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## **“EMF Responds to FSUG Position Paper on London Economics Study on Means to Protect Consumers in Financial Difficulty”**

**Brussels, 4 July 2013 – For immediate release**

The European Mortgage Federation ([EMF](#)) has today responded to the European Commission’s Financial Services User Group (FSUG) Position Paper on the London Economics Study on Means to Protect Consumers in Financial Difficulty.

The EMF response emphasises the importance of having a clear understanding of the causes of consumers’ financial difficulties and potential over-indebtedness in order to be able to determine appropriate solutions. In this respect, the Federation makes clear that irresponsible mortgage lending has not been a primary driver of over-indebtedness in the EU. Rather, it highlights the fact that the primary causes of over-indebtedness are macro-economic factors and accidents of life.

Responding to the FSUG policy recommendations to the European Commission, the EMF makes the following points among others:

- The EMF acknowledges the role that personal bankruptcy procedures have to play in alleviating over-indebtedness and suggests that, rather than prescriptive legislation being introduced at EU level, Member States could be encouraged to evaluate their procedures against a best practice model - which would need to be discussed with stakeholders - and make adjustments where necessary.
- The EMF expresses its strong opposition to any moves to introduce *datio in solutum* solutions for mortgage credit, i.e. the possibility for borrowers to ‘hand back the keys’ in return for a write-off of the debt, including any shortfall, and outlines the arguments against such a mechanism for mortgage credit, which could jeopardise the future of the Industry.

The full EMF response is available now via the EMF [website](#) and the FSUG Position Paper is available [here](#).

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### **Notes to the Editor:**

- Established in 1967, the **European Mortgage Federation** ([EMF](#)) is the voice of the European mortgage industry, representing the interests of mortgage lenders and covered bonds issuers at European level. The EMF provides data and information on European mortgage markets and its members grant more than 75%



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of residential and non-residential mortgage loans in Europe (worth over €6.5 trillion at the end of 2011). As of July 2013, the EMF has 26 members across 16 EU Member States as well as a number of observer members in the EU and the Russian Federation.

- In 2004 the EMF founded the **European Covered Bond Council (ECBC)**, which is a platform that brings together covered bond market participants including covered bond issuers, analysts, investment bankers, rating agencies and a wide range of interested stakeholders. As of July 2013, the ECBC has 100 members across 25 active covered bond jurisdictions and many different market segments. ECBC members represent over 95% of covered bonds outstanding (worth over €2.67 trillion at the end of 2011).
- In 2012, the EMF established the **Covered Bond Label Foundation (CBLF)**, which highlights the quality of labelled assets. As of July 2013, 82 labels have been granted to over 4000 covered bonds from 68 issuers in 14 countries for a total face value of covered bonds which amounts to over €1.4 trillion (approximately 55% of the global outstanding and 58% of the EU covered bond market).
- For the latest updates from the EMF & ECBC, follow us on [Twitter](#) and [LinkedIn](#).

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