

**Question for written answer E-005312/2014
to the Commission
Rule 117
Giommaria Uggias (ALDE)**

Subject: Capping interest rates in the common market and the introduction of a usury rate for European banks

The squeeze on lending to businesses and households is a major obstacle to the recovery of the European economy, yet, despite the measures taken in recent years by the European Central Bank to breathe life into the real economy, there does not appear to be an end to the credit crunch in sight.

At the end of 2011, the ECB launched two refinancing operations with a cash injection of over one trillion euro, with the aim of pumping liquidity to the European financial system and boosting access to credit. However, these resources have not been used by the banks to kick-start the real economy, but instead have been invested in financial assets that have guaranteed the banks themselves an easy, risk-free path to recovery.

The ECB benchmark interest rate has been slashed from 4% in 2007, the year before the start of the financial crisis, to the current rate of 0.25%, to allow banks to refinance more easily and promote lending to the real economy. However, not only have the average rates charged by banks not fallen at all, but they have largely increased, as in the case of Italy, which has seen a rise in “usury” rates (the maximum legal interest rates banks can charge before they are deemed usurious, set quarterly by the Bank of Italy). Again taking 2007 as the year of reference, when the ECB rate was 4%, the annual “usury” rate in Italy stood at 8.3%. Currently – and herein lies the Italian paradox – whereas the ECB rate has fallen to 0.25%, the usury threshold in Italy has actually risen, to 8.6% for variable rate mortgages and 10.4% for fixed-rate mortgages.

There is therefore a clear discrepancy between the rates charged by the banks and the rate granted to them by the ECB to help with refinancing, which allows the banks an unacceptable margin of discretion, ensured by the rising usury threshold rate, in setting the rates to be charged to customers. The situation is similar in other European countries.

Therefore,

- does the Commission not agree that it is time to set, within the European Union, a cap on the interest rates charged by banks beyond which the interest is deemed usurious?