

Summary

› annual report 2019



Vereniging van
Financieringsondernemingen in
Nederland

“Although the market does not always look positive towards lending, I’m proud of the active role the association and her members have played towards these files”

Martin Aalders, Chairman VFN



> Preface

Dear members, associate members and readers of the VFN annual report 2019,

2019 has been a year that has brought various challenges. The VFN has played an active role in various files. I am proud of the active role that association and its members have played in the past year. That this has not gone unnoticed is also evident from the many membership applications received in 2019.

After the annual amendment of the code of conduct, which took effect on 1 May 2019, it soon became apparent that there was a need to structurally renew the loan standards methodology. In that context, a process has been started with the AFM and NVB to formulate a widely supported, new loan standards method. Agreement has been reached on a “quick fix” effective January 1, 2020. At the moment, we are still working hard to finalize the new loan standards methodology in order to create a new phase in achieving a healthy loan market, for both providers and consumers.

The VFN has also fulfilled its assignment that was given to it at the 2018 GMM to take a step towards self-regulation of the financial lease sector. This directive “Contract information Financial Lease” entered into force on 1 January.

I would like to thank everyone for their contribution to these and other working groups. We notice that the involvement is great, which is reflected in the number of participants in the different working groups, but also in the initiatives that arise from these working groups. For example, the Financial lease working group has developed a joint declaration for cross-company fraud.

The VFN focuses on various consultations and cross-sectoral processes. We have noticed that for stakeholders the VFN represents an important voice in this. We will also have to live up to this role in 2020 and take a responsible position to properly weigh the interests of our members, the market, the protection of consumers and developments in society.

In 2019, the newly granted consumer credit by VFN members increased by 9.7%. For the interpretation of this figure it is important to realize that the number of members of the VFN as well has risen. This increase is mainly reflected in the increase in car financing. These numbers give a positive picture of the market developments and confidence in the future of our industry .

At the time of writing this preface, mid-April 2020, the impact of the Corona virus is taking hold. What this will mean for our members is not foreseeable at the moment, but a turbulent period with many changes can be expected.

In 2020, the VFN also wants to support members and promote the interests that contribute to a healthy loan market. In a time of many changes, it is important to work together. To this end, the VFN will also organize various activities in 2020, necessarily in a different form. We would like to welcome you again.

Sincerely,

Martin Aalders
Chairman



› Local developments

Developments in the Netherlands

On the 1st of november, the VFN announced that the Code of Conduct would be amended on the 1st of May 2019. With the changes in the Code of Conduct, consumers are further supported to borrow responsible. The adjustments mainly concern revolving loans. During the duration of the revolving loan it will be regularly tested to see whether the outstanding credit still suits the financial situation of the consumer. If this is no longer the case, solutions will be discussed in consultation with the consumer. The duration of new revolving credits will be limited to a maximum of fifteen years. The new Code of Conduct also pays a lot of attention to the so-called 'Lock-Up' problems. Consumers who can no longer switch to another provider with their revolving credit (for example due to stricter loan standards or changes in the personal situation) become extra protected. The amendments to the Code of Conduct are established in consultation with the Netherlands Authority for the Financial Markets (AFM). The new Code of Conduct and explanatory notes were published on the VFN website on the 17th of Januari 2019. The new Code of Conduct replaces the VFN Code of Conduct as from the 1st of januari 2014.

Financial lease self-regulation

After the General Assembly on the 19th of April 2018 expressed its positive view about the establishment of a task force that concerns self-regulation of Financial Lease, a process has been started to achieve some self-regulation level in the financial lease sector. The first meeting related to this process took place on the 10th of July 2018. The Financial Lease Self-regulation Task Force started by defining the scope of the self-regulation to be formed and eventually came to a proposal for a Financial Lease Contract Information Directive.

This Directive, after approval by the board and advice from a competition lawyer, was offered for consultation to members on the 26th of July 2019. After processing the responses to the consultation, the guideline was adopted by the Board on the 9th of December. The Directive will apply from the 1st of January 2020, with a transitional period applicable until the 30th of June 2020.

The purpose of this guideline is to clarify which requirements are imposed on VFN members with regard to the services provided in the Financial Lease sector. The provisions provide additional clarity and transparency for the business customer who enters into a Financial Lease Agreement with a financing company that is affiliated with the VFN. The provisions as contained in this guideline are binding for members of the VFN.

Revision of loan standards methodology

During the second half of 2019, the VFN reached an agreement with the AFM regarding the introduction of a 'Quick fix' of the loan standards. This has taken effect on the 1st of January 2020. In addition, the revision of the loan standards method and the code of conduct was started in 2019. The aim is to arrive at a new loan standards methodology that will be supported across the sector. The new loan standards methodology is expected to come into effect in mid 2020.

Alternative layout for borrowing environment

On the 6th March 2019, a motion was submitted to the House of Representatives by MP's Raemakers and Bruins regarding the loan decisions of consumers. This motion has been passed by the House. In this motion, Raemakers and Bruins request the government to, "in consultation with the parties involved, come to adjustments to borrowing environments for shipping house loans, while considering the options that all total costs of credit to be taken out are stated transparency and that credit is not standard - or preferred option is offered."

Lease fraud task force

In 2019, the commission for fraud cases spotted an increase in the number of lease frauds. The organized crime is becoming increasingly sophisticated. The taskforce considers that this problem deserves a great deal of attention, and it has been stated that it is important to bring this problem to the police (FIOD, LIV) and the Public Prosecution Service nationally. That is why a taskforce was set up to draw up a joint declaration. This objective has been achieved.

VFN responds to consultation Regulation on approach to flash credit

On the 30th of augustus, the VFN made use of the opportunity to respond to the consultation on the Flash Credit Approach Scheme. The Scheme for Flash Credit Scheme ensures that financial companies with a registered office in another Member State that offer consumer credit via the internet to consumers in the Netherlands may not charge a higher credit fee than is permitted under the Credit Allowance Decree. In its consultation, the VFN has indicated that it agrees with this measure, but emphasizes the need for additional regulations regarding this issue.

Wft is not revised

In May 2019, Minister Hoekstra wrote in a letter to parliament that he decided not to revise the Wft: "A complete revision of the law means a large and long-term burden on (legislative) capacity, not only at the ministry, but also at the supervisors and the financial sector and will lead to (significant) costs for stakeholders as a result of a process of adjustment and transition given the ongoing work on financial market policies and legislation and the anticipated national and international developments in this area. I believe it is currently not opportune to start a trajectory of this size."

Consumer Credit Directive (CCD) review

The VFN previously responded individually to the consultation on the revision of the CCD. Issues relating to the level playing field (flash credits offered online in the Netherlands on a base of a license from another EU member state) and the limited possibilities to charge costs in the event of early repayment were pointed out in this connection. In accordance with the request of the VFN, the relevant subjects have also been included in the Eurofinas response to the consultation.

Alternative credit warning phrase

After consultation with the sector, AFM, Nibud and Minister Hoekstra of Finance, the sector determined that there is no prospect for an alternative to the warning phrase 'Please note! Borrowing money, costs money'. Based on previous studies, it has been concluded that an alternative statutory warning addition to borrowing environments is likely to have a limited immediate effect on borrowing decisions. The provision of loan environments by credit providers is considered to have a greater impact on loan decisions. In this context, reference is made to field experiments that the AFM conducts with credit providers and the research previously conducted by Nibud among VFN members. Field experiments will be continued to better understand the impact of the loan environments on loan decisions. The VFN will be closely involved in this process.

Lock up issues

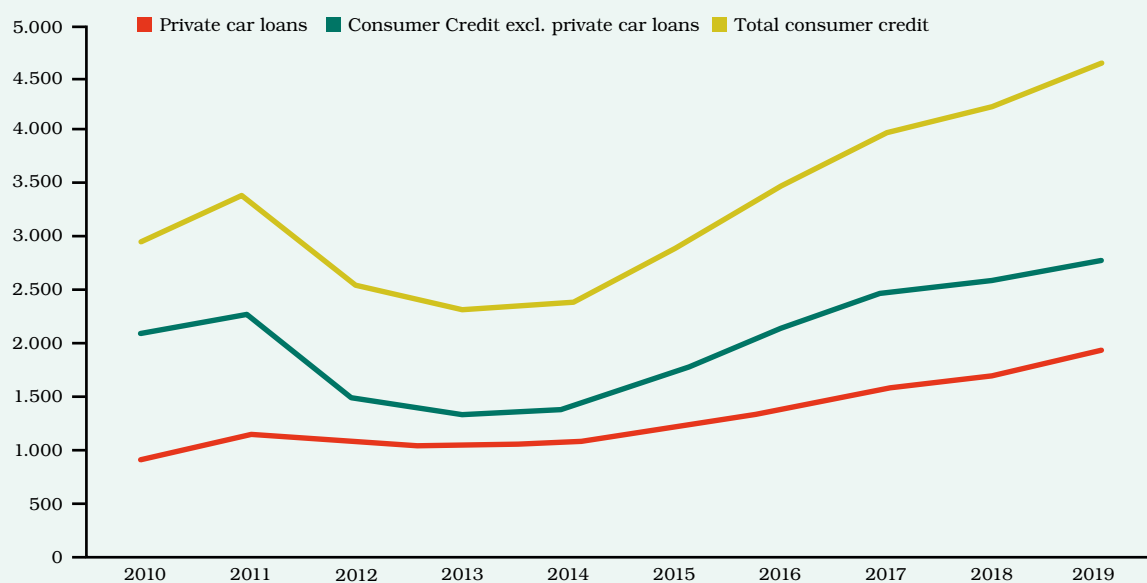
The secretariat has contacted the AFM on the subject of interest rate policy in relation to 'Lock Up'. This led to a conference call on the subject on the 8th of May. The AFM gave written feedback on the call. On the basis of the feedback, it can be established that the AFM does not assume a rule-based remission of interest when extending terms. The Board of the VFN has agreed with the AFM's view and has confirmed this by informing the members of the VFN about this.

Market Figures

The VFN members provide annual insight into the development of the newly granted consumer and commercial credit and receivables. In 2019 VFN members provided 9,7% more new credit for consumers compared to 2018. Car Finance showed a growth of 13,4%. Consumer credit for other spending purposes showed 7,3% growth.

Newly provided Consumer Credit by VFN members in Eur mio

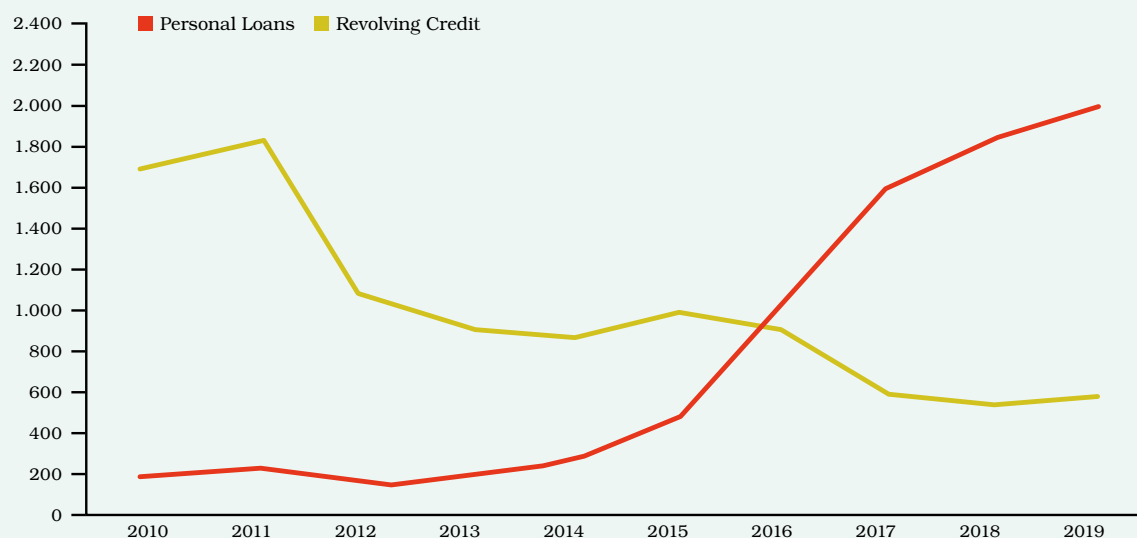
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Consumer Credit excl. private car loans	2.091	2.253	1.475	1.312	1.352	1.663	2.090	2.388	2.528	2.713
Private car loans	847	1.106	1.073	995	1.000	1.177	1.337	1.531	1.659	1.882
Total consumer credit	2.938	3.359	2.548	2.307	2.352	2.840	3.427	3.919	4.187	4.595



The share of Personal Loans in new credit has sharply increased in the last years. This trend continued in 2019. However, due to new members joining the VFN, the revolving credit also increased.

Revolving Credit (Eur mio) provided by VFN members 2009-2019

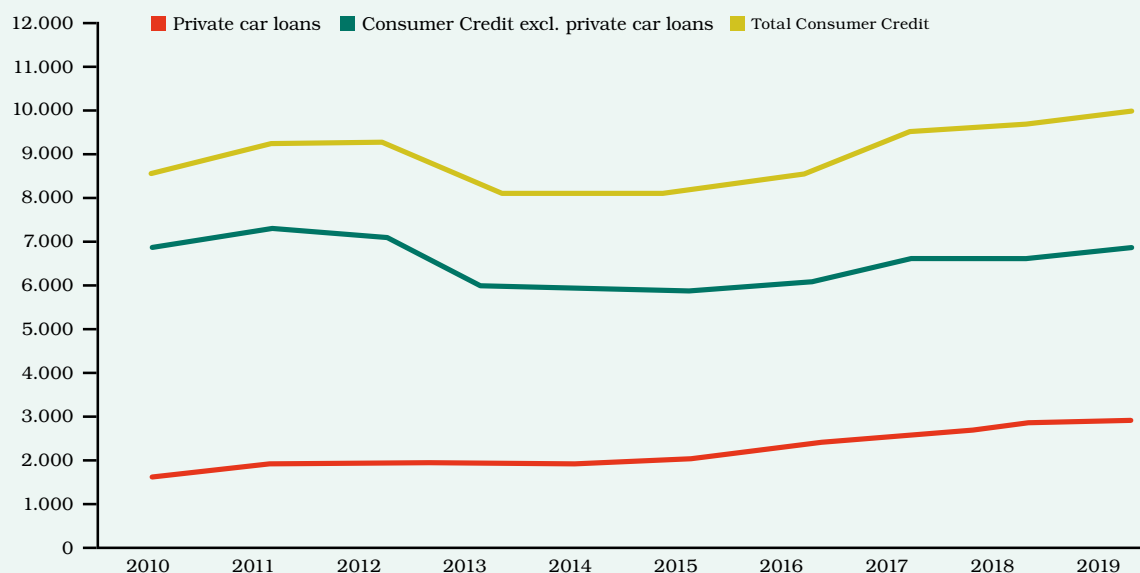
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Personal Loans	266	320	244	279	362	562	1.061	1.642	1.885	2.042
Revolving Credit	1.719	1.845	1.127	969	938	1.041	958	678	566	618



The VFN members' outstandings in consumer credit increased with 3,7% in 2019. Both outstandings in Car Finance (+2,5%) and the other consumer credit categories (+4,2%) showed growth.

Total VFN members' outstanding Consumer Credit (Eur mio) 2009-2019

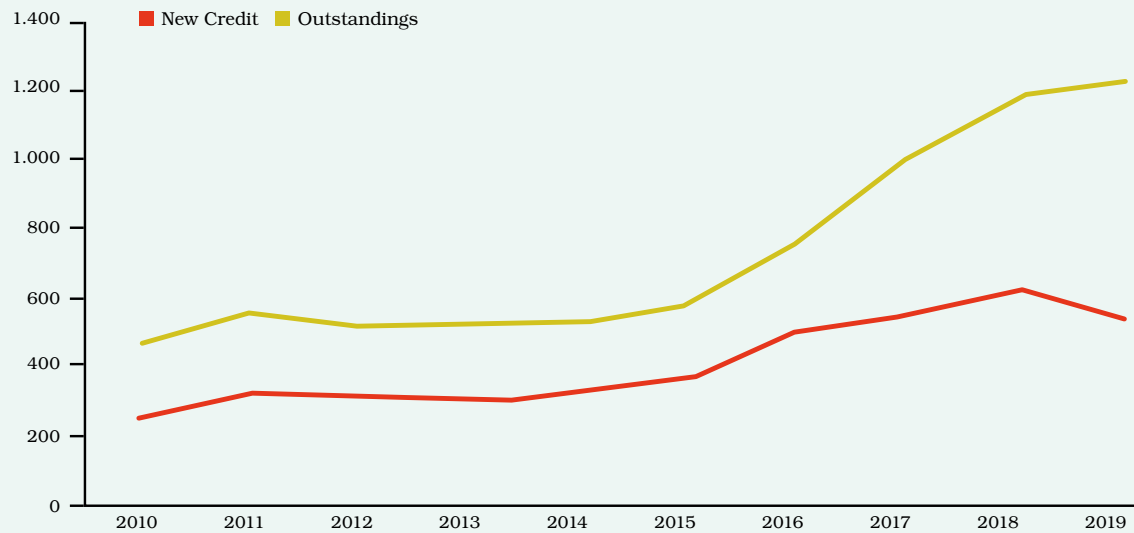
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Consumer Credit excl. private car loans	6.879	7.272	7.206	6.187	6.079	6.082	6.158	6.663	6.675	6.954
Private car loans	1.675	1.921	1.969	1.929	1.932	2.094	2.300	2.636	2.931	3.003
Total Consumer Credit	8.554	9.193	9.175	8.116	8.011	8.176	8.458	9.299	9.606	9.957



In 2019, VFN members provided more (+14,4%) new Commercial Credit.
The outstandings also increased with 4,1%.

Commercial Credit provided by VFN members (Eur mio) 2009-2019

Zakelijk krediet	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Outstandings	472	575	536	539	544	612	804	1.052	1.231	1.281
New Credit	212	294	279	270	298	364	512	571	648	555



› krediet *inzicht*