

Creditworthiness assessment when providing consumer credits

Abstract

The aim of this thesis is to take a closer look at the topic of creditworthiness assessment when providing consumer credits, when behind a simple definition that assessing creditworthiness is an assessment of the consumer's income and expenses hides a more complex issue that can be approached in many ways, to varying degrees of detail of the compared data, with varying degrees of proof of claimed data by the consumer and which is regulated both at the EU level and at the national level.

To achieve the research goals, professional publications in the field of financial law, civil law, etc., European Union regulation and national legislation, guidelines of the European Banking Authority, opinions and recommendations of the Czech and Slovak regulator, case law and knowledge from practice were used.

The work itself is divided into four parts, where the first part describes general consumer credits and credit law in the financial law system. It focuses on the legal regulation of credit from the point of view of European and Czech legislation, describes the subjects of the credit relationship, analyzes what makes consumer credit specific and how loans can be divided according to their type.

The second part focuses on creditworthiness assessment itself, what are the conditions for a proper creditworthiness assessment, models and methods of calculating the consumer's ability to repay a consumer loan, approaches and inputs to creditworthiness assessment, including automated creditworthiness assessment. It is also important to check information from various databases in order to assess creditworthiness, which is described in the work as well. Furthermore, the work describes credit indicators and what are the problems with assessing creditworthiness in practice according to various courts and supervisory bodies, and last but not least, it also describes the consequences of breaching the obligation to properly assess the consumer's ability to repay the provided consumer credit.

The third part compares the Czech legal regulation with the regulation in Slovakia, both from the point of view of the legal regulation and of the regulation of this area by the local regulator. The chapter contains a description of the current legislative regulations regarding

consumer credits, showing the differences compared to the Czech Republic. It focuses not only on the assessment of the creditworthiness of consumer loans according to the Slovak legal system and measures of the regulator, but also on the entities of the credit relationship and on the very definition and conditions of the provision of consumer credit.

The fourth part proposes how the approach to creditworthiness assessment might change in the future.

The text of the thesis is written using a method consisting in the collection of information and documents on the given topic and the subsequent completion, analysis, and interpretation of the findings. From the general description of consumer credits, we move on to the detailed assessment of the consumer's creditworthiness assessment and the subsequent comparison of Czech legislation with Slovakian legislation.

Key Words: consumer credit, creditworthiness assessment, consumer