LENDING TO CONSUMERS IN THE EU AND UNITED STATES

Date: 27 August 2019

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Knowing the consumer credit laws of the European Union (EU) and the United States has never been more important. As a modern lending institution, you know that the walls between the EU and United States have fallen. The Internet now makes it possible to offer your credit products (and other financial services) anywhere and everywhere in the world, and consumers can apply for credit from anywhere with a cell phone or tablet.

But cross-border lending is, at first, a daunting proposition. Aside from the different lender licensing regimes in the EU and United States, no EU or United States creditor can lend to consumers in the other jurisdiction without understanding the relevant consumer credit protection laws of that other jurisdiction.

Fortunately, while certain consumer protection requirements in the EU are more burdensome than in the United States and vice versa, EU and United States consumer credit protection laws also share many similarities and policy perspectives. A central piece of EU legislation governing consumer protection for nonmortgage credit in the EU is the Consumer Credit Directive (CCD). The European Parliament and European Council adopted the CCD with the aim of harmonizing aspects of the laws, regulations, and administrative provisions of the EU's member states concerning consumer credit agreements, and the Member States then transposed the CCD to their local legislation. The result is that the consumer credit protection laws within the EU are consistent in large part. A creditor in the United States seeking to offer its loans in the EU should, therefore, begin with an analysis of the CCD.

The consumer protection laws of the United States still vary among the 50 states and the District of Columbia (DC), but there is nevertheless a bottom line set of rules that apply in all states (and DC) under US federal law. In many cases, those baseline rules are the primary rules. The states in the United States can enact laws that are more consumer protective and the lender licensing regime in the United States might be harder to navigate than in the EU, but as a first step to an expansion in to the United States, an EU creditor would be well served by learning the US federal consumer credit protection laws and regulations.

In **European Community Consumer Credit Protection Laws: Similarities and Differences in the United States for Non-Mortgage Credit**, we compare the basic consumer protections for nonmortgage credit under the CCD to the consumer protections of US federal law. With respect to US laws, we consider the Truth in Lending Act, Fair Credit Reporting Act, Equal Credit Opportunity Act, Electronic Fund Transfers Act, and the "holder rule" of the Federal Trade Commission.

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