

Consumer Credit Directive 2 (CCD2)

Navigating the New Dutch Licensing Landscape



Licensing Obligation for Financial Service Providers

Following the implementation of the Consumer Credit Directive 2 (CCD2), the definition of consumer credit has been significantly expanded to capture a broader range of financial activities. Understanding these new definitions is critical for compliance.



Direct Credit Provision

Making a sum of money available to a consumer **and granting a deferral of payment**, in respect of which the consumer is obliged to make one or more payments.



Goods & Service Credit

The provision of a service or the enjoyment of a movable property, financial instrument, or investment object to a consumer, or the provision of money to a consumer or third party in connection with such provision or enjoyment, in respect of which the consumer must make one or more payments.

- ❏ **Critical Expansion:** This expanded definition now explicitly includes Buy Now Pay Later (BNPL) platforms, deferred-payment facilitators, and platform-based credit distribution models that were previously operating in regulatory gray areas.

Dutch Licensing Regimes for Consumer Credit

The Netherlands operates a sophisticated multi-tiered licensing framework under the Financial Supervision Act (Wet op het financieel toezicht, or Wft). Each of the three categories of financial service providers faces distinct regulatory requirements tailored to their role in the consumer credit ecosystem.

1

Provider of Consumer Credit

Section 2:60 of the Financial Supervision Act

This category applies to any person who makes a sum of money available to a consumer or provides the enjoyment of a movable property, financial instrument or financial instruments (goods & service credit), in respect of which the consumer is obliged to make one or more payments.

- Includes entering into, managing, or executing consumer credit agreements throughout their lifetime, e.g.:
 - administrative activities such as collecting installments and/or interest payments
 - making changes to existing credit agreements
- Also applies to entities purchasing portfolios of credit agreements

2

Adviser on Consumer Credit

Section 2:75 of the Financial Supervision Act

This designation covers any person who recommends consumer credit on a professional or commercial basis to individual consumers.

- Must involve personalized recommendations tailored to individual circumstances
- General recommendations to indeterminate groups are excluded
- Product-type recommendations without personalization are not covered
- Requires assessment of consumer's specific financial situation

Third category: Consumer Credit Intermediary

The intermediary category represents a critical but often misunderstood licensing requirement. The Dutch regulatory framework carefully distinguishes between true intermediation activities and simple referrals with significant compliance implications.

Consumer Credit Intermediary

Any person who, **professionally or commercially**, enters into a credit agreement between a consumer and a credit provider, or assists in the management and execution of such an agreement.

- The intermediary does not become a party to the agreement
- Activities go beyond simple information provision
- Often combined with advisory services

Simple Referral Exception

The mere referral of a consumer to a particular provider or intermediary **does not constitute intermediation**, provided that only contact details (name, address, telephone, email) are provided without further engagement.

Debt Collection Assistance

Critical compliance point: Assistance in debt collection qualifies as credit mediation and requires licensing, unless strictly limited to:

- Contacting the consumer
- Communicating about debt collection
- Providing free extension of payment

Any activities beyond this scope—such as negotiating payment schedules—trigger the licensing requirement.

❏ **Regulatory Alignment:** The licensing requirements for credit providers, advisers and intermediaries are largely harmonized, with supervision conducted by the Netherlands Authority for the Financial Markets (AFM).

CCD2 Exemptions from Licensing Requirements

Understanding the Dutch Implementation Approach

The Netherlands' implementation of CCD2 takes a more stringent approach compared to some other EU member states, particularly regarding exemptions. Understanding which activities qualify for exemption - and which do not - is essential for compliance planning.

SME Credit Intermediaries

✓ Exemption Available

Micro, small, and medium retailers offering credit as an **ancillary activity** (e.g., BNPL via a partner) are **exempt from licensing** requirements. However, they remain subject to **AFM oversight** for consumer protection purposes.

SME Credit Providers

✗ No Exemption

The Netherlands has **not applied an exemption** for small credit providers. Even micro or small suppliers offering deferred payment arrangements exceeding 50 days require a full **Wft licence**.

In-House Deferrals

✓ Outside Wft Scope

Supplier-granted payment deferrals fall outside Wft regulation if all conditions are met:

- Duration ≤ 50 days for SMEs (14 days for large firms)
- **No interest or fees** charged
- **No third party** involvement

Platform-Based Credit

Always in Scope – No Exemption

All platform-based credit arrangements, regardless of size or business model, require licensing under the Dutch implementation.

Small/Free/Short-Term Credit

Simplified Information Only

These arrangements benefit from a simplified information regime but do not enjoy a licence exemption.

❏ **Key Takeaway:** Only small retailers mediating BNPL as an ancillary activity and certain short-term payment deferrals are exempt. Most BNPL, deferred debit, and platform credit models require full licensing under the Dutch framework.

Legal Obligations of Credit Providers

A Comprehensive Regulatory Framework

Licensed credit providers in the Netherlands face ongoing legal obligations that extend beyond the initial licensing phase. These requirements are organized into three primary categories and continue to evolve with the implementation of CCD2.

01

Procedural Obligations

Structural and organizational requirements that establish the framework for compliant operations

02

Conduct Requirements

Behavioral and operational standards governing day-to-day interactions with consumers

03

Other Obligations

Civil law mandates, industry codes, and sector-specific guidance documents

Procedural Obligations Overview

- Controlled remuneration policy
- Suitability and reliability of policymakers
- Ethical business operations
- Organization of business operations
- Control structure
- Taking an oath or affirmation
- Outsourcing governance
- Product Development Process

📌 **Important Note:** These obligations represent ongoing compliance requirements that are independent from (though overlapping with) the mandatory documentation required for the licence application. All requirements are subject to further refinement as CCD2 implementation progresses.

Conduct Requirements for Credit Providers

Conduct requirements form the operational backbone of consumer protection in the Dutch credit market. These obligations govern how credit providers interact with consumers throughout the entire credit lifecycle—from initial contact through to repayment or default.

1

Complaint Handling

Establish and maintain robust internal complaint management procedures that ensure fair, timely, and transparent resolution of consumer grievances. Documentation and escalation protocols must be clearly defined.

2

Credit Registration (BKR)

Mandatory participation in and reporting to the Bureau Krediet Registratie (BKR), the Dutch central credit registration system. All credit agreements must be registered, and credit checks must be performed before extending credit.

3

Creditworthiness Assessment

Conduct thorough and proportionate creditworthiness checks before granting credit. Assessment must consider the consumer's ability to meet payment obligations without financial distress throughout the agreement's duration.

4

Information Provision & Advertising

Ensure all marketing materials, advertisements, and pre-contractual information are clear, fair, and not misleading. Annual Percentage Rate of Charge (APRC) must be prominently displayed in standardized format.

5

Commission Rules

Structure compensation and commission arrangements to avoid conflicts of interest that could compromise consumer outcomes. Remuneration structures must not incentivize inappropriate lending.

6

General Duty of Care

Maintain an overarching obligation to act in consumers' best interests, exercising due skill, care, and diligence in all interactions with consumers. This principle permeates all aspects of credit provision.

Other Legal Obligations

Civil Law Requirements

Beyond the Wft licensing framework, consumer credit providers must navigate a complex landscape of mandatory civil law provisions, industry codes, and regulatory guidance that collectively shape the credit agreement lifecycle.

Dutch Civil Code Requirements

Consumer credit is subject to **mandatory civil law rules** under Titles 2a (consumer credit agreements) and 2b (goods credit) of Book 7 of the Dutch Civil Code (Articles 7:57-128c).

Key Civil Code Topics:

- Advertising standards
- Mandatory pre-contractual information
- Content of credit agreements
- Ongoing information obligations
- Cost transparency requirements
- Termination and dissolution rights
- Early repayment provisions
- Transfer of rights
- Powers of attorney
- Security rights

Other Legal Obligations

Industry Guidelines and Codes of Conduct

Several sector-specific frameworks provide additional guidance and establish best practices:



VFN Code of Conduct

The Association of Financing Companies in the Netherlands (Vereniging van Financieringsondernemingen in Nederland) publishes comprehensive standards for consumer credit providers, including lending norms methodology.

[Access the VFN Code of Conduct](#)



AFM Guidelines

The AFM publishes detailed guidance on consumer protection standards and debt collection procedures, providing practical interpretation of regulatory requirements.



Telecom Credit Code

The Telecom Credit Code (*Telecomkredietcode*) establishes specific standards for credit associated with telecommunications products and services, addressing specific risks in this sector.

[Access the Telecom Credit Code](#)

License Application Procedure

Navigating the AFM licensing process requires careful preparation, thorough documentation, and strategic engagement with regulatory authorities.

Understanding the procedural framework helps applicants avoid delays and ensure successful outcomes.



The Five-Step Application Process

The AFM follows a structured, multi-stage assessment process with clearly defined timelines and decision points. While the statutory framework provides baseline timelines, actual processing duration often depends on application quality and responsiveness.



Step 1: Documentation Submission

Submit complete license documentation through the official AFM portal. All required documents must be provided in the prescribed format, with attention to completeness and accuracy.



Step 2: Completeness Check

The AFM conducts an initial review to verify that all required documentation has been provided. If the application is incomplete, the AFM will request supplementary materials.

The statutory assessment period only begins once the application is deemed complete.



Step 3: Start Assessment Period

Once completeness is confirmed, the AFM officially notifies the applicant and the **statutory 13-week assessment period starts**.

This period may be extended by up to 8 additional weeks if the complexity of the application requires it.



Step 4: Substantive Assessment

The AFM conducts a thorough evaluation of all aspects of the application. If ambiguities or deficiencies are identified, the AFM will issue requests for clarification or additional information.

Critically, the assessment "timer" freezes until satisfactory responses are received.



Step 5: Final Decision

The AFM issues a formal decision to grant or reject the license. Approvals are subject to conditions and ongoing supervision. Rejections must include clear reasoning and inform applicants of appeal and objection rights.

❏ **Timeline Management:** While the statutory period is 13 weeks (extendable to 21 weeks), the freezing mechanism during AFM questioning means that actual processing times frequently exceed these baselines. Early preparation and proactive engagement are essential.

License Application Documentation

The documentation requirements for a consumer credit license application are extensive and detailed.

Successful applications combine regulatory compliance with operational readiness, sound governance, and genuine commitment to consumer protection.



Credit Provider Documentation Requirements

Organizational and Structural Information

The foundational documentation establishes the applicant's legal structure, governance framework, and operational readiness. These materials demonstrate that appropriate controls, competencies, and integrity safeguards are in place.

1

Company Information Package

- **Control structure description** with detailed organizational chart showing reporting lines and responsibilities
- **Chamber of Commerce extracts** for all natural and legal persons involved in the structure
- **Incident management procedure** description outlining detection, escalation, and resolution processes
- **Activities explanation** providing clear articulation of all proposed consumer credit activities
- **Professional competence, reliability, and integrity safeguards** demonstrating how these critical standards will be maintained

2

Proof and Statements

- **Proof of BKR affiliation** confirming access to / affiliation with the Bureau Krediet Registratie (Credit Registration Bureau)
- **Statement of no advice** (if applicable) clarifying that the applicant will not provide advisory services

3

Shareholder and Control Documentation

- **Proof of identity** for all holders of qualifying holdings (individuals or entities holding $\geq 10\%$ of capital or voting rights)
- **Beneficial ownership information** tracing ultimate control and ownership structures

Business Plan Documentation

Demonstrating Operational Viability and Consumer Protection

The business plan represents the most substantive component of the application, requiring applicants to articulate their commercial model while demonstrating robust consumer protection mechanisms, sustainable economics, and sound risk management.



Market Strategy

- Detailed explanation of customer acquisition strategy and target market segments
- The concrete value proposition and competitive positioning
- Marketing and distribution channel strategy



Funding and Partnerships

- Comprehensive overview of all funders and investors, including funding terms
- Detailed description of partnerships with other financial service providers
- Explanation of any white-label or platform arrangements



Credit Assessment Framework

- Complete description of the application and acceptance process
- Screening procedures and data sources utilized
- Risk assessment methodology and creditworthiness determination approach
- Repayment capacity calculation models
- Credit risk categorization with corresponding interest rates

Business Plan Documentation (2)

Demonstrating Operational Viability and Consumer Protection



Pricing and Terms

- Comprehensive interest rate policy, including methodology for rate-setting
- Interest rate caps and floors applied to different product types
- Description of early repayment handling, including any fees or rebates
- Clear explanation of all fees and charges



Consumer Protection Measures

- Detailed procedures for identifying and supporting customers experiencing payment difficulties
- Forbearance and restructuring processes demonstrating prioritization of consumer interests
- Description of set-off procedures towards the investor(s) when payment problems arise
- Complaint handling and dispute resolution mechanisms



Legal and Financial Structure

- Schematic overview of legal relationships among all entities involved (including investors and servicers)
- Detailed mapping of financial flows between all parties and consumers
- Explanation of any special purpose vehicles or securitization structures



Financial Projections

- Substantiated revenue forecasts for the next two years, with underlying assumptions clearly stated
- Comprehensive cost breakdown, including operational, compliance, and capital expenditures
- Break-even analysis and profitability timeline
- Capital adequacy projections

Personnel Documentation Requirements

The AFM places significant emphasis on the suitability, reliability, and competence of individuals who manage and operate the credit business. Comprehensive personal documentation is required for all day-to-day policymakers

Notification Forms for Policymakers

Each individual serving as a (co-)policymaker must submit a complete notification package, including:

1

Core Personal Documentation

- **Reliability form** (Betrouwbaarheidsformulier)
- **Copy of valid identification**
- **Statement of no antecedents** (Verklaring Omtrent het Gedrag - VOG)

2

Professional Qualifications

- **Recent comprehensive CV** with extensive descriptions of:
 - Administrative and managerial experience
 - General and sector-specific professional knowledge
 - Suitability for the proposed business operations
- **Reference forms** from previous employers or professional contacts

3

Governance Documentation

- **Statement of oath or affirmation**
- **Suitability matrix** (separate documents for day-to-day policymakers and supervisory board members, if applicable)
- **Statement of company size** (for companies employing ≤ 6 people, including policymakers; if less stringent criteria may apply)

Additional Requirements for Advisory and Intermediation Activities

When the application includes consumer credit advisory or intermediation services, supplementary documentation is mandatory:

Professional Competence

Certificates or diplomas demonstrating that advisors and intermediaries possess required professional qualifications and sector-specific knowledge.

Professional Indemnity Insurance

Proof of adequate professional indemnity insurance coverage meeting minimum regulatory requirements and covering all relevant professional risks.

Record-Keeping Procedures

Description of systems and procedures ensuring compliance with advice file retention obligations, including duration, format, and accessibility (required only for advisory activities).

❏ **CCD2 Enhanced Scrutiny:** Under CCD2 implementation, the AFM will conduct heightened review of governance structures, product oversight processes, and remuneration policies. Applicants should expect detailed questioning on product design methodologies and distribution monitoring arrangements.

Key Attention Points for License Holders Under CCD2

The implementation of CCD2 introduces new and enhanced obligations that require immediate attention from current and prospective license holders. These requirements reflect the EU's strengthened focus on consumer protection and responsible lending practices.

1

Early Arrears Detection and Debt Advice Referral

Article 4:35b Wft

Credit providers must implement policies and procedures for early identification of consumers entering payment difficulties. When problems are detected, providers must proactively refer affected consumers to accredited debt advice services. This obligation requires integration of monitoring systems, clear escalation triggers, and established referral partnerships.

2

Prohibition on Pre-Contract Fees

Article 4:35c Wft

CCD2 introduces an explicit ban on stipulating or accepting remuneration or fees prior to the conclusion of a credit agreement. This prohibition eliminates application fees, assessment fees, and similar pre-contractual charges and compensation that were previously common in certain market segments. Revenue models must be adjusted accordingly.

3

Enhanced Creditworthiness Testing

- Creditworthiness assessment obligations will be significantly strengthened.
- Providers must conduct more comprehensive evaluations of consumers' ability to meet obligations throughout the full agreement duration, considering multiple scenarios including potential adverse changes in circumstances.
- Documentation of assessment rationale must be retained.

4

Comprehensive Documentation Requirements

CCD2 mandates written documentation across multiple operational domains:

- **Product governance frameworks** detailing design, approval, and monitoring processes
- **Remuneration policy documentation** demonstrating alignment with consumer outcomes
- **Complaint handling procedures** with clear timelines and escalation paths
- **Operational process maps** for key consumer-facing activities

AFM's Expected Focus Areas Under CCD2

As the Dutch regulator responsible for CCD2 implementation, the AFM is expected to have several priority areas for supervisory attention. Understanding these focus areas helps firms allocate compliance resources effectively and anticipate regulatory inquiries.



Scope Control and Licensing Boundary Enforcement

The AFM will closely scrutinize whether BNPL arrangements, deferred-payment products, and innovative credit models fall within licensing requirements. Firms operating in ambiguous territory should expect proactive engagement and may face enforcement if operating without appropriate authorization.



Consumer Outcome Monitoring

Supervisory focus will extend to testing real-world consumer outcomes, including:

- Adequacy and accuracy of affordability assessments
- Clarity and comprehensibility of product information
- Effectiveness of forbearance procedures for customers in financial difficulty
- Fair treatment throughout the customer credit lifecycle



Digital Credit Journeys

With increasing digitalization of credit origination, the AFM will examine whether digital channels provide fair presentation of pre-contractual information, prominence of APRC warnings, and adequate opportunity for consumers to understand terms before commitment. Mobile-first applications will receive particular scrutiny.



Data Protection and Algorithmic Decision-Making

Increasing use of automated creditworthiness models triggers both data protection and consumer protection concerns. The AFM expects credit scoring algorithms to be explainable, proportionate, and demonstrably non-discriminatory. Firms must be able to articulate how automated systems reach decisions and what safeguards prevent bias.

Practical Preparation for License Applicants

Strategic Steps for CCD2 Readiness

Successfully navigating the enhanced CCD2 licensing landscape requires **proactive preparation** and **strategic alignment of business models** with regulatory expectations. Firms should begin readiness activities well in advance of formal application submission.



Business Model Classification

Conduct a thorough legal analysis to determine whether your specific business model - whether BNPL, card-based lending, micro-credit, or another structure - falls within the expanded CCD2 licensing scope. Consider both direct credit provision and any intermediation or advisory activities. Early legal advice can prevent costly delays or restructuring later.



Documentation Package

Begin assembling comprehensive documentation that reflects CCD2's enhanced obligations:

- Product governance frameworks and approval processes
- Data protection impact assessments (DPIAs) and algorithmic explainability documentation
- Enhanced consumer care procedures including early arrears detection and debt advice referral protocols
- Updated business plans incorporating CCD2 economic impacts (e.g., pre-contract fee prohibition)



Operational Readiness

Prepare for more detailed AFM questioning on digital processes, third-party outsourcing arrangements, and risk control frameworks. Ensure that documentation is supported by implemented systems and that key personnel can articulate operational details. The AFM will look beyond paper reality to verify genuine operational compliance.



Proactive Regulatory Engagement

Firms potentially qualifying for proportional treatment - particularly SME intermediaries operating under the ancillary activity exemption - should consider engaging early with the AFM to confirm interpretation and applicability. Pre-application consultation can clarify ambiguous situations and accelerate formal processing of the licence application.



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