

Consulenza legale

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RE: Questionnaire on assigning powers to the NCB to assess competition and issue directions to lenders with regard to interest rates (2016/101/LEGCO) – First WP

Dear Colleagues,

In relation to the “*Questionnaire on assigning powers to the NCB to assess competition and issue directions to lenders with regard to interest rates*”, please find below our answers:

Q1. Has your central bank been assigned with tasks relating to the **protection of competition**? Has it been assigned similar powers to regularly assess the state of competition? Please describe briefly the scope of those tasks, also referring to the legal basis.

A1. No, the Bank of Italy is not entrusted with tasks relating to the protection of competition. In fact, the law on the protection of saving (Law 262/2005) has transferred the competition function for the credit industry from the BI to the Competition Authority (Autorità garante della concorrenza e del mercato – AGCM).

Q2. Has your central bank been assigned with powers to **regulate the interest rates charged** by banks in respect of loans and/or the **savings remuneration offered** by banks in respect of deposits; and/or the application of **usury laws** in your respective jurisdictions? Please describe briefly the scope of those powers, also referring to the legal basis.

A2. No, the Bank of Italy has not been assigned with powers to regulate the interest rates charged by banks in respect of loans or savings remuneration in respect of deposits. As concerns anti-usury legislation, the law on usury (Law 108/1996) sets a ceiling on the interest rates charged on loans and establishes that exceeding this limit constitutes usury. According to the Decree Law 70/2011, which amended Article 2(4) of Law 108/96, the ceiling rate is calculated by raising the average overall effective rate (AOER) by one quarter and adding a margin of an additional four percentage points. The difference between the ceiling rate and

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the average rate cannot exceed eight percentage points (see Treasury Department Communication of 18 May 2011). The Bank of Italy: issues the Instructions for measuring the AOER, which take account of the technical characteristics of the various lending operations; measures on a quarterly basis the average overall effective rate applied by banks and financial intermediaries; in exercising supervisory controls, checks that banks and financial intermediaries comply with the calculation criteria set out in the Instructions and respect the usury ceiling rates.


Q3. Has another public authority, such as the **national competition or consumer protection authority**, been conferred with such tasks to assess competition, or to regulate interest rates on loans or deposit rates offered by financial institutions? How do these authorities interact with the central bank and/or the prudential supervisor in carrying out such tasks? Please describe briefly the scope of those powers, also referring to the legal basis.

A3. To our knowledge, no other authorities have been assigned with powers to regulate interest rates on loans or deposit rates offered by financial institutions. The national competition authority (AGCM) assesses competition in the financial sector based on its general mandate. The BI and the AGCM stipulated two cooperation agreements: one protocol of 2007 regards information sharing on mergers operations affecting the banking market; the other protocol of 2011 concerns cooperation in the consumer protection in the market for banking and financial services.

We send a copy of this letter to the other LEGCO members (extended composition).

Kind regards,


[signed]


[signed]