Consumer credit: annual percentage rate of charge APR (amend. Directive 87/102/EEC)

1996/0055(COD) - 12/04/1996 - Legislative proposal

OBJECTIVE: guarantee the use of a single method for calculating the annual percentage rate of charge (APR) for consumer credit throughout the Community. SUBSTANCE: the Commission proposal, accompanied by a report which will make it possible, in the light of experience, to apply a single Community mathematical formula for calculating the annual percentage rate of charge, includes the following provisions: - acceptance and definitive introduction throughout the Member States of the mathematical formula laid down in Directive 90/88/EEC; - as regards the elements of cost to be included in the calculation of the APR, no change to the list of exceptions in Article 1a(2) of Directive 90/88/EEC. Accordingly, the proposal for a directive makes the following changes to Directive 90/88/EEC: - requirement to use, in addition to the expression 'annual percentage rate of charge', a symbol which will be identical in all the Member States; - deletion of Article 1a(5), which granted those Member States which wished to retain a different method for calculating the APR a derogation until 31 December 1995 (used by Germany and Finland); - deletion of Article 1a(3), which allowed Member States which had national laws in force on 1 March 1990 imposing maximum limits on the APR and which excluded costs other than those referred to in Article 1a(2) to continue to apply those provisions (no Member State made use of the possibility); - insertion in Annex II of a stipulation that accuracy to two decimal places should be required; - insertion in Annex II of a stipulation that a year should have 365 or 366 days; - linguistic changes and in the English and Greek versions.