



November 30, 2005

DG Internal Market  
The European Commission  
B – 1049  
Brussels  
Belgium

Dear Commission,

***RE: Response to the Green Paper on Mortgage Credit in the EU***

As the apex trade association and development agency for credit unions worldwide, the World Council of Credit Unions, Inc. (WOCCU) represents over 43,000 credit unions and 136 million members in 91 countries. Within the European Union WOCCU represents over 1,300 credit unions which are governed by volunteer directors and their 5.8 million members. Credit unions are democratically controlled cooperative associations providing financial services to their members, on a not-for-profit basis at reasonable rates of interest. In summary, credit unions:

- 1 Are financial institutions with a difference;
- 2 Play a social role for EU citizens;
- 3 Are closer to the EU citizen than any other association providing financial services;
- 4 Play an important role in driving the EU agenda in the EU and abroad;
- 5 Create opportunities for many in the EU and beyond;
- 6 Are not banks and should not be treated as if they were.

WOCCU and its European members follow closely all EU legislative and policy developments that impact on the European financial services market. While neither WOCCU nor its EU member's directly participate in the EU mortgage market today credit unions in many regions are significant participants in mortgage lending and EU credit unions continue to follow the market with great interest. On behalf of WOCCU and its European member associations from Ireland (Irish League of Credit Unions, ILCU), Poland (the National Association of Cooperative Savings and Credit Unions, NACSCU) Great Britain (the Association of British Credit Unions, Ltd., ABCUL) and Romania, I am providing the following comments to the Green Paper on Mortgage Credit in the European Union.

**Comments on the consultation –**

As member-owned not for profit cooperatives, credit unions are natural champions of consumers with respects to financial services. As such, WOCCU and its EU members are supportive of the Commission's overriding goal of lowering the costs in the mortgage market while maintaining or enhancing consumer protection, in a manner that is cognisant of the realities of the marketplace.

We believe that the goal of a lower priced mortgage market can be best achieved through increased accessibility and competition in the market. We believe that the creation of a strong Euromortgage secondary market is the single most important action to lower costs.

This would also have the affect of introducing harmonization through market forces as opposed to harmonization via additional regulations.

Our observations from other non-EU mortgage markets, compels us to present one caveat regarding the call for increased accessibility into the market. Opening the mortgage market to institutions that are non-deposit takers without subjecting them to similar prudential supervision as deposit-takers will invariably invite the onslaught of predatory lending practices in the mortgage market which is so critical to consumer wealth creation.

Thank you for the opportunity to submit these comments. Please contact me at +1 608-231-7130, or Dave Grace of my staff at +1 608-231-8494 if you would like further clarification or discussion of these points.

Sincerely,

Pete Crear  
Chief Executive Officer