



# ANNUAL CONVENTION OF THE EUROPEAN CONSUMER CREDIT INDUSTRY

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BANCO DE  
PORTUGAL  
EUROSISTEMA



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# 01

THE KEY ROLE OF  
RETAIL BANKING  
MARKETS IN DRIVING  
THE GREEN  
TRANSITION





## 1. The key role of retail banking markets in driving the green transition

In the 1Q of 2025, the economic sectors contributing the most to the total greenhouse gas emissions were **households (25.5%)**, followed by electricity and gas supply (19.3%) and manufacturing (18.6%) [Eurostat].

**Individuals** and **families** play an important role in the transition to a sustainable economy

The **financial sector** contributes to this transition:

- 🌱 selling “**green**” retail banking products
- 🌱 contributing to the **efficient allocation of funds** public and private – to more sustainable activities








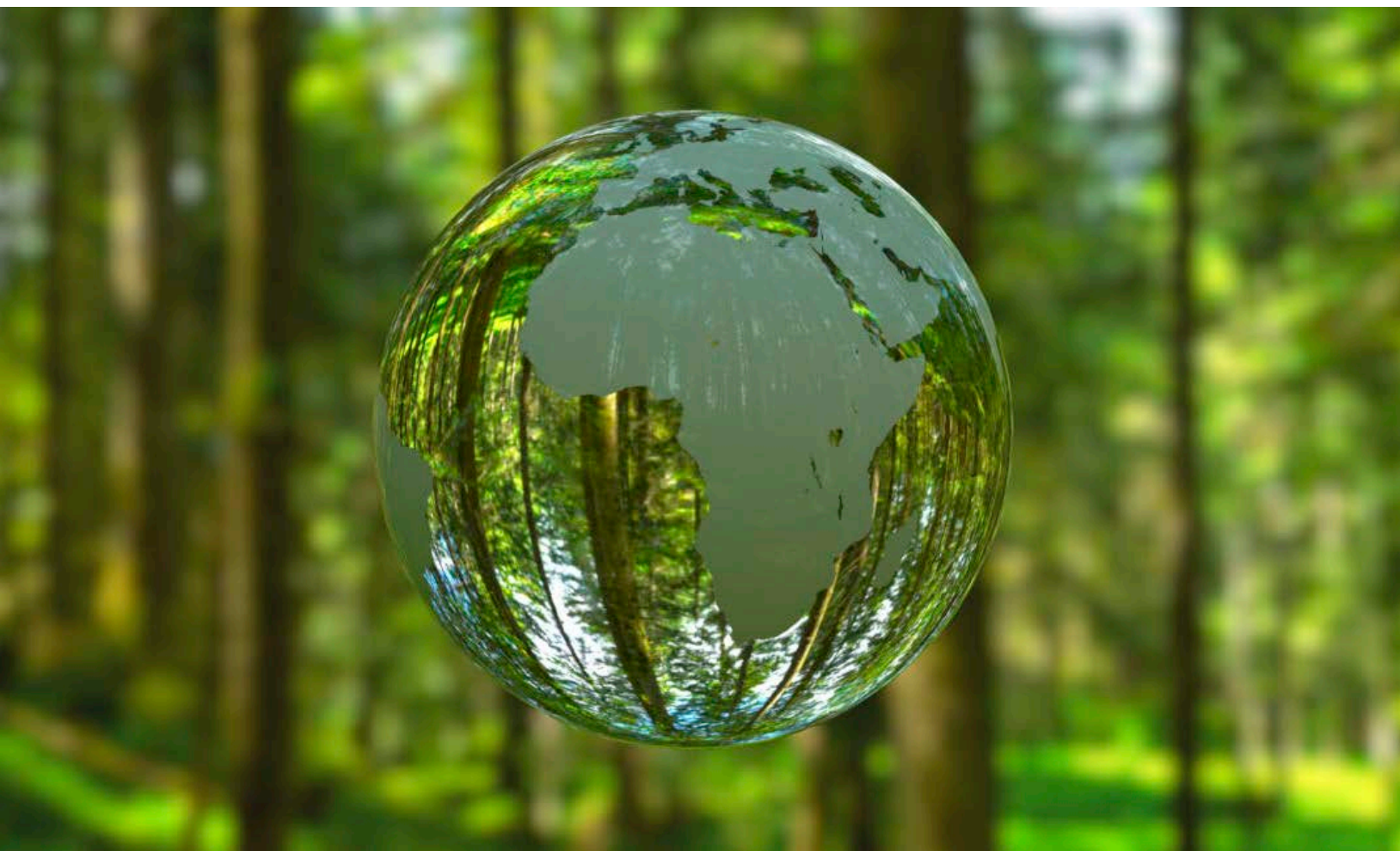
## 1. The key role of retail banking markets in driving the green transition

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**Regulators** and **supervisors** play a key role in developing a sound regulatory and supervisory framework and sustainable retail banking markets, by:

-  Eliminating unjustified barriers
-  Mitigating the risks arising from these products
-  Promoting financial literacy to foster knowledge and behaviors for sustainable finance





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# 02

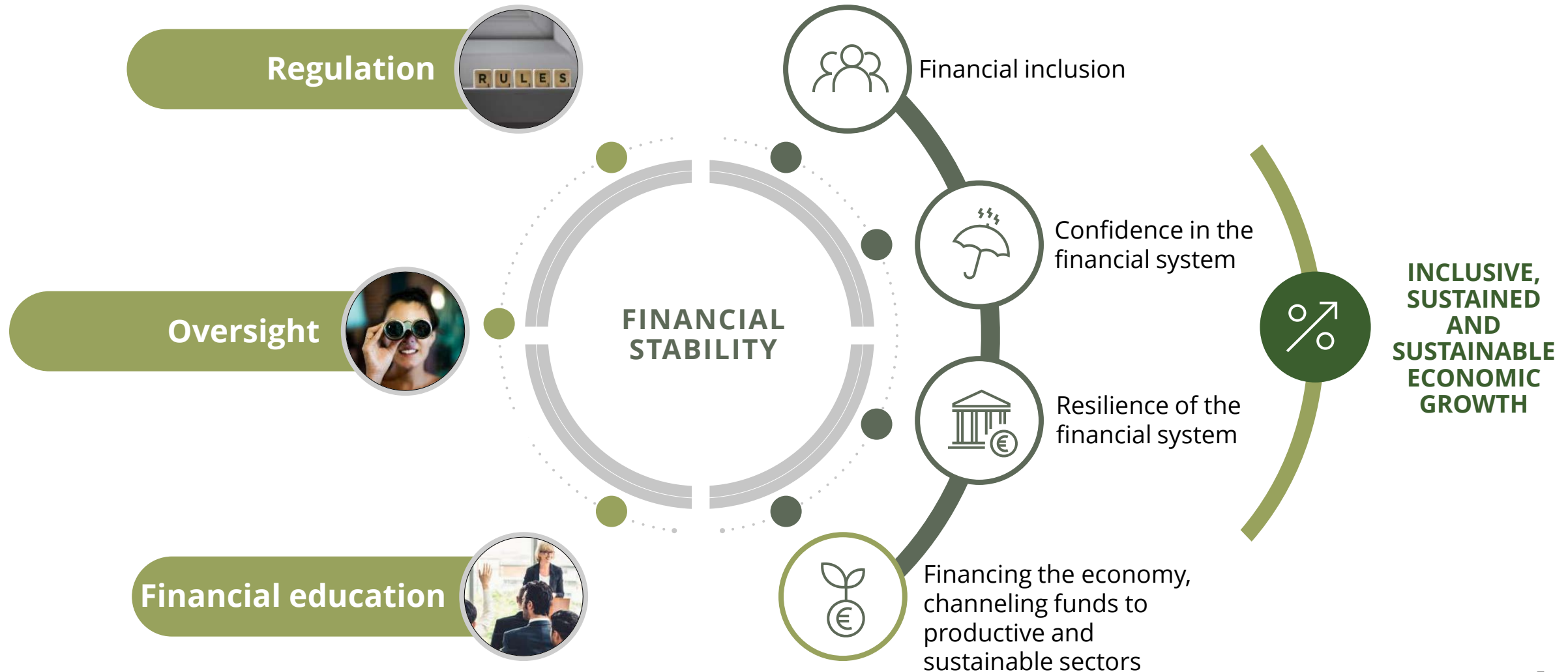
## BANCO DE PORTUGAL'S BANKING CONDUCT SUPERVISION APPROACH





## 2. Banco de Portugal's banking conduct supervision approach

Banking Conduct Supervision includes sustainability in its strategy





## 2. Banco de Portugal's banking conduct supervision approach

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### Regulation

- **Enlargement of the consumer credit cap rates' category from "renewable energy" to "energy transition"** (Instruction 19/2024)
- Contribution to the revision of the G20/OECD High-Level Principles on FCP
- Contribution to the EBA report on green loans and mortgages and ESAs report on Greenwashing
- Benchmark exercise with other NCAs



### Oversight

- Oversight considering the legal and regulatory framework in place
- Regular monitoring of the green offering available in institutions' websites
- **Questionnaire to the industry** on the offering of green retail banking products



### Financial education

- ESAs factsheet on sustainable finance
- Report of the Financial Literacy Survey of the Portuguese population
- National Plan for Financial Education 2021-2025, including **sustainability as a strategic dimension**



## 2. Banco de Portugal's banking conduct supervision approach: the Questionnaire

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The **objectives** of the **industry Questionnaire** are:



Monitor **the 'green' offer**, goals, conditions, and its scale within the institutions' portfolio



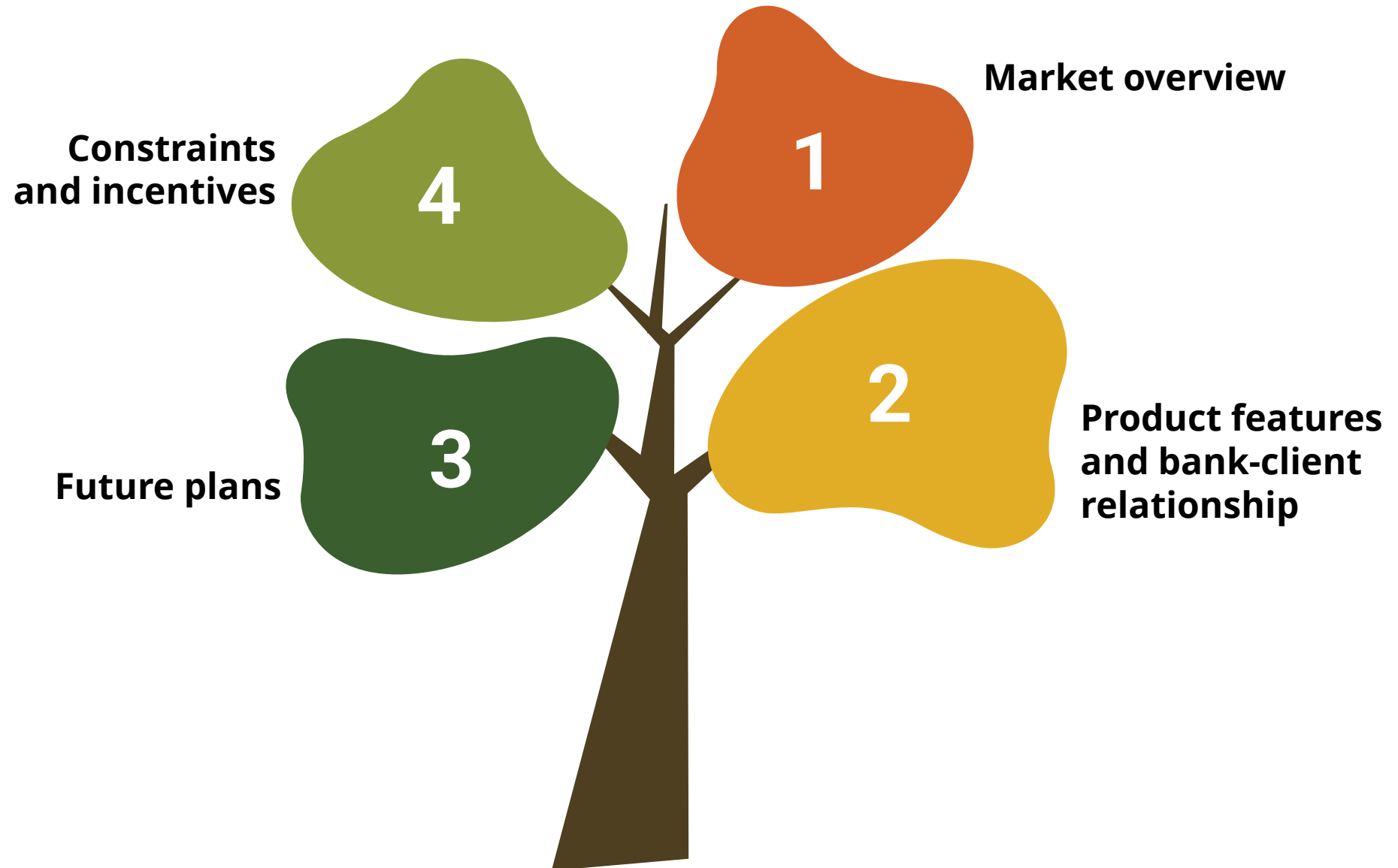
Identify **industry practices** during the product life cycle



Understand the institutions' **prospects for 'green' products**, key bottlenecks, and proposed solutions to overcome them

## 2. The Questionnaire: structure

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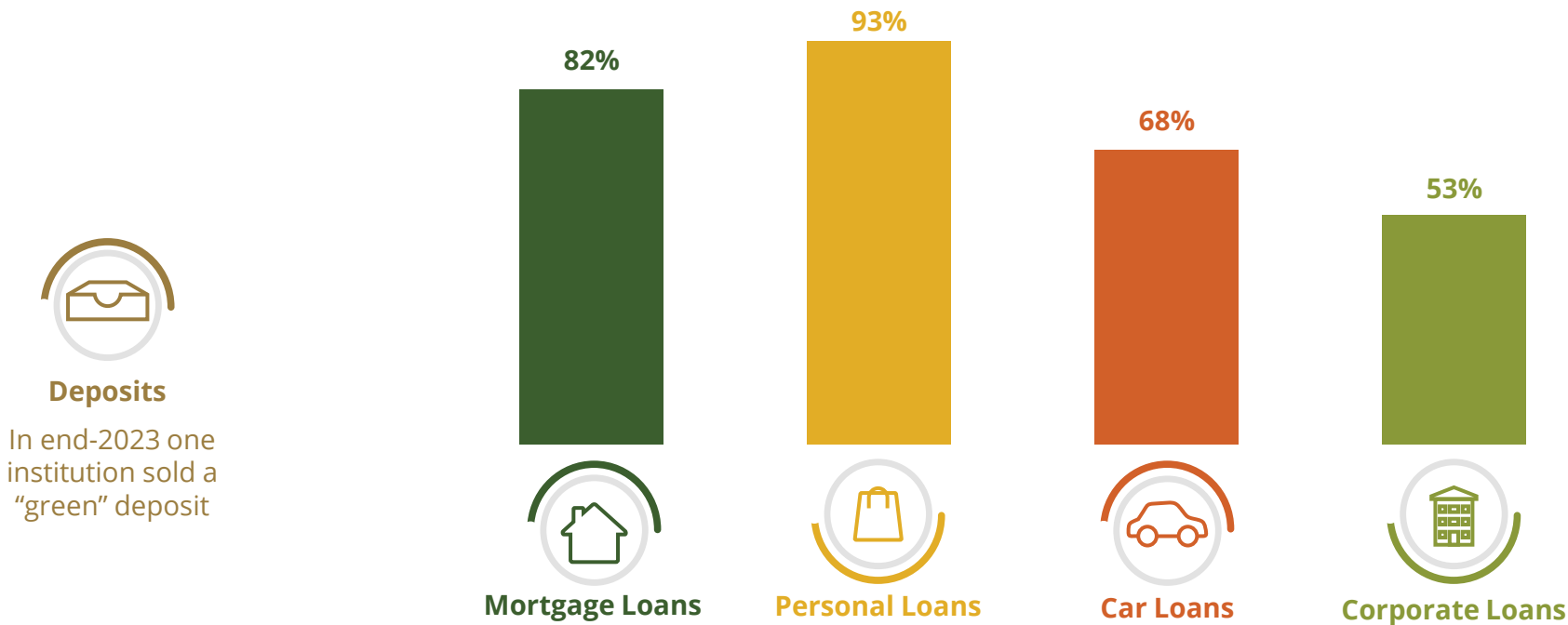




## 2. The Questionnaire: preliminary results

- Most institutions offer “green” banking products (20 out of 28 respondents)
- More than 90% of the institutions providing personal loans offer “green” banking products

Share of institutions selling “green” products (by market segment)



**Deposits**  
 In end-2023 one institution sold a “green” deposit

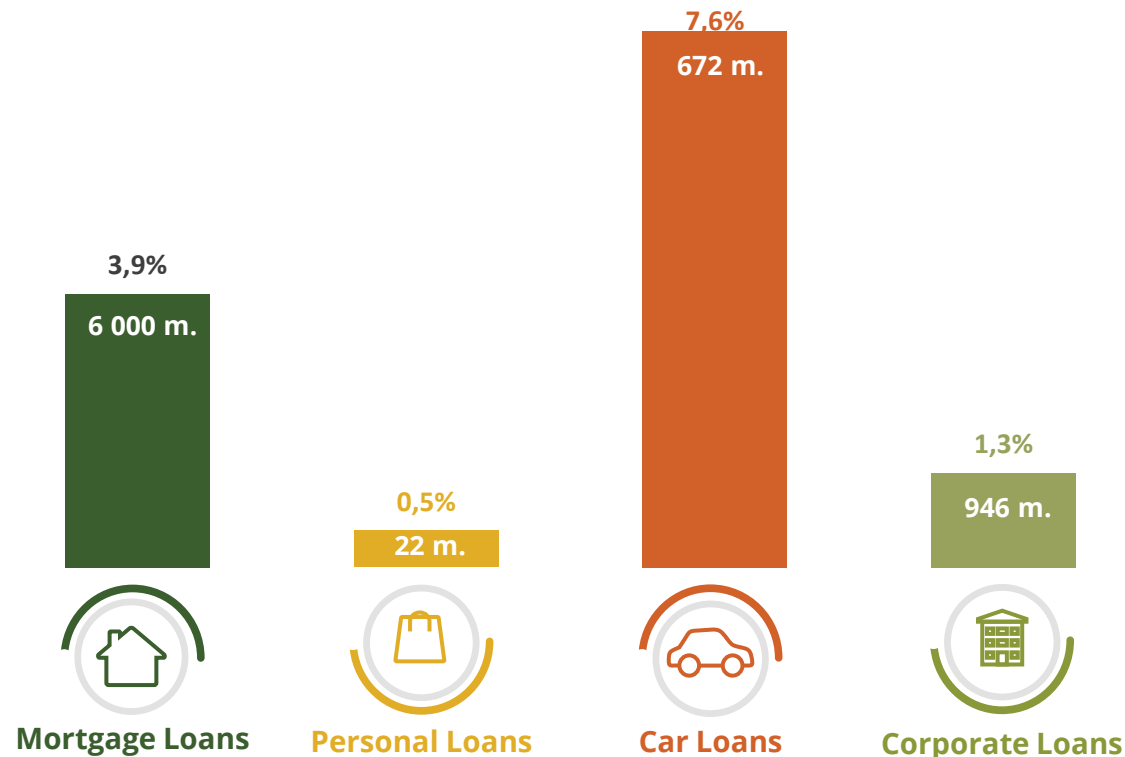


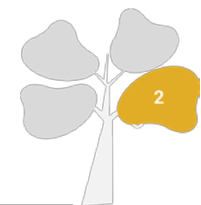


## 2. The Questionnaire: preliminary results

- But, in general, the weight of “green” credit products in institutions’ portfolios is still limited
- **It is the car loan segment where institutions have the highest proportion of “green” products in their outstanding credit amount**

Average of institutions’ share of “green” products in credit outstanding amounts (by market segment)





## 2. The Questionnaire: preliminary results

Institutions mainly offer **interest rate benefits** in the promotion of retail banking products



### Mortgage Loans

Most institutions offer **interest rate** benefits (78%) and **fee** benefits (22%)



### Personal Loans

Most institutions offer **interest rate** benefits (71%), while 29% offer **no associated benefits**



### Car Loans

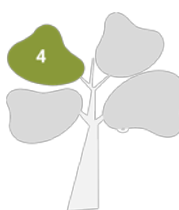
The most common benefit is **interest rate** discounts (69%), while 23% offer **no benefits**



### Corporate Loans

Most institutions offer **interest rate** benefits (88%) and **fee** benefits (50%)

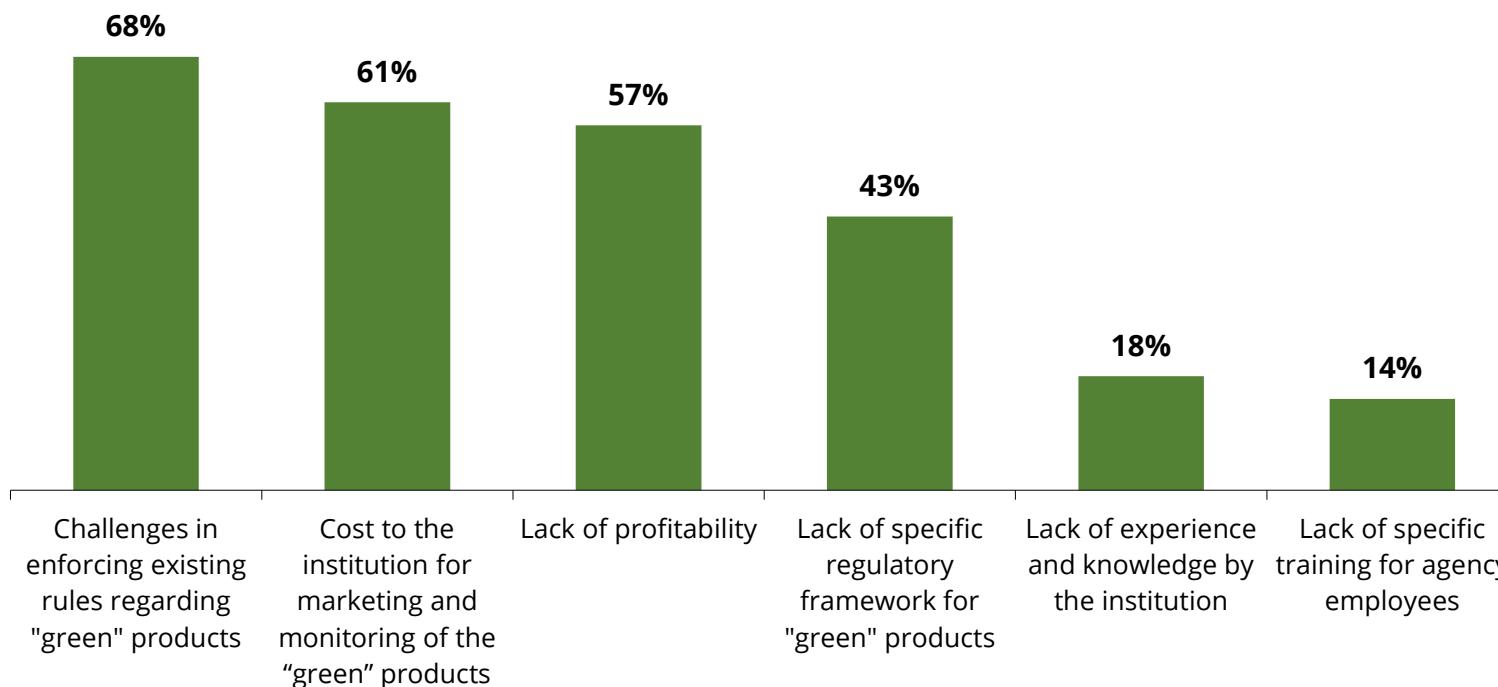


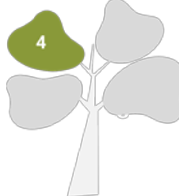


## 2. The Questionnaire: preliminary results

- Challenges in enforcing existing rules and the costs of marketing and monitoring are identified as supply-side bottlenecks to the growth of “green” offerings

Share of institutions by supply-side constraints to the growth of “green” products

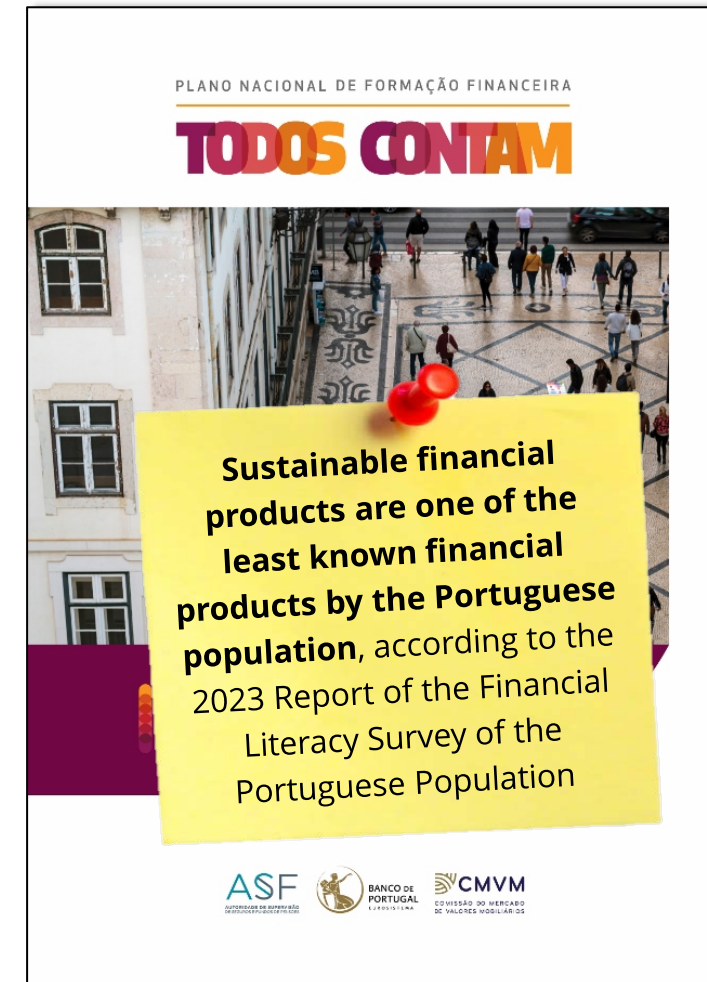
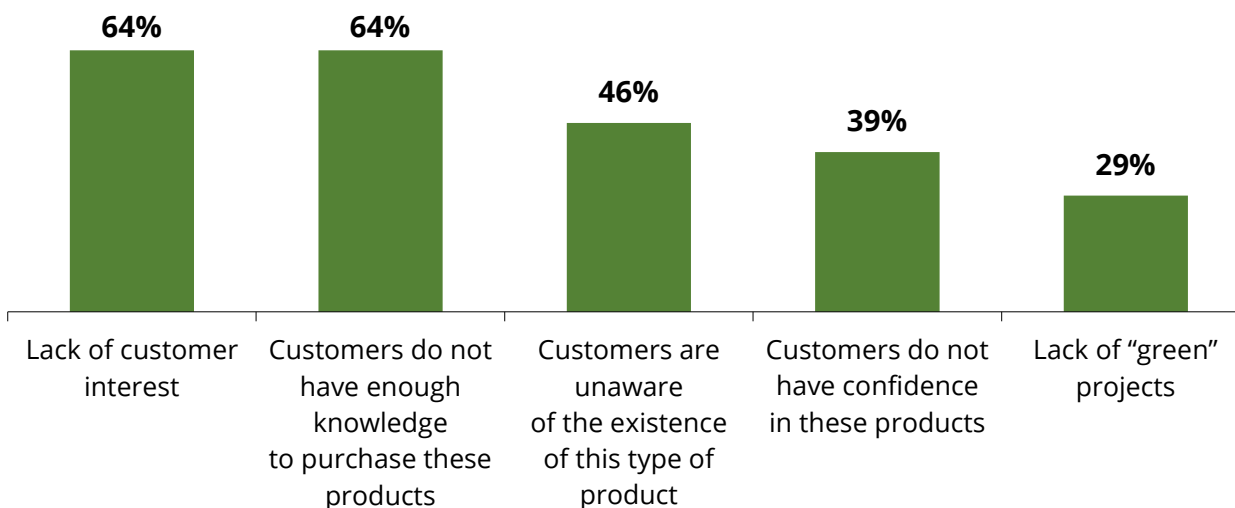


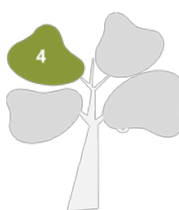


## 2. The Questionnaire: preliminary results

- A lack of customer interest and knowledge regarding the “green” features of products is identified as a demand-side obstacle to the growth of this market

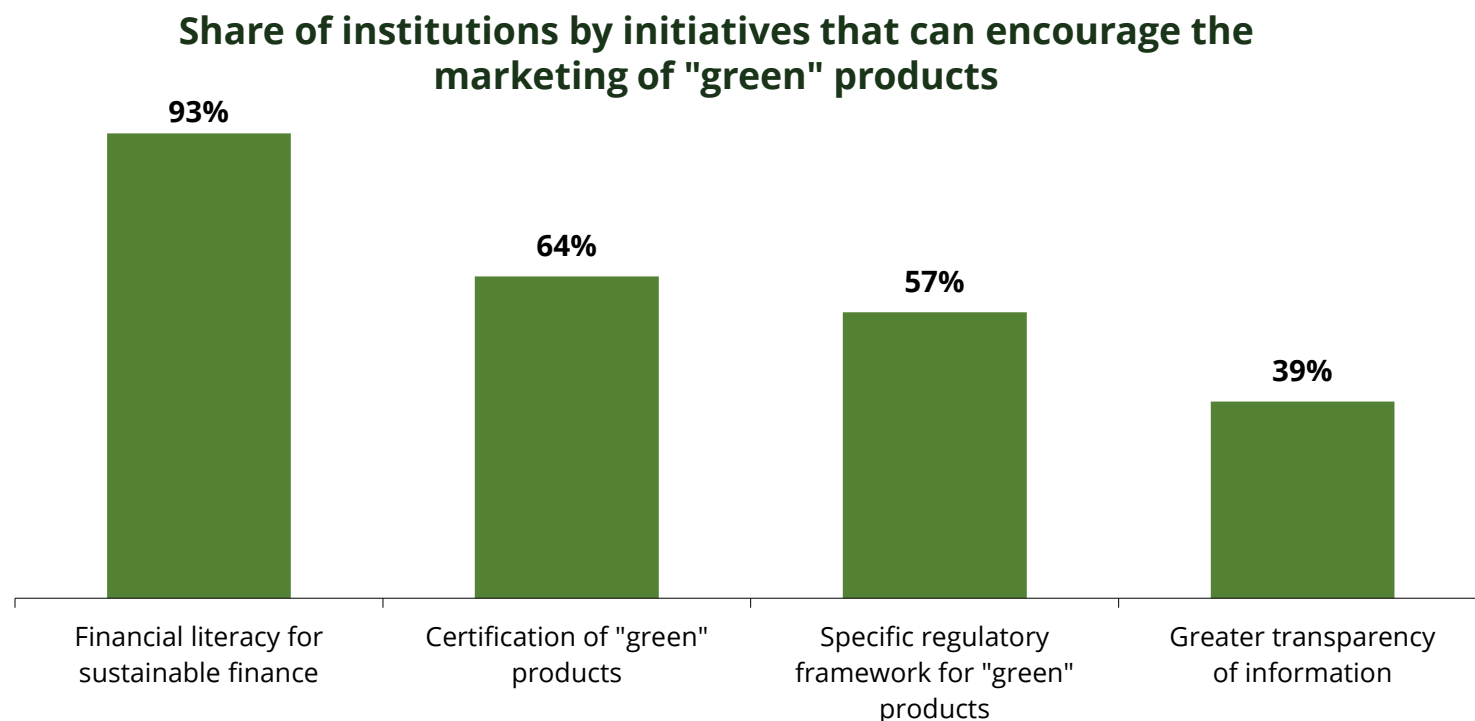
Share of institutions by demand-side constraint on the growth of "green" products





## 2. The Questionnaire: preliminary results

- Promoting financial literacy in sustainable finance and certifying “green” products are seen as key to increasing their uptake
- A specific regulatory framework for “green” products is also deemed important by most respondents



## 2. Instruction 19/2024 – Innovative approach

The Portuguese legal and regulatory framework applicable to consumer credit goes beyond the Consumer Credit Directive

### Rate cap regime based on market APRC

Cap rates revised and published quarterly by Banco de Portugal

**Rates cap = Average APRC applied by credit institutions in the previous quarter + 25%** for each type of consumer credit agreement, e.g., personal loan, car loan, revolving credit, etc.

No rate may exceed by 50% the average APR of all consumer credit agreements entered into in the previous quarter.



BANCO DE PORTUGAL  
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Instrução n.º 19/2024

BO n.º 12/2024 2.º Suplemento • 2024/12/20

Temas

Supervisão :: Supervisão Comportamental

Índice

Texto da Instrução

Texto da Instrução

Assunto: Cálculo e divulgação periódica dos limites máximos à taxa anual de encargos efetiva global ("TAEG") a observar na celebração de contratos de crédito aos consumidores

Taxas máximas aplicáveis  
aos contratos de crédito aos consumidores

4.º trimestre  
2025



Cartões de crédito, Linhas de crédito,  
Contas correntes bancárias  
e Facilidades de descoberto

18,8%

Ultrapassagens de crédito

18,8%



Locação financeira ou ALD: novos

5,4%

Locação financeira ou ALD: usados

6,9%

Automóveis e outros veículos: novos

10,8%

Automóveis e outros veículos: usados

14,2%



Educação, Saúde, Transição energética  
e Locação financeira de equipamentos

8,6%

Outros créditos pessoais (lar, obras,  
consolidado e outras finalidades)

15,6%



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## 2. Instruction 19/2024 – Innovative approach

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Enlargement of the consumer credit cap rates' category from "renewable energy" to "energy transition" to include the financing of the acquisition and installation of renewable energy equipment, as well as other equipment and interventions for improving the energy efficiency of buildings



Facilitate access to bank financing for purposes of energy transition, addressing concerns expressed by various stakeholders regarding the limitations of the previous credit category in advancing energy transition objectives



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### **Relatório da Consulta Pública do Banco de Portugal n.º 3/2024**

PROJETO DE INSTRUÇÃO SOBRE O CÁLCULO E DIVULGAÇÃO PERIÓDICA DOS LIMITES  
MÁXIMOS À TAEG A OBSERVAR NA CELEBRAÇÃO DE CONTRATOS DE CRÉDITO AOS  
CONSUMIDORES



## 2. Instruction 19/2024 – Innovative approach

In cooperation with ADENE, an **indicative and non-binding** list of criteria on eligible equipment and interventions for the classification of personal credit agreements for the purposes of the energy transition, was made available to the industry (household appliances included)

Six-month pilot phase aimed at assessing how the sector incorporates these guidelines into its business processes.

### Survey on Energy Consumption in Households carried out in 2020

Energy consumption for **cooking** has the greatest weight (34.6%) followed by **heating** (23.2%) **electrical appliances** (19.9%), and **water heating** (19.7%).








## 2. Instruction 19/2024 – Innovative approach

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### Expected implementation challenges:

-  Complexity of the list (different criteria depending on the type of equipment e.g. heat pump vs refrigerator)
-  Verification procedures (invoice, CE marking; ex ante or ex post)
-  Treatment of loans covering multiple equipment
-  Incorporation of risk differentiation
-  Assessing results (i.e. the level of energy efficiency)



## 2. Instruction 19/2024 – Innovative approach

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Taking the opportunity provided by the revision of the interest rate cap regime, we launched a non-binding pilot to understand the challenges that the industry would face in incorporating the inclusion of household appliances as a “green” category, given their relevance for the energy transition. We now expect to learn from this experience to help us define the way forward — either within the rate cap regime or through another possible initiative.





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03

NEXT STEPS

### 3. Next Steps

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- Continue gathering/collecting information and data on market practices through various tools available
- Keep monitoring the supply of "green" retail banking products, considering oversight and governance arrangements, market practices and risks to banking customers
- Actively monitor and engage in regulatory initiatives, at international, European and national levels, aimed at defining a sound framework for sustainable retail banking markets
- Develop appropriate financial education initiatives
- Assess the need to reinforce transparency and reduce fragmentation of market practices, e.g. by the adjustment of the list of criteria related to Instruction 19/2024 or/and the issuance of best practices



A close-up photograph of green leaves, likely from a nasturtium plant, covered in numerous water droplets. The leaves are vibrant green and have a slightly serrated edge. The water droplets are of various sizes and are scattered across the surface of the leaves, some reflecting light. The background is dark and out of focus, making the leaves and droplets stand out. The text "THANK YOU" is overlaid in white, sans-serif capital letters in the center-right portion of the image.

THANK YOU