



Brussels, 20 November 2015

EACB Answer
to EBA Consultation on the EBA benchmark rate under Annex II
of the Mortgage Credit Directive (2014/17/EU)

20 November 2015

The **European Association of Co-operative Banks (EACB)** is the voice of the co-operative banks in Europe. It represents, promotes and defends the common interests of its 31 member institutions and of co-operative banks in general. Co-operative banks form decentralised networks which are subject to banking as well as co-operative legislation. Democracy, transparency and proximity are the three key characteristics of the co-operative banks' business model. With 4,200 locally operating banks and 68,000 outlets co-operative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They have a long tradition in serving 205 million customers, mainly consumers, retailers and communities. The co-operative banks in Europe represent 78 million members and 860,000 employees and have a total average market share of about 20%.

For further details, please visit www.eacb.coop



Introduction

The European Association of Co-operative Banks (EACB) would like to thank the European Banking Authority (EBA) for the possibility to comment on its proposed benchmark rate under Annex II of the Mortgage Credit Directive (2014/17/EU). It has carefully reviewed the consultation document with its members and would like to put forward the below responses. As the reply form on the website does not allow for general comments, they have been formulated in this document.

General Comments

The EACB and its members share the EBA's approach to deliver its benchmark rate by publishing a formula rather than a rate. EACB members consider the EBA's argumentation on the choice of the options convincing.

EACB members, while understanding that Directive 2014/17/EU on credit agreements for consumer relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (the Mortgage Credit Directive 'MCD') indicates the intervention of the EBA on the topic, would like to suggest that, as the ECB is the institution who already sets the key interest rates, among which the ECB Main Refinancing rate, it would be preferable for the EBA, which is not a rate-setting authority, to carefully avoid any possible future overlaps with this key ECB competence.

EACB members consider it necessary to get an objective formula and published rate to harmonise the specific offers so as to avoid an unlevel playing field.

Question 1: Do you agree with the EBA's approach to deliver the EBA benchmark rate by publishing a formula from which creditors can calculate the rate? If not, outline why you disagree and suggest an alternative approach including the reasons for the suggestion.

Yes, EACB members support the EBA's approach to deliver the EBA benchmark rate by publishing a formula, instead of a rate.

Question 2: Do you agree with the proposed EBA formula? If not, outline why you disagree and specify how the formula could be improved.

Yes, EACB members agree with the proposed EBA formula.

Question 3: Do you agree with the underlying rate to be input into the proposed EBA formula? If not, outline why you disagree and suggest alternative rate, including the reasons for the suggestion.

Yes. EACB members agree with the underlying rate to be input into the proposed EBA formula.



Contact:

The EACB trusts that its comments will be taken into account.

For further information or questions on this paper, please contact:

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