

**Andrea ENRIA**  
Chair of the Supervisory Board

Mr Giorgos Georgiou  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 27 April 2021

**Re: Your letters (QZ-017/2021 and QZ-018/2021)**

Honourable Member of the European Parliament, dear Mr Georgiou,

Thank you for your letters regarding the compliance of Cyprus with European Directive 93/13/EEC on unfair terms in consumer contracts<sup>1</sup>, which were passed on to me by Ms Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 30 March 2021. Cyprus has indeed not yet transposed this Directive.

Please note that the ECB's supervisory competence is limited to the prudential supervision of credit institutions. This supervisory mandate does not cover consumer protection, which remains a responsibility of the national authorities. Furthermore, the ECB is not competent to decide on the establishment of a pan-European consumer protection authority, as this kind of decision should be taken by the co-legislators. However, the ECB can provide an opinion on legislative proposals if they relate to its competences. Furthermore, the prudential implications of consumer protection are of key importance for ECB Banking Supervision. Cases of misconduct and unfair treatment of customers can be a sign of inadequate internal governance of credit institutions, which is one of our supervisory priorities, as it could pose a risk to the safety and soundness of credit institutions.

Your question on amendments to the Cypriot legislation regarding the timetables for the collateralisation procedures seems to refer to the implementation of the Directive on restructuring and insolvency.<sup>2</sup> I understand that the transposition of this Directive is still pending in Cyprus. In general, the ECB considers a

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<sup>1</sup> Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts (OJ L 95, 21.4.1993, p. 29).

<sup>2</sup> Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (OJ L 172, 26.6.2019, p. 18).

well-functioning restructuring and insolvency framework to be conducive to the overall resilience of a Member State's financial services sector.

As for your questions regarding the obligations of credit recovery companies and the need for credit acquiring companies and banks in Cyprus to adopt a binding debt restructuring code, please note that this matter lies outside the scope of the ECB's mandate. Credit acquiring companies in Cyprus are supervised by the Central Bank of Cyprus. In principle, the transfer of non-performing loans by banks should not lead to a change in the level of consumer protection, and borrowers should be given the same level of protection regardless of whether their creditor is a bank or another type of investor. The ECB supports the application of harmonised consumer protection standards throughout the European Union.