

IMPLEMENTATION OF SUPERVISORY MEASURES IN THE MARKETING OF REVOLVING CARDS AND NEW REQUIREMENTS

The review of adequate compliance with the transparency and customer protection regulations in the marketing of revolving cards, which was completed in 2020, disclosed the presence of certain incidents relating mainly to compliance with certain obligations of Law 16/2011 of 24 June on consumer credit agreements and Ministerial Order EHA/2899/2011 of 28 October on transparency and customer protection in banking services.

The Banco de España addressed these institutions so that they remedy the deficiencies and weaknesses detected, mainly in relation to:

- The product, the minimum instalments allowed and the omission of the term “revolving” in its marketing.
- The representative example to be included in the advertising information.
- The assistance to be given to the customer, prior to the contract, for its comprehension.
- The content, format and date of delivery of the pre-contractual information document.
- Adequate assessment of the customer’s creditworthiness.

The assessment of compliance with the measures requested by the Banco de España has shown that these institutions have carried out a thorough review of their product and marketing procedures. They have also implemented various initiatives to improve the information

provided to customers, such as explanatory documents or videos, loan repayment examples and scenarios or simulators to draw up repayment tables, training courses for employees and prescribers, and the development of new marketing and contracting processes in online banking, among others.

In the same vein, the amendments introduced in the regulations by Ministerial Order ETD/699/2020 of 24 July on the regulation of revolving credit established new requirements for these credits, including, inter alia: i) the inclusion of certain parameters in the representative example of advertising; (ii) the reinforcement of prior assistance on the streets and other places open to the public; (iii) the provision of a document with information additional to the Standard European Consumer Credit Information and new regular information, including the instalment that allows the total amount of credit to be repaid in a year; or (iv) the calculation, in the assessment of the customer’s creditworthiness, of instalments that aim to repay annually 25% of the limit of the credit granted.

Lastly, with the imminent amendment of Circular 5/2012 on the transparency of banking services and responsible lending, the Banco de España will establish the criteria and elements to be taken into account for the preparation of: i) the representative example to be provided to the customer together with the Standard European Consumer Credit Information, based on the minimum instalment; and ii) the examples of savings scenarios to be provided to the customer, on a quarterly basis, where the repayment instalment is less than 25% of the limit granted.