '[...] *BBMs can help to ensure sound lending standards and higher resilience of borrowers. [...]*'⁵². The use of borrower-based measures (BBMs) would contribute, *inter alia*, to enhanced protection of consumers, as the introduction of BBMs tends to come along with lower mortgage credit growth, higher resilience of households, higher resilience of credit providers and more sound lending standards.

Fees and charges

157. In the CTR 2020/21, most stakeholders noted that fees and charges continued to be one of the most significant topical issues for consumers within the EU. In particular, the high level of fees levied by financial institutions and the general lack of transparency, together with the often-disproportionate level of the charge compared to the service offered, were the most commonly observed issues.
158. Against this background, the EBA decided to use its new power conferred in 2020 and in 2022, carried out a 'thematic review' into the transparency and level of fees and charges for all of the retail banking products that are in the EBA's consumer protection remit (payment

⁵⁰ [EBA's response to the EC Call for advice on the review of MCD.pdf \(europa.eu\)](#)

⁵¹ https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Other_publications/2022/1031866/EBA_advice_on_the_review_of_the_macroprudential_framework.pdf

⁵² [Review of the EU Macroprudential Framework for the Banking Sector - Response to the call for advice \(europa.eu\)](#)

accounts, mortgage credit, consumer credit, payment services, electronic money services, and deposits), in a first attempt to assess this difficult issue.

159. In so doing, the EBA collected comprehensive information from 26 NCAs, a sample of 149 financial institutions (primarily credit institutions) from across the EU, and a sample of national and EU consumer associations.
160. The review was published as a report in December 2022 and concluded, *inter alia*, that many national legal frameworks on fees and charges are subject to the general principle of freedom of contract⁵³. Additionally, the report confirmed that fees and charges levied by financial institutions represent, for some of them, an important source of income, and also that they widely vary across the EU market in terms of level and type. With the exception of payment accounts, the report also highlighted the low level of harmonisation and standardisation of fees within the EU Member States, as a result of which consumers face difficulties in comparing costs of products and services offered by financial institutions. Furthermore, some NCAs and some consumer associations identified as one of the detrimental scenarios, instances where a consumer fee that had previously agreed was subsequently increased. In these circumstances, withdrawing from the contract or changing provider may be difficult or financially disadvantageous for some.

Digitalisation

161. The CTR 2020/21 was published during the height of the COVID-19 pandemic. Consequently, one of the topical issues captured was the impact of digitalisation on consumers, which was a result of the rapid change towards digital retail banking services and products and the health measures implemented during that period.
162. Although stakeholders acknowledged the advantages introduced by digitalisation, they were also aware of the risks and detriment that this trend could bring for consumers, including fraud, cyberattacks, and insufficient disclosure of information in digital channels.
163. In September 2021 the EBA published a report on the use of digital platforms which highlighted the rapid growth in the use of digital platforms to 'bridge' customers with financial institutions. Digital platforms and enablers can offer opportunities for customers by facilitating access to financial products and services, including cross-border products and services. However, the platformisation of financial services can pose some challenges for competent authorities in supervising compliance with conduct of business and consumer protection requirements. Additionally, depending on the specificities of the business model, customers may be exposed to new or elevated risks as compared to traditional intermediation channels, for instance in the context of poor disclosure practices, cross-mis-selling, fraud or data loss, as well as complaints-handling.

⁵³ [Thematic review on the transparency and level of fees and charges for retail banking products](#)

168. In relation to payment transactions, the EBA published a response to the EC Call for Advice on the PSD2, in the form of an Opinion and a Report⁵⁸. In this response, the EBA explained that the security-enhancing objectives of PSD2 have started to materialise⁵⁹, in particular through SCA by reducing fraud levels. This was evidenced by the EBA's preliminary analysis of payment fraud data⁶⁰ and the assessment of the SCA migration data for e-commerce card-based payment transactions⁶¹, which suggested that the introduction of SCA has reduced fraud rates by 40% to 60%. Notwithstanding these achievements, the EBA articulated a large number of recommendations in its response, aimed at enhancing security even further, in recognition of the fact that fraudsters have shifted their approaches to other areas that are not subject to SCA, such as social engineering fraud.

Access to bank accounts

169. Access to bank accounts appeared as a topical issue for the first time in 2020/21. Consumer associations, in particular, remarked the importance of this issue in the context of financial inclusion. Manifestations of this issue included denial by credit institutions to open a bank account for consumers and unilateral cancellation of such accounts based on the ostensible grounds of AML/CFT obligations. In some instances, stakeholders had reported denial of bank account due to the consumer not being a national resident.

170. With regard to the measures taken in relation to access to payment accounts, the EBA launched in 2020-21 a series of information-gathering exercises, reaching out to competent authorities across the EU, as well as to external stakeholders to assess and understand the scale and impact of the financial institutions' decision to refuse to enter into, or to terminate, business relationships with individual customers or categories of customers associated with a higher money laundering/financing of terrorism (ML/TF) risk, or to refuse to carry out higher ML/TF risk transactions ('de-risking' policy).

171. As a result, in January 2022 the EBA published its Opinion on 'de-risking', where it highlighted that de-risking occurs across the EU and affects different types of customers or potential customers of institutions, including specific segments of the financial sector such as respondent banks, PIs and EMIs, as well as certain categories of individuals or entities that can be associated with higher ML/TF risks, for example asylum seekers from high ML/TF risk jurisdictions or not-for-profit organisations. In its Opinion, the EBA drew attention to the fact that, while the impact and scale of de-risking within different categories of customers vary, de-risking can lead to adverse economic outcomes or amount to financial exclusion. Financial

⁵⁸ [EBA's response to the Call for advice on the review of PSD2.pdf \(europa.eu\)](#)

⁵⁹ [Directive \(EU\) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation \(EU\) No 1093/2010, and repealing Directive 2007/64/EC](#)

⁶⁰ Discussion Paper on the payment fraud data received under PSD2 (EBA/DP/2022/01)

⁶¹ [Report on the data provided by PSPs on their readiness to apply SCA for e-commerce card-based payment transactions \(europa.eu\)](#)

exclusion is of concern, as access to at least basic financial products and services is a prerequisite for participation in modern economic and social life.

172. The EBA has followed up on its Opinion and in March 2023 published the final report on the Guidelines on policies and controls for the effective management of money laundering and terrorist financing (ML/FT) risks when providing access to financial services (EBA/GL/2023/04)⁶².

Selling practices

173. Finally, the previous edition of the CTR identified selling practices as a topical issue, more specifically, the high level and lack of transparency of fees, the mis-selling practices (including misleading advertising campaigns) and poor creditworthiness assessment.
174. In its response to the EC Call for Advice on the MCD review in June 2022, the EBA reiterated the existence of cross selling risks that had been identified in the joint ESAs work already in 2016⁶³, which remain as prevalent as they were in 2016 and which continue to require amendments to Level 1 texts in order to be properly addressed. In its response, the EBA mentioned for example, the use of digital means in cross-selling practices, the need to ensure consumers are aware of the risks and benefits of bundled products, and the lack of adequate training of sales staff on cross-selling.
175. Hence, the EBA recommended that the MCD provision on tying and bundling practice should be strengthened by requiring creditors to inform their customers that they are free to choose from any insurance provider and are not obliged to take out any required insurance policy with them. Until the differences in the existing legislation are addressed by the EU co-legislators, the ESAs may not be able to regulate or supervise cross-selling practices in a consistent way across the three sectors of banking, insurance/pensions, and securities.

Regulatory and supervisory measures adopted by NCAs to address the topical issues identified in the previous CTR 2020/21

176. Since the publication of the CTR 2020/21, NCAs have taken several regulatory and supervisory measures to address the topical issues identified in the report and the following paragraphs summarise the measures reported for each of the issue.

Indebtedness, responsible lending and creditworthiness assessment

177. NCAs reported that, since the publication of the CTR 2020/21, they have adopted several measures to address issues arising from indebtedness, responsible lending and creditworthiness assessment. The majority of national authorities implemented different supervisory actions, in particular, by carrying out on-site inspections, on lending practices and

⁶² [Guidelines on MLTF risk management and access to financial services.pdf \(europa.eu\)](#)

⁶³ [ESAs letter to European Commission on cross-selling of financial products \(europa.eu\)](#)

policies, and creditworthiness assessment. The latter was also addressed by issuing injunctions towards credit institutions. Several NCAs opted for the off-site tool of thematic reviews, covering revolving credit, treatment of moratoria, treatment of defaulted customers and creditworthiness assessment, while others adopted specific laws and regulations at national level⁶⁴.

Fees and charges

178. Since the publication of the CTR 2020/21, NCAs have monitored the trend of fees and charges through supervisory actions. Several NCAs have carried out on-site inspections to assess the level and transparency of fees, also through mystery shopping activity, while some have undertaken off-site actions, including thematic reviews on Statement of Fees and evolution of charges. In addition, one NCA assessed, through off-site inspections, if institutions made available on their websites the fee information document for all the accounts on offer for current and prospective clients.

179. Finally, a number of national initiatives have been implemented to tackle the detriment arising from fees and charges. In compliance with PAD, and following other NCAs, one NCA implemented a comparison website for consumers to assess fees and charges levied on payment or deposit accounts. Another NCA set up a horizontal and cross-departmental working group composed of representatives from different areas (financial stability, regulation, prudential supervision, cash and issue, payment systems, and institutions' conduct) that carried out an economic analysis and a review of the regulatory framework with the aim of addressing potential issues arising for consumers from fees and charges. Other NCAs imposed a cap on the fees to support mainly fragile consumers⁶⁵. In one jurisdiction, as a result of the introduction of prohibitions and restrictions on fees, financial institutions cannot charge consumers for the issuance of statements regarding termination of the credit contract, and processing of instalments of mortgage and consumer credit and issuance of debt statements when these are intended to fulfil obligations for access to social support or public services. In consumer credit financial institutions are now prohibited from charging any commission for analysing the renegotiation of credit conditions, namely the spread or duration of the credit agreement. Additionally, prohibitions and limits on the collection of fees for the use of payment applications operated by third parties (such as digital wallets) for carrying out payment

⁶⁴ One NCA reported amendments to the national law on mortgage in March 2020, whereby an additional provision introduced the possibility for borrowers experiencing financial difficulties to defer payments of the credit, other than interest, for a period not exceeding 3 months. The right to defer the payment was also granted in the event of loss of employment or at least one-third of income of the borrower or the spouse thereof. Amendments were also made to the national law on consumer credit, which provided for the possibility of a borrower experiencing financial difficulties when the borrower no longer meets the debt-service-to-income requirements request to defer payments other than interest for a period not exceeding 3 months. The right to defer credit payments was granted in the event of loss of employment or at least one-third of income, death of a spouse, divorce, incapacity for work and performing permanent mandatory initial military service.

⁶⁵ In one of these jurisdictions, credit institutions are required to assess the financial fragility of their clients as follows: existence of account operating irregularities or payment incidents repeated over a period of three consecutive months; the accumulation of five (or more) payment incidents during the same month will be sufficient to be considered as a 'fragile consumer' and benefit from the offer; the amount of resources credited to the account. The credit institution may also take into account transactions that could lead to payment incidents.

operations such as withdrawal of funds, payments or transfers have been introduced⁶⁶. In the same jurisdiction, the services included in payment accounts with basic features were extended, without additional fees or charges.

Digitalisation

180. To address the issues identified for digitalisation in the CTR 2020/21, NCAs took various measures, such as the establishment of regulatory sandboxes for fintech companies aimed at supporting the growth of such entities within the regulatory parameters, and guaranteeing a high level of consumer protection as well as the stability of the financial system. Furthermore, some NCAs focused on enabling consumers to receive adequate and timely information to operate in a safe manner not only in conventional but also in digital channels. This focus includes supervisory initiatives addressing the digital marketing of services and products, including mystery shopping inspections of the information provided through the websites of supervised entities, educational campaigns to help consumers spot the financial fraudsters as well as issuing warnings on unlicensed businesses providing financial services.

Payment transactions

181. Following the EBA Opinion on supervisory actions to ensure the removal of obstacles to account access under PSD2⁶⁷, two NCAs carried out an assessment to ensure that obstacles to the provision of AISs and/or PISs in the account servicing payment service providers' interfaces were removed. Other NCAs focussed their supervisory actions on off-site inspections of the IT systems, assessment of the full adoption of the SCA requirements, survey of complaints-handling for reimbursement of unauthorised transactions and raising awareness of consumers about fraudulent practices. One NCA developed initiatives on financial education throughout the country, addressing the assistance needed when accessing banking products and services through digital channels.

Access to bank accounts

182. Actions undertaken by NCAs to address the issues identified by the CTR 2020/21 related to access to bank accounts focused mainly on assessing financial institutions' compliance with the PAD requirements, starting from addressing the requirements to provide an account with basic features, such as transparency and quality of the information provided in relation to the opening of this product, exercise of withdrawal, and switching services both in-person and digitally. This has been done through off-site and on-site inspections, interviewing financial institutions' staff and/or carrying out mystery shopping. In one jurisdiction the services included in payment accounts with basic features were extended therefore the respective NCA issued a circular letter where clarification about the new rules were included.

⁶⁶ This NCA has also issued soft law in order to clarify the context of these new commissioning prohibitions.

⁶⁷ [Opinion of the European Banking Authority on supervisory actions to ensure the removal of obstacles to account access under PSD2 \(EBA/Op/2021/02\)](#).

Selling practices

183. To address the issues arising from selling practices as identified in the CTR 2020/21, several NCAs took on-site and off-site actions to assess compliance by financial institutions with requirements applicable to retail banking products with regard to (i) provision of pre-contractual information; (ii) marketing and advertising practices, especially when vulnerable consumers are involved in the transactions; and (iii) crowdfunding lending platforms.
184. One NCA carried out a study on cross-selling practices, in particular bundling practices, and presented a description of the institutions' practices.
185. Furthermore, supervisory actions of NCAs included visits to branches/offices and awareness raising campaigns. One NCA imposed caps on commission for credit protection insurance, while another focussed its measures on revolving cards. In another jurisdiction, in the context of mortgages, financial institutions are now prohibited from refusing to associate a current account held by the consumer with an institution other than the lender.

List of References

Figure 1: Mortgage as a percentage of loans to households in EU MSs 2015 – 2022 (EU27)

Figure 2: Annualised rate of lending for house purchase in the EU

AAR. Data Source in SDW:

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Figure 3: Lending for house-purchase, 2015-2022 (in euro) – EU27

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https://sdw.ecb.europa.eu/browseTable.do?org.apache.struts.taglib.html.TOKEN=e907cc37dd27d78b3bc9ff11f0e937a3&org.apache.struts.taglib.html.TOKEN=ea9fc41289355a1b02dd1f1e8d16f0b7&org.apache.struts.taglib.html.TOKEN=fd05d956e803464243348ddf7bc1e945&org.apache.struts.taglib.html.TOKEN=8b08fef7d3e28f0248a5e9e41b119503&org.apache.struts.taglib.html.TOKEN=d2305d9cd280052b1195140f56e5d6ec&org.apache.struts.taglib.html.TOKEN=28644bbc6e716d0ed818e8577d864c69&df=true&REF_AREA.14=AT&REF_AREA.14=BE&REF_AREA.14=BG&REF_AREA.14=CY&REF_AREA.14=CZ&REF_AREA.14=DE&REF_AREA.14=DK&REF_AREA.14=EE&REF_AREA.14=ES&REF_AREA.14=FI&REF_AREA.14=FR&REF_AREA.14=GB&REF_AREA.14=GR&REF_AREA.14=HR&REF_AREA.14=HU&REF_AREA.14=IE&REF_AREA.14=IT&REF_AREA.14=LT&REF_AREA.14=LU&REF_AREA.14=LV&REF_AREA.14=MT&REF_AREA.14=NL&REF_AREA.14=PL&REF_AREA.14=PT&REF_AREA.14=RO&REF_AREA.14=SE&REF_AREA.14=SI&REF_AREA.14=SK&DATASET=0&FREQ.14=M&legendRef=reference&BS_ITEM.14=A20&MATURITY_ORIG.14=A&node=9691311&SERIES_KEY=117.BSI.M.AT.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.BE.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.CY.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.DE.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.EE.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.ES.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.FI.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.FR.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.GR.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.IE.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.IT.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.LT.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.LU.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.LV.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.MT.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.NL.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.PT.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.SI.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.SK.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.BG.N.A.A20.A.1.U6.2250.Z01.E&SERIES_KEY=117.BSI.M.CZ.N.A.A20.A.1.U6.2250.Z01.E&SERIES_KEY=117.BSI.M.GB.N.A.A20.A.1.U6.2250.Z01.E&SERIES_KEY=117.BSI.M.HR.N.A.A20.A.1.U6.2250.Z01.E&SERIES_KEY=117.BSI.M.HU.N.A.A20.A.1.U6.2250.Z01.E&SERIES_KEY=117.BSI.M.PL.N.A.A20.A.1.U6.2250.Z01.E&SERIES_KEY=117.BSI.M.RO.N.A.A20.A.1.U6.2250.Z01.E&BS_COUNT_SECTOR.14=2250&legendPub=published&DATA_TYPE.14=1&start=01-01-2015&end=31-12-2022&submitOptions.x=0&submitOptions.y=0&trans=N&q=&type=&periodSortOrder=ASC

Mortgage lending. Data Source in SDW:

https://sdw.ecb.europa.eu/browseTable.do?org.apache.struts.taglib.html.TOKEN=aabe1f793d245c8a8d0d1d72a6e93808&org.apache.struts.taglib.html.TOKEN=2ee5ca546d6aba335691f4580712bc7d&removeItem=A20&df=true&REF_AREA.14=AT&REF_AREA.14=BE&REF_AREA.14=BG&REF_AREA.14=CY&REF_AREA.14=CZ&REF_AREA.14=DE&REF_AREA.14=DK&REF_AREA.14=EE&REF_AREA.14=ES&REF_AREA.14=FI&REF_AREA.14=FR&REF_AREA.14=GB&REF_AREA.14=GR&REF_AREA.14=HR&REF_AREA.14=HU&REF_AREA.14=IE&REF_AREA.14=IT&REF_AREA.14=LT&REF_AREA.14=LU&REF_AREA.14=LV&REF_AREA.14=MT&REF_AREA.14=NL&REF_AREA.14=PL&REF_AREA.14=PT&REF_AREA.14=RO&REF_AREA.14=SE&REF_AREA.14=SI&REF_AREA.14=SK&DATASET=0&FREQ.14=M&legendRef=reference&BS_ITEM.14=A20&MATURITY_ORIG.14=A&node=9691311&SERIES_KEY=117.BSI.M.AT.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.BE.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.CY.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.DE.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.EE.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.ES.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.FI.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.FR.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.GR.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.IE.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.IT.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.LT.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.LU.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.LV.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.MT.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.NL.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.PT.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.SI.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.SK.N.A.A20.A.1.U2.2250.Z01.E&SERIES_KEY=117.BSI.M.BG.N.A.A20.A.1.U6.2250.Z01.E&SERIES_KEY=117.BSI.M.CZ.N.A.A20.A.1.U6.2250.Z01.E&SERIES_KEY=117.BSI.M.GB.N.A.A20.A.1.U6.2250.Z01.E&SERIES_KEY=117.BSI.M.HR.N.A.A20.A.1.U6.2250.Z01.E&SERIES_KEY=117.BSI.M.HU.N.A.A20.A.1.U6.2250.Z01.E&SERIES_KEY=117.BSI.M.PL.N.A.A20.A.1.U6.2250.Z01.E&SERIES_KEY=117.BSI.M.RO.N.A.A20.A.1.U6.2250.Z01.E&BS_COUNT_SECTOR.14=2250&legendPub=published&DATA_TYPE.14=1&start=01-01-2015&end=31-12-2022&submitOptions.x=0&submitOptions.y=0&trans=N&q=&type=&periodSortOrder=ASC

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 2022&submitOptions.x=0&submitOptions.y=0&trans=N&q=&type=&periodSortOrder=ASC

Figure 4: Share of variable rate loans by country, September 2019- September 2022

https://sdw.ecb.europa.eu/browseTable.do?org.apache.struts.taglib.html.TOKEN=a211b65d064cf661268e78e13aa50df1&df=true&ec=&dc=&oc=&pb=&rc=&DATASET=3&removeItem=&removedItem=&mergeFilter=&activeTab=MIR&showHide=&MAX_DOWNLOAD_SERIES=500&SERIES_MAX_NUM=50&node=9689358&SERIES_KEY_checkall=on&SERIES_KEY=304.RAI.M.AT.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.BE.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.BG.SVLPHH.U1.MIR.Z&SERIES_KEY=304.RAI.M.CY.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.CZ.SVLPHH.U1.MIR.Z&SERIES_KEY=304.RAI.M.DE.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.DK.SVLPHH.U1.MIR.Z&SERIES_KEY=304.RAI.M.EE.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.ES.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.FI.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.FR.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.GR.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.HR.SVLPHH.U1.MIR.Z&SERIES_KEY=304.RAI.M.HU.SVLPHH.U1.MIR.Z&SERIES_KEY=304.RAI.M.IE.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.IT.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.LT.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.LU.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.LV.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.MT.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.NL.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.PL.SVLPHH.U1.MIR.Z&SERIES_KEY=304.RAI.M.PT.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.RO.SVLPHH.U1.MIR.Z&SERIES_KEY=304.RAI.M.SE.SVLPHH.U1.MIR.Z&SERIES_KEY=304.RAI.M.SI.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.SK.SVLPHH.EUR.MIR.Z&SERIES_KEY=304.RAI.M.U2.SVLPHH.EUR.MIR.Z

Figure 5: Outstanding amount and interest rate of consumer credit in EU across time (in euro)

Interest rate

https://sdw.ecb.europa.eu/browseTable.do?org.apache.struts.taglib.html.TOKEN=89c970c42d948902be3f4046f8a06338&df=true&ec=&dc=&oc=&pb=&rc=&DATASET=0&DATASET=1&DATASET=2&DATASET=3&removeItem=&removedItem=&mergeFilter=&activeTab=&showHide=&REF_AREA.36=U2&BS_ITEM.36=A25&MATURITY_NOT_IRATE.36=A&MAX_DOWNLOAD_SERIES=500&SERIES_MAX_NUM=50&node=9691393

Consumer credit

https://sdw.ecb.europa.eu/browseTable.do?org.apache.struts.taglib.html.TOKEN=d61955d6b4156f127abcfab2c2897af5&df=true&ec=&dc=&oc=&pb=&rc=&DATASET=0&removeItem=&removedItemList=&mergeFilter=&activeTab=&showHide=&REF AREA.14=AT&REF AREA.14=BE&REF AREA.14=BG&REF AREA.14=CY&REF AREA.14=CZ&REF AREA.14=DE&REF AREA.14=DK&REF AREA.14=EE&REF AREA.14=ES&REF AREA.14=FI&REF AREA.14=FR&REF AREA.14=GB&REF AREA.14=GR&REF AREA.14=HR&REF AREA.14=HU&REF AREA.14=IE&REF AREA.14=IT&REF AREA.14=LT&REF AREA.14=LU&REF AREA.14=LV&REF AREA.14=MT&REF AREA.14=NL&REF AREA.14=PL&REF AREA.14=PT&REF AREA.14=RO&REF AREA.14=SE&REF AREA.14=SI&REF AREA.14=SK&BS ITEM.14=A21&DATA TYPE.14=1&MAX_DOWNLOAD_SERIES=500&SERIES_MAX_NUM=50&node=9691311&legendPub=published

Other lending

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Figure 6: Percentage of arrears on loan repayments, 2015-2021

https://ec.europa.eu/eurostat/databrowser/view/ILC_MDES08_custom_4687972/default/table?lang=en

Figure 7: Total number of payments per type of payment service (millions), 2015-2021

https://sdw.ecb.europa.eu/browseTable.do?org.apache.struts.taglib.html.TOKEN=af66286374c2210580a3c72582359952&df=true&MAX_DOWNLOAD_SERIES=500&DATASET=0&org.apache.struts.taglib.html.TOKEN=b61091dc7fd529f593156f1b2612504b&org.apache.struts.taglib.html.TOKEN=1d0cfd36ae5b23b27bf01b7cab00d698&REF AREA.93=D0&node=bbn1387&SERIES_MAX_NUM=50&SERIES_KEY=169.PSS.A.D0.F000.I1A.Z00Z.NT.X0.20.Z0Z.Z&SERIES_KEY=169.PSS.A.D0.F000.I31.Z00Z.NT.X0.20.Z0Z.Z&SERIES_KEY=169.PSS.A.D0.F000.I34.Z00Z.NT.X0.20.Z0Z.Z&SERIES_KEY=169.PSS.A.D0.F000.I35.Z00Z.NT.X0.20.Z0Z.Z&SERIES_KEY=169.PSS.A.D0.F000.I37.Z00Z.NT.X0.20.Z0Z.Z&SERIES_KEY=169.PSS.A.D0.F000.IEM.Z00Z.NT.X0.20.Z0Z.Z&SERIES_KEY checkall=on&legendPub=published&activeTab=PSS&PSS_INSTRUMENT.93=I1A&PSS_INSTRUMENT.93=I31&PSS_INSTRUMENT.93=I34&PSS_INSTRUMENT.93=I35&PSS_INSTRUMENT.93=I37&PSS_INSTRUMENT.93=IEM&start=01-01-2015&end=31-12-2021&submitOptions.x=0&submitOptions.y=0&trans=N&q=&type=

Table 3- Total value of payments per type of payment instrument (billion euro), 2015- 2021

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Figure 8: Electronic money issued in EU, 2015-2020 (billion euro)

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Figure 9: Percentage of the population aged 15 years or over holding a payment account in the EU

<https://globalindex.worldbank.org/sites/globalindex/files/2018-08/Global%20Index%20Database.xlsx>
<https://globalindex.worldbank.org/node>

Figure 10: Deposits by households and non-profit institutions, 2013-2017 (billion euro, outstanding amounts) – EU 27

Total deposits EUR

https://sdw.ecb.europa.eu/browseSelection.do?df=true&ec=&dc=&oc=&pb=&rc=&DATASET=0&removeItem=&removedItemList=&mergeFilter=&activeTab=&showHide=&REF_AREA.14=AT&REF_AREA.14=BE&REF_AREA.14=CY&REF_AREA.14=DE&REF_AREA.14=EE&REF_AREA.14=ES&REF_AREA.14=FI&REF_AREA.14=FR&REF_AREA.14=GR&REF_AREA.14=IE&REF_AREA.14=IT&REF_AREA.14=LT&REF_AREA.14=LU&REF_AREA.14=LV&REF_AREA.14=MT&REF_AREA.14=NL&REF_AREA.14=PT&REF_AREA.14=SI&REF_AREA.14=SK&BS_ITEM.14=L21&BS_ITEM.14=L22&BS_ITEM.14=L23&BS_ITEM.14=L24&MATURITY_ORIG.14=A&DATA_TYPE.14=1&BS_COUNT_SECTOR.14=2250&node=9691312&legendPub=published&legendNor=

Total deposits non EUR

https://sdw.ecb.europa.eu/browseSelection.do?df=true&ec=&dc=&oc=&pb=&rc=&DATASET=0&removeItem=&removedItemList=&mergeFilter=&activeTab=&showHide=&REF_AREA.14=BG&REF_AREA.14=CZ&REF_AREA.14=GB&REF_AREA.14=HR&REF_AREA.14=HU&REF_AREA.14=PL&REF_AREA.14=RO&REF_AREA.14=SE&BS_ITEM.14=L21&BS_ITEM.14=L22&BS_ITEM.14=L23&BS_ITEM.14=L24&DATA_TYPE.14=1&BS_COUNT_SECTOR.14=2250&node=9691312&legendPub=published&legendNor=

Figure 11: Savings rate and interest rates in the EU, 2015- 2021

Int rate:

https://sdw.ecb.europa.eu/browseTable.do?org.apache.struts.taglib.html.TOKEN=259dd37d5bbc6a57237df93f7337e3c4&df=true&ec=&dc=&oc=&pb=&rc=&DATASET=0&DATASET=1&removeItem=&removedItemList=&mergeFilter=&activeTab=MIR&showHide=&REF_AREA.36=U2&BS_ITEM.36=L21&BS_ITEM.36=L22&BS_ITEM.36=L23&BS_COUNT_SECTOR.36=2250&MAX_DOWNLOAD_SERIES=500&SERIES_MAX_NUM=50&node=9691394&legendRef=reference&legendPub=published

<https://sdw.ecb.europa.eu/reports.do?node=100000725>

Saving rate

<https://sdw.ecb.europa.eu/reports.do?node=100000725>



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