



OPINION OF THE EUROPEAN CENTRAL BANK
of 24 June 2014
on non-bank financial institutions that provide loans to consumers
(CON/2014/45)

Introduction and legal basis

On 22 May 2014, the European Central Bank (ECB) received a request from Българска народна банка (the Bulgarian National Bank (BNB)) for an opinion on a draft law on non-bank financial institutions that provide loans to consumers (hereinafter the ‘draft law’).

The ECB’s competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union and the third and sixth indents of Article 2(1) of Council Decision 98/415/EC¹, as the draft law contains provisions related to the BNB and to rules applicable to financial institutions insofar as they materially influence the stability of financial institutions and markets. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

1. Purpose of the draft law

- 1.1 The draft law aims at regulating the licensing, supervision and activities of non-bank financial institutions that provide loans to consumers. It also aims at enhancing their transparency and stability, as well as ensuring confidence in their activities and the protection of consumers’ rights and interests.
- 1.2 Furthermore, the draft law aims at achieving a clearer distinction between the BNB’s competence for the supervision of banks, and the Financial Supervision Commission’s (FSC) competence for the supervision of other institutions in the financial sector, including those that provide loans to consumers.

2. General observations

- 2.1 The ECB welcomes the draft law in view of its aims referred to in paragraphs 1.1-1.2 above.
- 2.2 The ECB notes that, at present, non-bank financial institutions that provide loans to consumers are subject to registration with the BNB. Following the adoption of the draft law, these institutions will be licensed and supervised by the FSC. However, no change is made to the existing legal

¹ Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions (OJ L 189, 3.7.1998, p. 42).

ECB-PUBLIC

provisions regarding non-bank financial institutions that provide loans to legal entities, which will continue to be subject to registration with the BNB.

- 2.3 The ECB understands that the new legal framework for the licensing and supervision by the FSC of non-bank financial institutions that provide loans to consumers does not entail any transfer of assets or existing legal obligations from the BNB to the FSC. The ECB further understands that the FSC will use its own resources and procedures for the licensing and supervision of non-bank financial institutions that provide loans to consumers.

This opinion will be published on the ECB's website.

Done at Frankfurt am Main, 24 June 2014.

[signed]

The President of the ECB

Mario DRAGHI