ENHANCING EUROPE'S CREDIT LANDSCAPE

ACCIS Manifesto to protect consumers and promote responsible lending

ENHANCING EUROPE'S CREDIT LANDSCAPE:

ACCIS is the voice of organisations responsibly managing data to assess the financial credibility of consumers and businesses. Established as an association in 1990, ACCIS brings together more than 50 members from countries all over Europe as well as associates and affiliates across the globe.

Credit Referencing Agencies act as third parties between lenders and borrowers (ranging from individuals to SMEs and corporates). Our members collect and aggregate borrowers' financial data which is then used by lenders, to assess their creditworthiness. We contribute to the economy by providing lenders with the necessary information to make informed credit financing decisions, promoting financial inclusion of borrowers who otherwise would not have access, while protecting individuals at risk of default from overindebtedness. Trust is at the core of our members' operations.

With the European Parliament elections and a new Commission mandate on the horizon, now is a timely moment to reflect on how legislation can foster a well-balanced and managed credit landscape, to benefit borrowers, lenders and the economy as a whole.

INFORMED CREDIT DECISIONS:
THE KEY TO RESPONSIBLE LENDING
AND CONSUMER PROTECTION

In an economy characterised by higher interest rates, individuals and businesses face difficulties accessing credit for major purchases, such as a car, a home or covering initial investment costs. Ensuring creditworthy individuals and businesses can access affordable credit eases such financial pressure and fuels the economy.

We believe that more can be done to promote fair access to credit and make three recommendations for the next European Commission's mandate:

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Enhance data access to advance informed credit decisions

Access to relevant and necessary data is vital in fostering responsible lending and building a complete picture of a consumer's ability to repay the debt. To achieve this, we call for:

Legislation that enables a European single market for data.

As set out above, trust is at the core of what we do. However, without access to the right data, the evaluation of risk cannot be supported by our industry. Enhancing access for Credit Referencing Agencies, such as our members, to a diverse set of consumer data, creates a clearer picture of borrowers' credit behaviours. This reduces the risks associated with inappropriate lending decisions that typically impact vulnerable consumers.

At the same time, emerging data policies and regulations should complement existing and well-functioning schemes for data sharing in the financial sector. Those schemes provide the foundations for informed, tailored credit solutions promoting an inclusive financial ecosystem.

Boost tools that accurately evaluate credit risk

Effective tools are needed to comprehensively understand and evaluate credit risk. Without them, the risks associated with inappropriate lending decisions increase. Therefore, we support legislative initiatives which:

Foster consumer financial well-being and privacy in credit decisions.

This objective requires finding the correct balance between enhancing consumer privacy and empowering consumers in credit decisions. This is fundamental in an environment where consumers are becoming more aware of the value of their data and assertive about wanting control over it. Appropriate legal bases for the collection and processing of personal information for creditworthiness assessments should be guaranteed. As authorities enforce the GDPR, they should develop workable criteria for the interpretation and application of key provisions, for example, guidelines on the notion of legitimate interest.

Advocate for effective and fair regulatory frameworks on credit decision-making models.

Models and tools are a long-established, trusted means for individuals and businesses to make informed credit decisions that are subject to strict financial regulatory frameworks. This should be considered in the upcoming Commission guidelines on the AI Act as well as future legislation. Setting obstacles for these models could ultimately increase the cost of borrowing or restrict opportunities for those who do not have a credit history.

Promote complementarity of private and public credit registers for fair competition

The coexistence of private and public credit registers should form the bedrock of a comprehensive credit data ecosystem.

This supports the use of relevant credit information but also translates into superior outcomes for consumers, enabling informed financial decision-making.

In Member States where currently both types of credit reporting services coexist, European policy should ensure a level playing field and fair competition between private Credit Referencing Agencies and public registers. This would innovate the market and allow citizens to benefit from tailored credit products and services.

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