



EMN Legislative Mapping Report SPAIN

December 2019



This series of national factsheets provides a snapshot of the various legislative frameworks concerning the provision of microcredit in Europe by non-bank financial intermediaries.

The national factsheets cover the following thematic areas:

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1

Regulation of Lending Activity

In Spain, there is no specific regulatory framework for microcredit. Non-bank lenders, under the form of foundations, associations and limited companies, are allowed to offer loans under the law on consumer credit agreements (16/2011). Additional non-bank lenders in the Spanish market include financial cooperatives that offer loans to their members and credit unions, which are considered as banking intermediaries along with saving banks and banks.

2

Supervisory Framework for Non-Bank Lending

Microlending activities in Spain are not supervised by any institution nor is there any self-regulatory framework in place. However, credit unions are required to share client data with the national credit bureau and can also access data from the national credit bureau, which is administered by the Spanish Central Bank. In addition, there are private credit bureaus that receive "unpaid and default loan data" of legal and natural persons from institutions such as banks, credits unions, utilities companies, etc.

3

Products

Non-bank financial intermediaries have no restrictions with respect to loan amounts for business and personal microloans. Additionally, there is no interest rate cap for business or personal loans.

4

Incentives and Support

The Spanish authorities have both regional and national funds to support microcredit provision in the form of guarantees through the Social Mutual Guarantees.

There are also private and public funds, at both the regional and national level, for business development services (BDS), which are channeled through grants for non-profits operating in microfinance, although these funds are largely insufficient.

In terms of incentives, natural and legal persons that make donations in support of BDS for NGOs (such as foundations and similar organizations) receive some tax deductions.

5

Development of the Existing Framework for Non-Bank Microcredit Provision

Given the lack of regulation, the main challenge is to create an inclusive and flexible legal framework to cover both non-bank financial intermediaries and banks operating in the sector.

A critical step in this process is to legally separate or differentiate digital money lenders, who charge high interest rates compared to microfinance providers (who maintain a social focus and lower interest rates). It is also recommended that sector requirements be channelled through the Spanish Microfinance Association, which also requires strengthening.

6

Inclusive Entrepreneurship and Microenterprise Development

In the Spanish system, administrative procedures for micro-entrepreneurs are not yet simplified. Although the government is potentially interested in running awareness initiatives for inclusive entrepreneurship, there is currently insufficient infrastructure to develop it. The Spanish authority has recently developed comprehensive entrepreneurial education as part of its secondary school curriculum. A welfare bridge is also in place for entrepreneurs coming from unemployment in the form of reductions of their social security contributions between 6 and 18 months (depending on the local government), and capitalization of their unemployment contributions – where an individual who enjoys unemployment benefits can make an advance request for the total amount to start a business. The unemployment benefit is applicable to individuals with a self-employed status during the first nine months of entrepreneurial activity if the entrepreneur is below 30 years of age.

To further support the entrepreneurial spirit in Spain, the government might consider passing a law that would provide concessions for start-ups and inclusive entrepreneurship as exists in French law. Publicly subsidized BDS are available but are considered to be poorly designed and inefficient. In terms of support for inclusive entrepreneurship and microenterprise development, apart from the welfare bridge mentioned above, a specific office (Ventanilla única del emprendedor) has been created to provide entrepreneurs information on administrative requirements to start and maintain a business. However, other non-financial services in the form of advice and BDS are not provided by this office.



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