

Managing Director

01/03/2023

Verband deutscher Kreditplattformen e.V. • Joachimsthaler Str. 30 • 10719 Berlin

European Commission
DG Justice and Consumers
Unit E1 – Consumer Policy
LUX40 04/060
B-1049 Brussels/Belgium

Provisional Outcome of Negotiations on CCD3: Direct Crowdlending Falls into Scope

Dear Sir or Madam,

In view of the provisional outcome of the negotiations on the revision of the Consumer Credit Directive (CCD3) in December and the fact that crowdlending shall be completely be drawn into scope of the legislative act we would like to express our concern that this result does not take into account the special characteristics of the trilateral business model of **direct crowdlending** because it focuses unilaterally on the interests of consumer borrowers. The weakest link in the chain, the private investors, are completely ignored. **We are calling for direct crowdlending to be removed from the scope of application and suggest examining whether consumer crowdlending should not be better regulated together with business crowdlending by the ECSPR.** This would be a legally coherent approach.

To put this straight: We welcome the idea of bringing **indirect crowdlending**, which is only practiced in Germany and requires the involvement of a regulated fronting bank, into the scope of application. We are also absolutely supportive of increased consumer protection - but with a sense of proportion. With the Commission's promising Digital Finance agenda in mind, we hope that you

Anschrift

Verband deutscher Kreditplattformen e.V.
Joachimsthaler Str. 30
10719 Berlin
AG Charlottenburg, VR 37585 B

Kontakt

✉: info@kreditplattformen.de
☎: +49/ (0) 30.94.85.46.60
🌐: www.kreditplattformen.de

Vorstand

Marco Hinz
Philipp Kriependorf
Dr. Tim Thabe
Claus Tumbrägel

Geschäftsführung

Constantin Fabricius

Steuer- & Umsatzsteuernummer: 27/620/63392

Bankverbindung: Berliner Volksbank, IBAN DE19.1009.0000.2794.4660.01, BIC BEVODEBB

will be able to use your influence on the European Parliament and Council under the Swedish Presidency to prevent the worst from happening: the one-sided weakening of the investors' interest in case of direct crowdlending.

We have repeatedly emphasized in several changes of views with the European Legislator that one of the central characteristics of Digital Lending platforms would be the proprietary credit risk management. By the way, this feature is neatly reflected by the ECSPR and shall protect both borrowers AND investors as the latter want to have their monies back and ideally interest on top. Without a high-level credit risk management fintech lending will not work and never be an attractive alternative to banks. Now, the big difference between bank lending and non-bank Digital Lending is, however, that our industry is able to dig far deeper into the consumers' capabilities to repay loans as they simply have far more data points against which they check. The high number of data points is part of their digital business model. This is consumer protection at its best as borrowers cannot take out loans which they are absolutely not able to afford; beyond, there are consumers who are not served by banks anymore but rather by Digital Lenders as they are able to afford loans based on the in-depth analysis of the far larger number of data point compared to banks; finally, the proprietary credit risk management of Digital Lenders protects private investors on the other side of their marketplaces from potential borrowers' insolvencies. Against this backdrop, we would like to reiterate that the focus on bank lending is inappropriate as it does not take into account Digital Lending business models.

Furthermore, we believe that the one-sided focus on consumers on the borrower's side is misleading at all. We would like to recall that there are also consumers/private investors on the other side of the Digital Lending platform who need protection. From our point of view a comprehensive legislative approach should encompass both sides.

Yours sincerely



Constantin Fabricius
Managing Director

Anschrift
Verband deutscher Kreditplattformen e.V.
Joachimsthaler Str. 30
10719 Berlin
AG Charlottenburg, VR 37585 B

Kontakt
✉: info@kreditplattformen.de
☎: +49/ (0) 30.94.85.46.60
🌐: www.kreditplattformen.de

Vorstand
Marco Hinz
Philipp Kriependorf
Dr. Tim Thabe
Claus Tumbrägel

Geschäftsführung
Constantin Fabricius

Steuer- & Umsatzsteuernummer: 27/620/63392

Bankverbindung: Berliner Volksbank, IBAN DE19.1009.0000.2794.4660.01, BIC BEVODEBB