



Bulgarian National Bank

Ms. Chiara Zilioli

17 October 2016

Chairperson

Legal Committee

Sonnemannstr.20

European Central Bank

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 Chiara,

Dear Colleagues,

Please find below the answers of the Bulgarian National Bank to the questionnaire of 12 October 2016 regarding powers of the NCB to assess competition and issue directions to lenders with regard to interest rates.

1. 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.

No, the Bulgarian National Bank has not been assigned with tasks relating to the protection of competition.

2. 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.

No, the Bulgarian National Bank has not been assigned with such tasks to regulate the interest rates charged by banks.

As concerns anti-usury provisions, the Law on Consumer Credits (LCC) contains a limitation of the annual percentage rate of charges with regards to consumer credits. It is aimed at better protection of consumers and enhanced transparency of the terms and conditions of granting consumer credits. According to Art. 19, para. 4 of LCC, the annual percentage rate of charges may not be higher than five times the legal interest on outstanding liabilities in Bulgarian leva

and foreign currency, determined by a decree of the Council of Ministers of the Republic of Bulgaria.

The Law on Consumer Credits Related to Immoveable Property (LCCRIP) in Art. 29, para. 9 sets similar limitation of the annual percentage rate of charges as concerns consumer credits related to immoveable property, stating that it may not exceed, by more than 5 times, the statutory interest on outstanding liabilities in Bulgarian leva and in any foreign currency – as determined by a Council of Ministers' decree. Clauses in the credit agreement which exceed the APRC amount referred to in LCC and LCCRIP shall be considered null.

According to Art. 33 of the LCC and Art. 43 of the LCCRIP in case of late payments by the consumer, the creditor is entitled to late payment compensation only for the amount of the arrears for the duration of the delay. Where the consumer defaults his credit payments, the late payment compensation may not exceed the statutory interest. The creditor may not refuse to accept a partial credit payment.

The control for compliance with the above stated provisions of the LCC and the LCCRIP is exercised by the Commission for Protection of Consumers.

3. 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.

The Commission for Protection of Competition (CPC) is the institution responsible for protection of competition in Bulgaria. According to Art. 3 of the Law on Protection of Competition, it is an independent specialised government body. The CPC's scope of activity covers all requests for ascertaining infringements of free market competition. The Commission for Protection of Competition is competent to detect and establish violations of the law, to impose the penalties provided for by law and to cooperate with the European Commission and other national antitrust authorities of European Union Member States (Art. 8 of the Law on Protection of Competition).

However, neither the Commission for Protection of Competition, nor any other state institution, has a right to regulate interest rates on loans or deposits offered by financial institutions.

With kind regards,



General Counsel

Bulgarian National Bank