

**Question for written answer E-005510/2011
to the Commission
Rule 117
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Subject: Is the Commission preparing a legislative proposal to liberalise the internal mortgage market?

Since joining the euro area, Slovakia has always had the most expensive mortgages of any euro-area country. Why are they so expensive when Slovakia shares a common currency and a common economic space with neighbouring countries in the euro area?

Bankers in Slovakia argue that it is more expensive for Slovak banks to raise capital than, for example, German banks. Slovak clients are allegedly a bigger risk; in Slovakia, unemployment is higher, incomes lower and the economic situation less favourable than in Germany; and a further reason is claimed to be the liquidity level of the Slovak property market.

In comparison with Germany or Austria these arguments may well hold water, but if we look at other euro-area countries such as Greece, Spain, Portugal or Ireland, where mortgage interest rates are also lower than in Slovakia, they no longer stand up.

The real reason why mortgage rates are higher in Slovak banks is probably that the Slovak mortgage market is growing and in a bid to make as much money as possible banks in Slovakia have put up interest rates on mortgages as far as possible. They are also exploiting the fact that mortgage applicants from Slovakia who have a job abroad (for example, in Germany or Austria) cannot take advantage of the lower mortgage interest rates in those countries to buy property in Slovakia.

The question must be asked whether such behaviour by banks is in accordance with the primary objective of the EU (an objective first incorporated into the Treaty establishing the EEC by the Single European Act in 1985), which is to establish an internal market as 'an area without internal borders, in which the free movement of goods, .. services and capital is ensured', and also in accordance with the current objective of the so-called European domestic market.

I therefore ask: is the Commission preparing a legislative proposal to liberalise the cross-border provision of mortgages and to give EU citizens free access to the mortgages and interest rates offered in any country in the European Union?