

## **BELGIAN COUNTRY REPORT STAGE II - summary**

### **The situation of the financial exclusion and access to credit**

After a soft law implemented by professionals and an assessment on access to basic bank account, the Belgium government adopted a law (24 March 2003) introducing a right to a basic banking service (BBS). The law is generally considered as efficient, nevertheless some improvements are still possible regarding, for example – communication to the public and control of its application.

About credit access, Belgian credit consumption is still low compared to other European countries, and is seen by credit professionals as a big potential market. The consumer protection laws are quite strong regarding the credit market, and professionals do have some objective responsibility regarding information, advice they have to give to consumers, and solvability evaluation they have to do in the pre-contractual phase. The positive and negative database, managed by the National Bank, plays an important tool in the over-indebtedness prevention. Since its implementation, the market is still growing and the number of defaults is decreasing, except for credit revolving. Other rules and laws do impact credit access (registration of credit professionals and intermediaries, maximum interest rate, protection of minimum income from any kind of seizure, advertising, debt settlement programmes,...) which may reduce credit access to people having small incomes: does it reduce access to adequate credit?

### **Actual state of the debate and key players**

#### **Basic bank account:**

Improving the law on the right to a basic banking service so that it can achieve all its objectives, in particular by verifying that the sections of the population without access to banking services before the implementation of the law are no longer financially excluded.

#### **Credit**

Improving the measures to control that the law is correctly applied, with regard to aspects such as advertising, the information and advice requirements in the pre-contractual phase. Implementing a 'zero setting' (term by which the total amount of the credit facility must be reduced to zero) for credit lines of less than €5,000.00 and/or stricter minimum capital repayment rules in order to avoid 'lifelong' debt.

Enlarging the scope of application of the law of 1991 on consumer credit to all loans (even for amounts of less than €1,250.00) and overdrafts.

Improving the financing of the "Fund for Tackling Over-Indebtedness" so that it can finance awareness-raising and information campaigns regarding the proper use of credit.

Following the example of the insurance sector, introduce a 'standard contract' for consumer credit.

On the basis of the documents sent to him or her, the applicant is requested to prepare for his or her meeting and to provide a certain number of supporting documents;

### **Conclusions**

Thanks to regulations and laws, in a country without any more public/social bank, the market is generally considered as adequately regulated in order to meet the public need and avoid too strong disparity between customers and providers. This is globally due to a high level of cooperation / dialogue between stakeholders, a traditional strong political involvement on those matters, which are studied and observed by not-for-profit organisations and social services. A quite efficient tool is implemented for years regarding over-indebtedness treatment which plays a key role on problems identification. Some

improvement in the management of the positive/negative database may play an even more important role in over-indebtedness prevention.