

ECB-CONFIDENTIAL

International and Eurosystem Coordination
Legal Department

NBB-JU • boulevard de Berlaimont 14 • BE-1000 BRUSSELS

Ms. Chiara Zilioli
Chair of the Legal Committee
European Central Bank
Sonnenmannstrasse 22
DE-60314 FRANKFURT AM MAIN

your letter	your reference	our reference	your correspondent	date
2016-10-12	LS/16/1114		Legal Advisor	2016-10-17

LEGCO – 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,

Our answers to the questionnaire under reference are as follows:

1. The NBB has not been assigned with tasks relating to the protection of competition in the financial services market, neither with tasks to regularly assess the state of competition.
2. The NBB has as such not been assigned with powers to regulate the interest rates charged by banks in respect of loans or savings remuneration in respect of deposits.

However, variable interest rates that apply in case of mortgage (house) loans, must be linked to a public, objective and measurable reference which is linked to market evolutions only (and thus not based on the mere will of the lender). The methodology for determining this reference index is laid down in a Royal Decree of 11 January 1993, which is adopted on the basis of advice provided by the NBB, the Financial Markets Authority (FSMA) and the Insurance Commission. The Ministry of Economics is competent to monitor and enforce compliance with this rule.

As far as the interest rate for savings deposits with banks is concerned, a first bracket of income from savings deposits is not subject to withholding tax provided these deposits comply with the rules determined by a Royal Decree taken upon advice of the NBB and the FSMA (Article 21, 5° Code of Income Tax). This Royal Decree of 27 August 1993 (Article 2) states, among others, that the basic interest rate for these savings deposits should not exceed the highest amount of either 3 percent or the percentage applied for the main refinancing operations of the ECB on the 10th of the month preceding the ongoing semester.

The NBB provides this advice in order to take account of the possible impact of changes in interest rates (or in the methodology for calculating the applicable rates) on financial institutions on the one hand and on the financial stability in Belgium on the other hand.

Legal Department
National Bank of Belgium Ltd.
boulevard de Berlaimont 14
BE-1000 BRUSSELS
phone + [redacted] – fax + [redacted]
www.nbb.be

VAT BE 0203.201.340
RLP Brussels



3. Other than what is described above under 2, the maximum annual percentage rate of charge (APR) applicable to consumer credits is determined on the basis of a Royal Decree of 4 August 1992. The annual percentage rate of charge means the total cost of the credit to the consumer, expressed as an annual percentage of the total amount of credit, including the interests charged. The Ministry of Economics is competent to monitor and enforce compliance with this rule, while no specific role is attributed to the NBB.

To our knowledge, no other authorities have been assigned with powers to regulate interest rates on loans or deposit rates offered by financial institutions.

Finally, the national competition authority assesses competition in the financial sector based on its general mandate. To our knowledge, the national competition authority has not yet taken decisions confirming infringement of competition rules by financial institutions, based on interest rates applied by these institutions.

[Redacted text block]

[Redacted text block]

[Redacted text block]

In this connection, we refer to the macro-prudential competence of the NBB to determine, by way of recommendations, the measures to be adopted and implemented by the relevant national authorities, in order to contribute to the stability of the financial system (Article 36/35 Organic law of the NBB). In particular, the Government, by Royal Decree adopted on the advice of the NBB, may require credit providers to comply with coefficients: 1° regarding coverage, which determine up to which percentage of the value of collateral a loan may be granted (loan to value ratio); and 2° regarding the maximum total debt in relation to the income available to the borrower (Article 36/38, § 2 Organic law of the NBB).

[Redacted text block]

With kind regards,

[signed]

[Redacted signature]

[signed]

[Redacted signature]

CC: Members of the Legal Committee (Extended composition)