



Brussels, 5 December 2008

**Taxpayer's money for subprime-system?
European Commission pays for useless study**

On 2 December 2008 the European Commission published a study on non-deposit mortgage lenders. The British consultancy London Economics had the mission to find out which obstacles inhibit such "non-banks" from doing cross-border business.

The European Federation of Building Societies deems this study to be „a complete waste of taxpayer's money“. "Non-banks" played a disreputable role in the current development of the subprime-market, stated Managing Director, **Andreas J. Zehnder**. Deliberations on a European Passport for these kinds of companies are absolutely not comprehensible. A British "Non-bank" would thus be able to hand out credit according to the rules of its home country circumventing existing national supervision regulation for credit institutions", declared **Zehnder**. It is just a perfect match that the Commission proposes billions for recovery action plans and tries to improve the deposit guarantee schemes while again sympathizing with a system that led to the collapse of the financial markets.

Even the consultants themselves recognize in their study that most of the surveyed non-deposit lenders in the United Kingdom and Ireland either ceased to exist or are not able to provide new mortgage loans. **Zehnder**: „The Commission's use of taxpayer's money to sponsor expensive surveys on a dying market should actually be a case for the Court of Auditors. Brussels should finally realize that UK and US housing financing practices are no appropriate model for Europe.“

Furthermore, it is absolutely not understandable why the European Commission again awarded the contract for a study to London Economics. London Economics had advocated the EU-wide adoption of the subprime-lending model in their last study on the integration of EU mortgage credit markets which should normally disqualify them to carry out further studies. Only the subprime-crisis itself was able to stop the implementation of that recommendation. Costs for the taxpayer amount to hundreds of billions of Euros.