

Consumer Protection Laws and Regulations in Deposit and Loan Services

A Cross-Country Analysis with a New Data Set

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Abstract

Consumer protection and financial literacy can contribute to improved efficiency, transparency, competition, and access in retail financial markets by reducing information asymmetries and power imbalances between providers and users of financial services. Financial consumer protection has gained significance in policy debates, especially since the onset of the financial crisis in 2008. This paper presents the results of a survey on consumer protection regulations in 142 countries. The findings indicate that although consumer protection legislation is in place in the majority of countries, these

do not necessarily address the issues specific to financial services. There is some evidence that enforcement powers and monitoring capacity are limited in many countries, obstructing the effective implementation of the existing regulations. Furthermore, independent third party dispute resolution mechanisms are not widespread. The paper also compiles comprehensive information on laws and regulations relevant for consumer protection and discusses a number of challenges related to empirical analyses of financial consumer protection to enable cross-country comparison.

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Consumer Protection Laws and Regulations in Deposit and Loan Services: A Cross-Country Analysis with a New Data Set*

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1 Introduction

Consumer protection, in the broader sense, refers to the laws and regulations that ensure fair interaction between service providers and consumers. Government intervention and regulation in the area of consumer protection are justified on the basis of inherent information asymmetries and power imbalances in markets, with producers or service providers having more information about the product or service than the consumers. A consumer protection framework generally includes the introduction of greater transparency and awareness about the goods and services, promotion of competition in the marketplace, prevention of fraud, education of customers, and elimination of unfair practices.

Consumer protection frameworks in the financial service industry are evolving as products become more complex and a greater number of people rely on financial services. An effective consumer protection framework includes three complementary aspects. First, it includes laws and regulations governing relations between service providers and users and ensuring fairness, transparency and recourse rights. Second, it requires an effective enforcement mechanism including dispute resolution. Third, it includes promotion of financial literacy and capability by helping users of financial services to acquire the necessary knowledge and skills to manage their finances.

The recent crisis highlighted shortcomings in the existing consumer protection frameworks in high income countries and prompted a number of broad-ranging reforms. The crisis also made apparent the low levels of financial capability among users of financial services in developed countries. Lack of effective disclosure and the existence of deceptive advertising on the provider's side, and failure to understand financial products on the user's side contributed to the collapse of the sub-prime mortgage market in the United States. However, the problem is not limited to developed markets with highly complex products. In emerging markets, the challenge in this area is even greater.

Most countries have witnessed an unprecedented expansion of the financial services industry in the decade preceding the crisis. Hundreds of millions of people opened bank accounts, started transferring payments electronically and took out consumer loans. In most cases, the development of the retail financial services industry preceded the development of consumer protection legislation. Bosnia and Herzegovina, Morocco and some states in India saw indebtedness rise sharply among microfinance borrowers in 2009, threatening sustainability of these markets.¹ Continued progress in expanding financial access requires introduction of basic protections for the clients of financial services. Knowing that their rights are effectively protected may bring in new customers to the financial sector, and encourage the uptake of new

¹ See Gokhale (2009), Reuters (2009), and Reille (2009).

products. Additionally, the lack of sufficient competition for financial service providers and less awareness by consumers increases the degree of asymmetric information in underdeveloped financial markets, leading to a disadvantage on the part of consumers. Hence, an effective financial consumer protection framework is a key component of financial inclusion strategies.

In recent years, financial inclusion gained prominence in the development agenda. According to CGAP (2009), only 30 percent of adults in developing countries are estimated to have access to basic deposit services and even fewer to credit, insurance and other financial services. The consequence of this is that the poor have to rely on more costly informal financial services to save and to borrow. This inequality of opportunities represents an obstacle to economic development. Effective consumer protection regulations and strengthening of financial capability promote equal access to financial services for all by reducing information asymmetries, enhancing competition and innovation, and increasing consumer participation in the financial system.

The literature on the broad topic of consumer protection is abundant. Yet, there are only a handful of comprehensive studies on the topic of consumer protection in financial services.² This paper contributes to the debate by providing an overview of financial consumer protection issues in the existing literature, and by providing empirical analysis on the links between consumer protection and financial sector outcomes, drawing on the new unique cross-country data set on financial consumer protection. To the best of our knowledge, this study is the first to systematically collect and analyze cross-country data on consumer protection regulations and policies in financial services. The data used in this paper come from a survey of financial regulators from over 140 countries conducted for the annual *Financial Access* survey by CGAP and the World Bank Group in 2010.³ The survey and the paper only cover credit and deposit services, and do not include investments, pensions, insurance or other financial products.

Broadly, the results of the survey on financial consumer protection in deposit and loan services reveal that most countries have some form of consumer protection legislation in place, but these do not often address concerns specific to the financial services industry. We also find that enforcement mechanisms are weak, partially due to lack of resources, institutional capacity, and limited enforcement powers of regulators. Although effective third-party dispute resolution mechanisms are essential to implementation of the law, such mechanisms are not common. Additionally, we compile comprehensive information on the set of laws and regulations relevant for financial consumer protection based on the responses to the survey.⁴ As part of the analysis we conduct a number of statistical tests and discuss the challenges related to the empirical research in the area of financial consumer protection.

² For an overview, see Rutledge (2010) and Brix and McKee (2010).

³ See Ardic *et al.* (2010), CGAP (2009), CGAP (2010) and Kendall *et al.* (2010) for further information on the *Financial Access* database.

⁴ For a comprehensive listing of all consumer protection legal frameworks, see Annex I.

This paper is organized as follows. The next section surveys the literature on consumer protection in financial services by drawing on different areas including marketing, law and economics. Section 3 introduces and describes the data. Section 4 concludes.

2 Literature Review on Consumer Protection in Financial Services

Existing academic literature on financial consumer protection spans law and economics, but is rather limited. One strand of literature derives from behavioral economics and is closely linked to financial literacy. Behavioral economics has often been used to examine consumer behavior and the reasons behind certain consumer choices. This strand of literature acknowledges that the approach of standard models in economics—that is, rational consumers and competitive markets—may not always hold in actuality. In the financial sector specifically, some studies have argued that consumers are subject to certain behavioral biases, including vulnerability to marketing such as being likely to take up offers that are framed in simple terms (Benartzi and Thaler, 2002; Bertrand *et al.*, 2004; Agarwal *et al.*, 2006; Campbell, 2006). Consumers may not be well-informed, they can get confused when they are presented with many alternatives, and can eventually make systematic mistakes, which could be exploited by providers. In this regard, even well-established and efficient disclosure requirements may not be sufficient. For example, Barr *et al.* (2008) note that disclosure of useful information to the mortgage borrower prior to signing is crucial, and it would be effective only to the extent that it can be comprehensible and to the point. Hence they suggest developing financial market regulations based on behavioral models in which the underlying reasons of certain decisions by the households are investigated, rather than modeling the way in which rational households should make their decisions. Campbell (2006) suggests the use of financial literacy as an avenue of remedy, in addition to well-designed financial consumer protection regulations. Elliehausen (2010) argues that the results of behavioral research could be useful in designing effective regulations in the credit market.

These research findings highlight the importance of financial literacy and disclosure requirements in mitigating information asymmetries in the market for financial products and services. The key challenge for the applied research going forward is to identify effective forms for disclosure. For credit products, evidence suggests that disclosing loan terms to customers can help reduce borrowing costs (Brix and McKee, 2010). Despite their importance, there is no universally accepted set of disclosure requirements (i.e., which terms and conditions are to be disclosed and when, how information should be presented, etc.) For example, Ebers (2004) suggests that information overload reduces the usefulness of disclosure. One approach used to address this issue is through a standardized format in which information is disclosed to consumers, which often includes plain language requirements.⁵ Brix and McKee (2010) suggest

⁵ Peterson, 2003; Ebers, 2004; Porteous and Helms, 2005; Wilson *et al.*, 2009; Brix and McKee, 2010.

that financial consumer protection regulation in low-access environments should make sure that plain language is used and that the use of complex formulas and calculations is avoided. Other studies (Collins *et al.*, 2009, and FSD-Kenya, 2009) support this claim. For example, consumers prefer and better understand when they are quoted the dollar amount of payments and the number of months it will take them to pay off the loan, instead of the details of compounding. However, certain products are necessarily more complex and will require more information to be disclosed, though in the absence of financial literacy, it is unlikely that this complex information will be understood by the consumer. For example, a U.S. Government Accountability Office (GAO) study finds that people with limited language proficiency are less likely to have bank accounts and more likely to be susceptible to fraudulent practices (US GAO, 2010). In an earlier study on review of regulations on the disclosure of rates and fees, the U.S. GAO (2006) comes to a conclusion that disclosure forms are complicated, and may contain conflicting information, confusing disclaimers.

Unfortunately systematic data on the levels of financial literacy and awareness of financial concepts remains limited. Lusardi and Tufano (2009) present the results of a household survey in the U.S. and find that awareness of financial concepts among borrowers is low, especially among women, elderly, and minorities. The authors find that borrowers with lower levels of financial literacy tend to transact in high-cost manners such as incurring fees. Based on household interviews in Australia, Wilson *et al.* (2009) report similar findings and suggest that low income consumers are not only more likely victims of abuse by lenders, but they are also less aware of consumer protection provisions and their rights to seek recourse.

Policy papers focusing on the review of consumer protection and financial literacy indicate that there is no one-size-fits-all approach when it comes to designing consumer protection and financial literacy policy. Financial literacy is low among the poor, especially in developing countries (Miller *et al.*, 2010). There is evidence that individuals lack even the understanding of interest rates (Porteous, 2009; FSD-Kenya, 2009).⁶ Porteous and Helms (2005) note the large asymmetry between borrowers and lenders in microfinance in terms of awareness of the financial product or service, arising from illiteracy and inexperience on the part of borrowers, and differences in language and ethnicity. In this respect, providing financial education to the poor to raise their financial capability and establishing better consumer financial protection regulations may turn out to be a better option. Indeed, there is evidence that disclosure requirements lowered microfinance interest rates significantly in countries with competitive microfinance markets such as Cambodia, Peru, Ghana, many countries in Eastern Europe and the former Soviet Union where new price disclosure requirements are enforced (Brix and McKee, 2010).

⁶ This issue is not confined to developing countries. For example, US GAO (2005) reports similar findings regarding APR.

Financial literacy programs and disclosure requirements alone are not sufficient for ensuring good financial consumer protection regulations that correct for information asymmetries and market failures. Regardless of financial literacy levels, service providers, if left unchecked, often have incentives to take advantage of information asymmetries and adopt unfair selling practices that allow for quick and large gains in profits. Hence, fair treatment provisions are also of importance in this regard. While all of these are, in general, aimed at correcting the information asymmetries in the market for financial products and services, another aspect of financial consumer protection is the existence and accessibility of third-party recourse mechanisms. There is not much written on fair treatment practices and recourse mechanisms in the academic literature. The policy paper by Brix and McKee (2010), however, considers these two issues in the context of low-access environments. Brix and McKee (2010) caution the policymakers that fair treatment provisions should be designed in such a way so as not to deter access to financial services. They also suggest starting with a discussion of standards for internal dispute resolution mechanisms, which is more widely feasible than third-party recourse mechanisms.

Two recent papers are particularly relevant for our research presented here. Rutledge (2010) provides a detailed analysis of financial consumer protection in banks and non-bank financial institutions in nine countries in Europe and Central Asia. In these transition economies, financial services have developed rapidly in recent years, presenting unique challenges. The assessment draws on the experience of these countries and provides lessons learned from developed economies. Another study by Brix and McKee (2010) considers the specific challenges faced by low income countries. Our analysis draws heavily on the results of these two papers and provides a high level assessment of consumer protection framework in 140 countries.

3 Data on Financial Consumer Protection

This section provides a description of the cross-country data set on consumer protection laws and regulations collected for the *Financial Access 2010* database by CGAP and the World Bank Group. The survey covered the following main aspects of a consumer protection framework: (i) scope of existing legal framework; (ii) supervisory and enforcement powers; (iii) recourse mechanisms.

3.1 Legal Framework

3.1.1 Existing legislation

Among the 142 countries responding to the survey, 118 report having laws containing provisions relevant for consumer protection in financial services, most of which were passed or revised in the last two decades. Figure 1 shows that these laws and regulations usually fall into one of the

three broad categories: (i) a general consumer protection law without explicit reference to financial services (77 countries), (ii) a consumer protection law with explicit reference to financial services (67 countries), and (iii) consumer protection regulations within the framework of financial sector legislation (77 countries). In most countries legal provisions relevant for financial consumer protection are diffused in multiple pieces of legislation. Thirty-six countries have all three types of legislation in place, while 45 countries have both a consumer protection law with an explicit reference to financial services and consumer protection regulations within the framework of financial sector legislation. In addition, a number of countries report having financial consumer protection provisions contained in other laws, including laws on payment systems, credit bureaus, insurance, pensions, and securities. Annex I provides a detailed list of all reported consumer protection laws and regulations.

The diffused nature of the legal provisions relevant to consumer protection in financial services poses a number of challenges. First, different laws may contain conflicting provisions, making compliance difficult. Second, the laws may assign supervisory and regulatory powers to a number of different agencies which poses a number of challenges in effectively implementing legislation. We discuss this issue in a greater detail in section 3.2 on institutional structure.

Consumer protection legislation is in a state of constant change, with the number of reforms having increased since the beginning of the global financial crisis in 2008. In the survey, 56 countries reported reforming consumer protection in financial services. The reforms take place in both developed and developing countries. For example, Madagascar and Moldova are introducing consumer protection laws. France, the U.S. and the U.K. all reform the structure of the regulatory bodies in charge of financial consumer protection.

Overall, the responses to the survey indicate that a basic legal framework for consumer protection is in place in most countries, though it may not be comprehensive in terms of its coverage of the issues pertinent for financial services. The survey considers two broad sets of consumer rights provisions—fair treatment and disclosure (see Figure 2). Fair treatment provisions covered by the survey include restrictions on deceptive advertising, abusive collections, unfair or high-pressure selling practices, and breach of client confidentiality. In the survey 123 countries (87 percent) have at least one of these provisions covered by the legal framework. Disclosure requirements cover a broad range of contract characteristics that must be disclosed to the client at the account opening stage or during the period of the contractual relationship. At least some form of disclosure requirement regarding financial products and services is reported by 115 countries (81 percent). At the same time, a lower number of countries report the existence of a third party recourse mechanism—an important element of effective enforcement of consumer protection regulations. Only 82 countries (58 percent) report having these mechanisms such as an ombudsman or a mediation center. We also find that institutional arrangements for effective implementation of the legislation may be limited. We asked the regulators to report whether there is a dedicated unit or department tasked with

implementing financial consumer protection regulations. Only two-thirds of the 99 financial regulators that reported they were responsible for at least some aspect of financial consumer protection had a designated unit or team to work on these issues. Further analysis also indicates that these units or departments often handle a broad range of other tasks.

3.1.2 Fair treatment provisions

The purpose of the consumer protection regulation is to ensure fairness. While a variety of specific provisions fall into the fair treatment category, the survey focused on the four basic areas mentioned above. We find that, even though the majority of countries in the sample have fair treatment provisions in place, these are often not comprehensive and do not necessarily address financial products and services. Figure 3 shows that the most common provisions restrict deceptive advertising and breach of client confidentiality. Often these provisions are part of existing broad legislation. Entering into a financial contract must be based on trust and client confidentiality has been historically protected by bank secrecy provisions in most civil law countries and is implied in contractual law in common law countries. Similarly, restrictions on deceptive advertisement in many countries are a part of general commercial law and basic consumer protection legislation. At the same time only about half of the countries have provisions restricting unfair and high-pressure selling practices and abusive collection practices, which are particularly important in financial services, especially due to the potential link between the two. For example, a customer who is pressured to take on debt beyond his or her means is more likely to be a subject of a collections agent. Survey responses also indicate that in 13 percent of countries, legislation does not include any specific fair treatment provisions.

3.1.3 Disclosure requirements

Modern consumer protection regulations aim to empower consumers by allowing them to compare offers and thus enhance competition. Zingales (2004) argues that the benefits of government intervention in financial markets clearly exceed costs when it comes to disclosure requirements. As such, disclosure rules focus on requiring financial service providers to disclose information on the terms of financial products in a standardized manner to enable comparison. Disclosure may be required at the time of advertising or promoting a service (pre-sale disclosure), at the time of signing a contract (account opening) and during the period of the contractual relationship (periodic through regular statements and occasional when terms of service change). The survey covers disclosure at account opening and periodic disclosure in detail, only focusing on deposit and credit services.

Figure 4 shows that banks are more likely to be subject to disclosure requirements than other types of financial institutions. In addition, disclosure requirements upon opening are more common than periodic requirements regardless of the type of institution. Only 66 countries (46

percent) require banks by law to submit periodic statements to customers - almost half the number of countries requiring disclosure upon opening. This number drops to 39 countries when looking at other regulated financial institutions, and only 4 countries (United Arab Emirates, Macedonia, Poland and Venezuela) require unregulated financial institutions to submit periodic statements to customers.

The type of information to be disclosed upon opening depends on the type of financial product. The survey asked whether there are certain general disclosure requirements at the account opening stage, regardless of account type, including: (1) plain language, (2) local language, (3) a standardized format for disclosure, and (4) disclosing recourse rights and processes. The survey then asked for information regarding disclosure requirements at opening for deposit and loan accounts. For deposit services, categories included: (1) the annual rate or yield, (2) the method of compounding, (3) minimum balance requirements, (4) fees and penalties, and (5) early withdrawal penalties. For credit services, categories included: (1) APR, (2) fees, (3) computation method regarding the average balance and interest, and (4) insurance requirements. Figure 5 plots the percentage of countries that have each of these requirements.

Figure 5 shows that, while 61 percent of the countries that responded have plain language requirements, only 42 percent have local language requirements. As indicated above, the need to inform clients in local language may be particularly important for low income clients. Furthermore, 41 percent of the countries in our sample require the financial institutions to have a standardized format, such as a one-page “Key Facts” document, for disclosing information. Recourse rights and processes, without which disclosure requirements are practically non-binding, are required to be disclosed in only 35 percent of the countries. In sum, general disclosure requirements beyond “plain language,” which can be difficult to enforce, are present in less than a half of the countries.

Overall, disclosure requirements at opening on loan and deposit accounts are focused on rates and fees, and to a lesser extent on the manner in which these rates and fees are computed. Figure 5 shows that 35 percent of the countries in our sample do not require yields and/or interest rates to be disclosed at account opening to depositors and 39 percent do not require the disclosure of fees and penalties. Yet, 58 percent do not require the method of compounding to be disclosed, 54 percent do not require the disclosure of minimum balance requirements, and more than half do not require early withdrawal penalties to be disclosed. Only 37 countries reported that all five disclosure requirements are in place at account opening.

The state of disclosure requirements for credit services across countries is more or less similar to that of deposit services. At account opening 36 percent of countries do not require the APR to be disclosed and 34 percent of countries do not require disclosure of fees. At the same time method of computation is not disclosed in almost half of the countries (47 percent), and information on

insurance (often mandatory) is not required to be disclosed in 58 percent of the countries in our sample.

Periodic disclosure becomes more important for products where the cost of the product depends on the use—such as credit cards or overdraft facilities. Although periodic disclosure requirements are not as commonly imposed as disclosure requirements upon account opening in all types of financial institutions surveyed, they are predictably more widespread for credit products (Figure 6). About half of the countries require periodic statements to include outstanding balance for both deposits and loans and fees charged for the period. Periodic disclosure is more nuanced than disclosure requirements upon account opening, as financial institutions must balance providing enough information that is comprehensible, but not too much information where the customer no longer understands the details of the product. Furthermore, generic disclosure requirements that apply to all types of financial products may not be very effective. For example, a common and standardized price formula is not always able to address the growing complexity and diversity of financial products (U.S. GAO, 2006).

The frequency of required periodic statements differs across countries. The majority of countries (64 percent) require statements on a monthly basis from banks; 9 percent on a quarterly basis; and 20 percent on an annual basis. For other regulated financial institutions, the pattern is similar. The frequency of periodic statements also varies depending on the financial product. For example, in Malaysia, loan statements have to be provided to customers at least once a year, while for deposit accounts, a statement has to be provided at least once a quarter. In Greece, monthly statements must be provided to credit card holders only. In Norway, the law specifies that statements be provided annually, but the institution is required to provide the customer with a statement more frequently if the account has been in use (credited or debited). As a result, a statement is usually provided monthly. With modern technology, the use of electronic statements in periodic disclosures provides a low-cost option for delivering periodic statements to the customers. It is important to ensure that customers have a choice in which form they receive their statements, as most low income customers, especially in developing countries, may not be able to access their statements online.

In addition to requiring disclosure by financial institutions, regulators themselves increasingly take steps to improve transparency in the markets. A number of countries regularly post fees and rates for deposit and credit products on the regulator's websites or in newspapers and the media.

3.2 Institutional Structure

Implementation of financial consumer protection laws and regulations relies on regulatory and supervisory agencies. The effectiveness of this institutional structure to a large extent determines the success in the implementation of the existing legal framework.

Countries take different approaches to supervising and enforcing consumer protection, reflecting variation in legal frameworks. Multiple regulators are often involved in overseeing consumer protection in relation to financial services. In countries with broad consumer protection legislation in place, the agency responsible for implementing this legislation may also have a responsibility for consumer protection in financial services along with other goods and services. Financial regulators, including central banks in many countries, also often have a responsibility for overseeing consumer protection in financial services as part of business conduct regulation of financial service providers.

Each approach has its challenges. The institutional approach to regulations, where for example a central bank implements consumer protection provisions in relation to regulated financial institutions, excludes unregulated financial service providers. Such an approach also poses implementation challenges, as it would likely entail multiple regulators with varying levels of capacity. A functional approach, with the focus on the service received by the consumer regardless of the type of the provider, can address the problem inherent in the institutional approach. However, agencies responsible for implementing broader consumer protection such as consumer protection authorities, competition authorities, or ministries of trade and industry, often face the challenge of assuming the responsibility for financial consumer protection as they lack the capacity and knowledge of the financial sector.⁷

Regardless of the chosen approach, effective implementation of the law requires clearly defining the role of the agencies involved and assigning a single entity for handling complaints and inquiries by consumers. In recent years several countries established a single agency responsible for consumer protection issues for retail financial services. Among them are the Financial Consumer Agency of Canada and the National Credit Regulator in South Africa that is solely responsible for retail credit. The United States and United Kingdom are also moving in this direction following the recent crisis.

In the survey, 70 percent of countries (99 countries) report that central banks or bank regulators are responsible for at least some aspect of financial consumer protection.⁸ Of these, 68 countries assigned this work to a specific department or unit, the majority of which are relatively recent. Out of the 60 countries that provided their units' date of establishment, 65 percent were created after 1999, and 45 percent after 2005.

⁷ Rutledge (2010) provides detailed examples of various institutional arrangements in Europe and Central Asia.

⁸ It should be noted that only Central Banks were surveyed by *Financial Access* about consumer protection, but in some countries it is not the Central Bank that is responsible for consumer protection. Thus, the survey results may understate a country's scope of involvement in consumer protection where an agency other than the Central Bank is responsible. The analysis of this section and subsequent sections is based on the agency the country lists as responsible for consumer protection, regardless of whether it is the Central Bank or not. Nevertheless, BIS (2009) reports that, based on a BIS (Bank for International Settlements) survey of central banks in 2008, 50 percent of central banks play some role in consumer protection.

It is important to stress that often these departments also perform a number of other functions. In 31 countries, consumer protection work is assigned to a financial institution supervision department. In Austria, Botswana, Kenya, Macedonia, and Sri Lanka consumer protection is part of routine supervisory work with no organizational separation of consumer protection tasks from supervision activities. Philippines, Spain, Brazil, Israel, and Zimbabwe have a dedicated team or unit within the banking supervision department that handles consumer protection. An alternative approach taken by 13 countries is to create a dedicated department. In Czech Republic, the Consumer Protection Department reports directly to the Board of the Czech National Bank; in Ecuador the department reports directly to the Bank Superintendent.

The survey asked a number of questions on enforcement powers available to the regulators and on monitoring methods they use to ensure compliance. The responses indicate that enforcement powers are often limited. Figure 7 plots the availability of different alternatives for the regulators in cases of non-compliance with consumer protection laws by the financial institutions. Regulators in around 50-60 percent of the countries have powers to issue warnings to financial institutions or impose fines and penalties for violation of consumer protection regulations, and about a third are empowered to issue a public notice of violation, require providers to refund excess charges or withdraw a license to operate. In a number of countries, even though the agency had the responsibility to monitor compliance with consumer protection regulations, the respondents stated that they were only authorized to take action if the violations posed a risk to financial stability, significantly limiting the regulator's ability to take action.

The respondents in the survey were also asked to provide the number of times each of the enforcement actions was taken. Unfortunately a small number of countries provided these data, partially due to weak monitoring systems discussed further in the section. Only about a quarter of regulators with the authority to take action against violations of consumer protection provisions provided statistics on the number of times they took these actions. Among these, only half issued more than 5 warnings and about a half imposed fines in 7 or more instances. Only Italy, Japan, Lithuania, Nicaragua, Slovenia and the United Kingdom report more than one case of issuing a public notice of violation. "Naming and shaming" is potentially the most powerful tool of a regulator. A recent study by the Office of Fair Trading (2009) of the U.K., assessing consumer credit interventions, suggests that the more public the actions against violating institutions, the higher the deterrent effect will be. As many financial consumer protection regulators reform their approach, it may be useful to evaluate the scope of enforcement powers that the regulators have under the legislation.

Monitoring compliance with financial consumer protection regulations is an essential element of effective implementation of the legislation. The survey responses indicate that no more than half of financial regulators monitor compliance through proactive means such as monitoring

advertisements and websites, operating complaints hotline, receiving complaint statistics from financial institutions, conducting consumer interviews and focus groups, and engaging in mystery/incognito shopping. Rather, the vast majority—67 percent—of those with the authority to enforce financial consumer protection monitor compliance through on-site inspections. This is not surprising, as compliance with consumer protection regulations is addressed as part of business conduct supervision which uses financial examination as the main tool. Yet this approach may not be sufficient to fully capture the scope and nature of the violations and direct contact with the user of services. Other methods mentioned above can enhance monitoring effectiveness of the responsible agency. Moreover, monitoring the trends in customer complaints can provide insights to the regulators for necessary adjustments in rules and regulations as financial products constantly evolve.

3.3 Dispute Resolution Mechanisms

In retail financial transactions, especially those involving low-income individuals, power imbalances between providers and users of financial services are substantial. An individual is unlikely to initiate and go through a legal process when subjected to unfair treatment due to insufficient resources and/or understanding. A modern financial consumer protection framework relies on two key mechanisms to address this concern. First, it involves financial institutions establishing an effective mechanism to receive and resolve customer complaints. Second, in case the complaint is not resolved within a reasonable time or the customer is not satisfied with the outcome, the complaint may be referred to a third party independent dispute resolution mechanism such as an ombudsman or a mediation service.

Surprisingly, only around one-third of the countries in the survey report the existence of laws or regulations that set standards for internal complaint resolution mechanisms for financial institutions. These standards include certain processes to be implemented, standards on the timely handling of complaints, and accessibility. The fact that there are no clear standards on handling and processing complaints in most countries raise doubts on the ability of the supervisory agency to monitor and assess how well financial institutions manage these complaints.

More than half of the countries in the survey (58 percent) report having a third-party dispute resolution mechanism. 30 percent of countries have a specialized financial ombudsman while 21 percent have a general ombudsman that handles financial consumer protection issues along with others. Different types of third-party dispute resolution mechanisms are not mutually exclusive and some countries have more than one type. Mediation services tend to be more common in Asia, where about half of the countries report their existence compared to a quarter or less in other regions. While 57 percent of high-income countries have financial ombudsmen, only 5 percent of low-income countries have them (see Figure 9).

The funding schemes of third-party dispute resolution mechanisms vary across countries. In 33 countries (out of 63 where data were available), ombudsmen/mediation centers are fully funded by the government, and in 22 they are fully funded by industry associations or members (service providers). In 8 countries, ombudsmen are public-private partnerships co-funded by the government and the private sector.

Ombudsmen/mediation centers work on a variety of complaints. The most common cause of complaints that was brought forth to third-party dispute resolution mechanisms based on the data reported in the survey is excessive interest rates or fees. Other causes include product-related issues for insurance, mortgage/housing loans, credit cards and ATM transactions. In a few countries, not being approved for a loan is brought up as a complaint.

In 53 of the 82 countries where third-party dispute resolution mechanisms exist, data on the number of complaints received were available (see Figure 10). Vast differences in statistics reflect the nature of these mechanisms as well as their levels of activity. For example, third party dispute resolution mechanisms vary greatly in terms of the process for submitting complaints – in some cases restricting the types of products on which complaints can be submitted. The number of complaints range from less than one per one million adults in Uzbekistan, Bulgaria and Poland (a total of 1, 5 and 9 complaints received, respectively) to 2.52 per 1,000 adults in the U.K. (127,471 complaints received) and 2.76 complaints per 1,000 adults in Portugal (24,863 complaints received). Thirty countries were also able to provide data on the number of cases processed and closed as well as the number of cases resolved in favor of the consumer. In the majority of these countries (70 percent), less than half of all complaints were resolved in favor of the consumer. These numbers also involve a large degree of cross-country variation. For example, in Singapore, only 2 percent of cases result in favor of the consumer while in Venezuela, the same number is as high as 97 percent. Nonetheless, cross-country comparisons of this type may not be very reliable due to the large variation in existing systems and regulations and the variation in the complaint causes. However, monitoring of complaints within a country on a regular basis provides essential information on the health of the retail finance market and can inform regulatory actions.

3.4 Data Analysis: Challenges and Implications for Future Research

In this section we discuss the results of statistical analyses conducted using the data from the survey. Figure 11 displays regional trends for 5 broad categories of a financial consumer protection framework: fair treatment practices, disclosure requirements upon opening, periodic disclosure requirements, at least one type of third-party dispute resolution mechanism, and a dedicated unit for financial consumer protection within the financial regulator. Overall, the high-

income group has the highest percentage of countries with all 5 measures followed by countries in Latin America and the Caribbean.

The dataset collected through the survey provides information on a number of dimensions of financial consumer protection across countries using consistent methodology. Ideally, we would like to explore the links between the scope of financial consumer protection across countries and market outcomes, such as the level of financial access. However available data does not allow for such an investigation for a number of reasons. First, we only have a cross-country sample of data but no historical information, making it impossible to conduct any impact analysis due to endogeneity problems. Second, the specific impact of consumer protection regulations is likely to vary greatly within the economy—from individual to individual, and as such, it is best understood through micro-level studies. Consumer protection regulations may also only have an impact on a subgroup of the population, and not affect country-level statistics in a significant manner. Third, the survey mostly collected data on the nature of financial consumer protection regulations but not on whether they are implemented in practice. The data is also self-reported by the regulators. Even though we try to collect information to proxy for the effectiveness of enforcement, these measures are limited. Fourth, many of the regulations are very recent and may not have had the time yet to “work through” the system.

More importantly, there is a fundamental challenge to measuring the outcome of the financial consumer protection at the country level due to the complexity of transmission channels for this policy. One theory suggests that better consumer protection, including effective disclosure, fair treatment and reliable dispute resolution, would encourage greater use of financial services and lead to greater access to credit. This effect, however would only apply to the previously underserved groups. For the already-served groups the impact may be the opposite, where greater transparency on the available products, for example a credit card with high rates and fees, would induce clients to reduce the use of services. At the country level, the result on financial access—in terms of the number of individuals served—may be positive, negative or neutral. Another possible outcome, at least on the credit side, is better loan repayment and lower non-performing loans, as consumers are able to better evaluate available options and avoid taking loans they are not able to repay. However, country-level data on non-performing loans is unreliable and often driven by a number of macroeconomic and institutional factors that are difficult to control for.

We have experimented with a number of composite indicators as well as testing direct correlations between each subcomponent and country level characteristics. Table 1 presents pair-wise correlations for 10 consumer protection indices using the survey data. Quantitative measures for financial consumer protection are positively and significantly correlated with one another, suggesting that once legislation is put in place, it normally covers most of the areas. Yet, the correlations between consumer protection variables and account penetration are small in

magnitude, statistically insignificant, and in some instances have a negative sign. The results are similar if we use alternative specifications for the consumer protection variables. We have also tested for correlations between policy variables and levels of financial access, controlling for income per capita and other country level characteristics, but also do not find consistent and statistically significant correlations.

These statistical results are not entirely surprising due to a number of challenges discussed above. While the data collected in the survey provides a useful comparison of information on financial consumer protection, it is not sufficient to conduct any serious empirical analysis or design policy indicators. Further refinement of the methodology requires micro-level studies, collection of more granular outcome data, and availability of time series data.

4 Conclusion

This paper introduces and describes a new cross-country data set on financial consumer protection based on a survey of financial regulators in 142 countries. This is the first effort of its kind to collect information on the details of existing financial consumer protection legal and institutional frameworks using consistent methodology.

The analysis of the data provides a number of insights. First, most countries have some form of consumer protection legislation in place, though it often does not include provisions specific to the financial services industry. Second, enforcement powers and monitoring ability of supervisors are often limited. Third, unregulated financial institutions are rarely covered by existing financial consumer protection legislation. Fourth, regulations on financial consumer protections are often recent and many countries are actively reforming in this area. In sum, this is a new area of focus where much further analysis is needed to inform the policy making process and develop effective solutions.

To assist future research we also compile a comprehensive list of laws and regulations relevant for financial consumer protection reported by the countries in the survey in Annex I.

This analysis presents the first step in a systematic assessment of financial consumer protection across a large set of countries. Further refinements in methodology are necessary to better capture the effectiveness of the implementation of the existing financial consumer protection regulations. More importantly, a greater focus by regulators on monitoring compliance and collecting data on consumer complaints and on how they are resolved can help inform public policy. Regulatory impact assessments at the country level, including the impact on the users of financial services, as well as on the cost to financial institutions, are also an important

component in determining the most effective approaches to ensuring fair and transparent retail financial markets.

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Figures

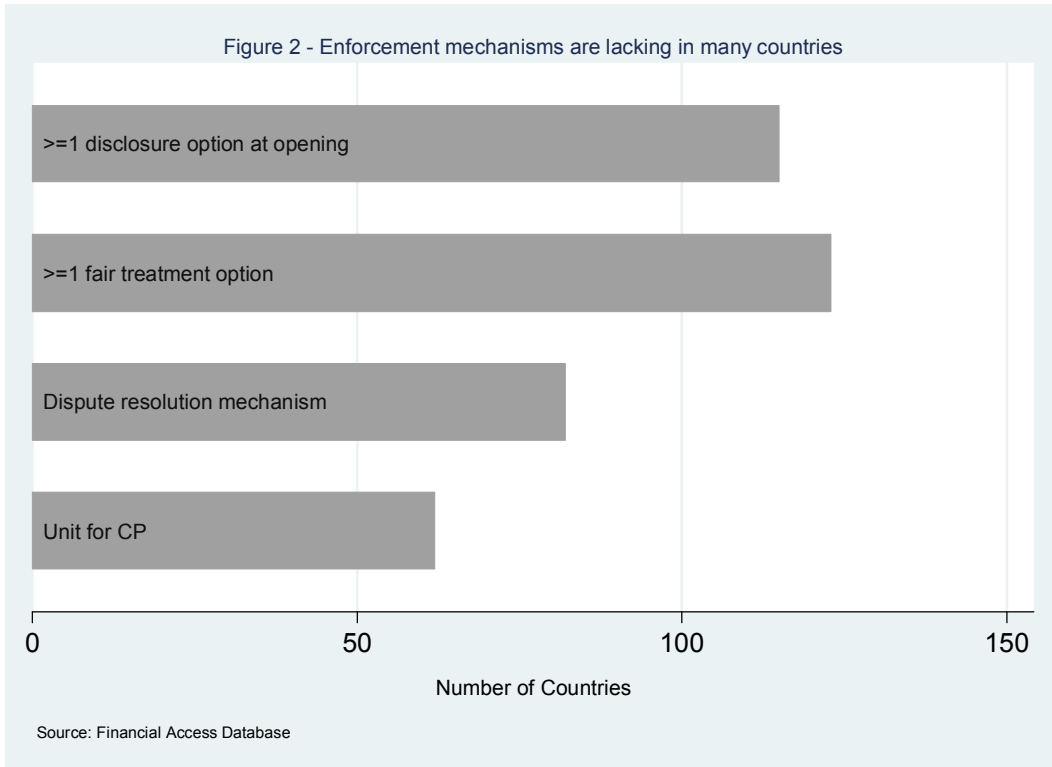
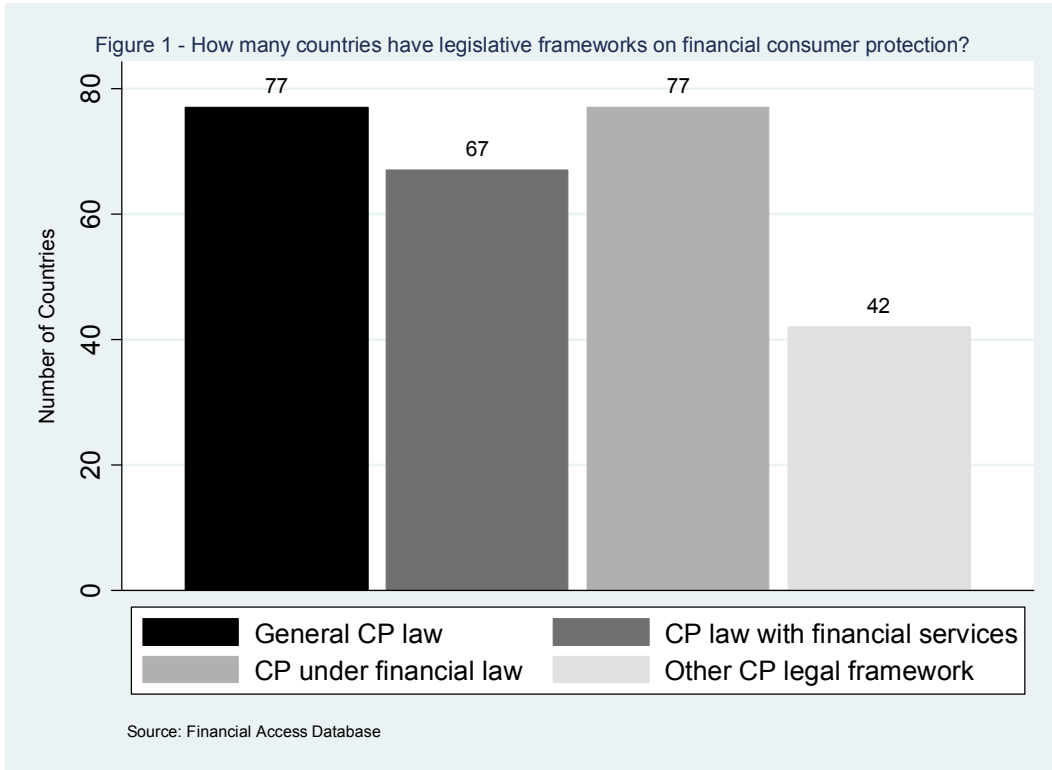
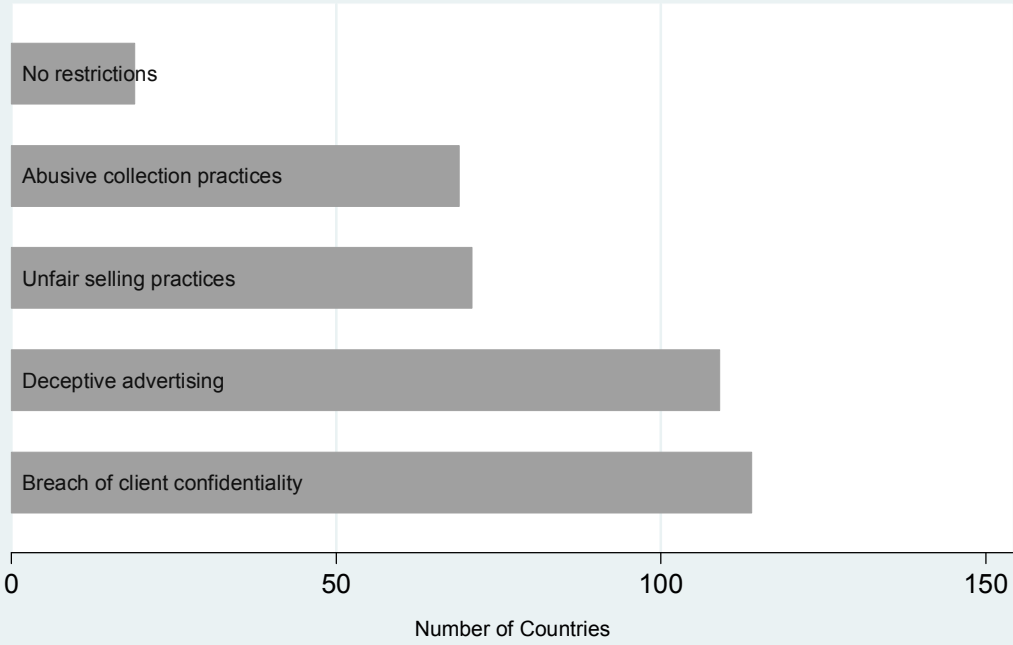
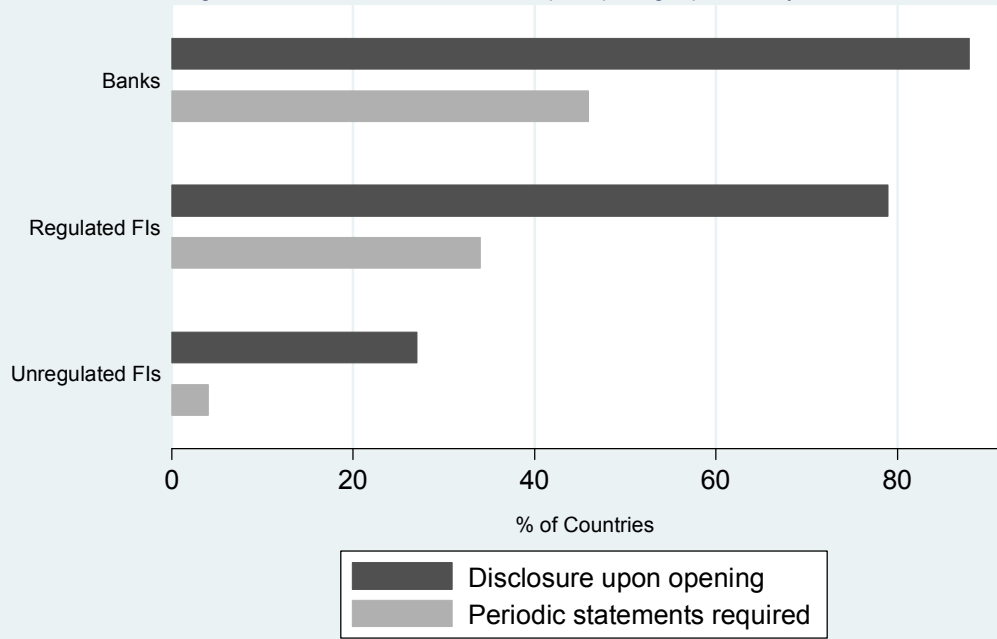


Figure 3 - How many countries have laws that restrict unfair practices?



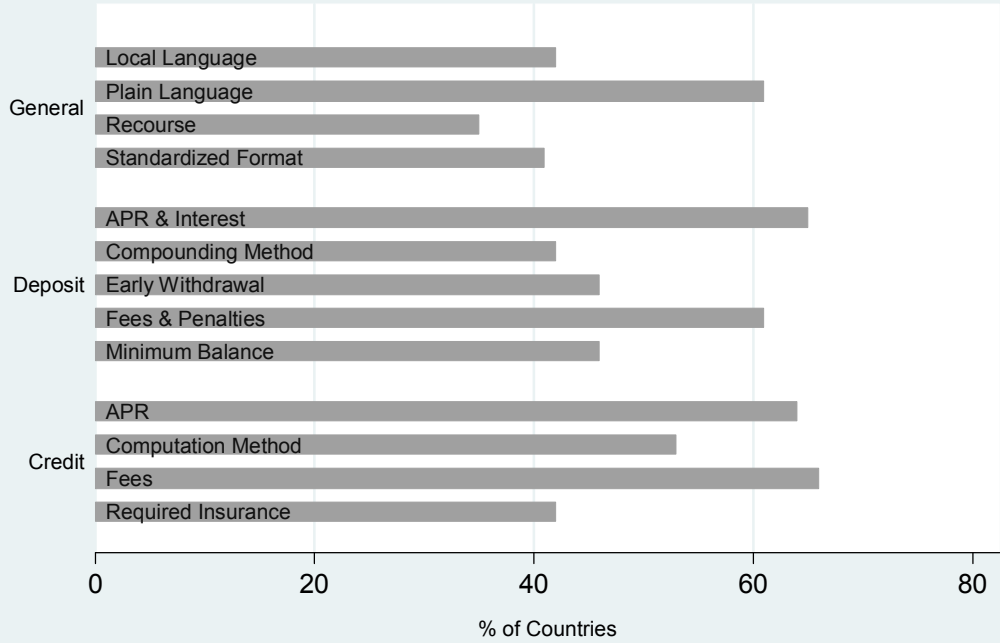
Source: Financial Access Database

Figure 4 - Which FIs have to disclose upon opening & periodically?



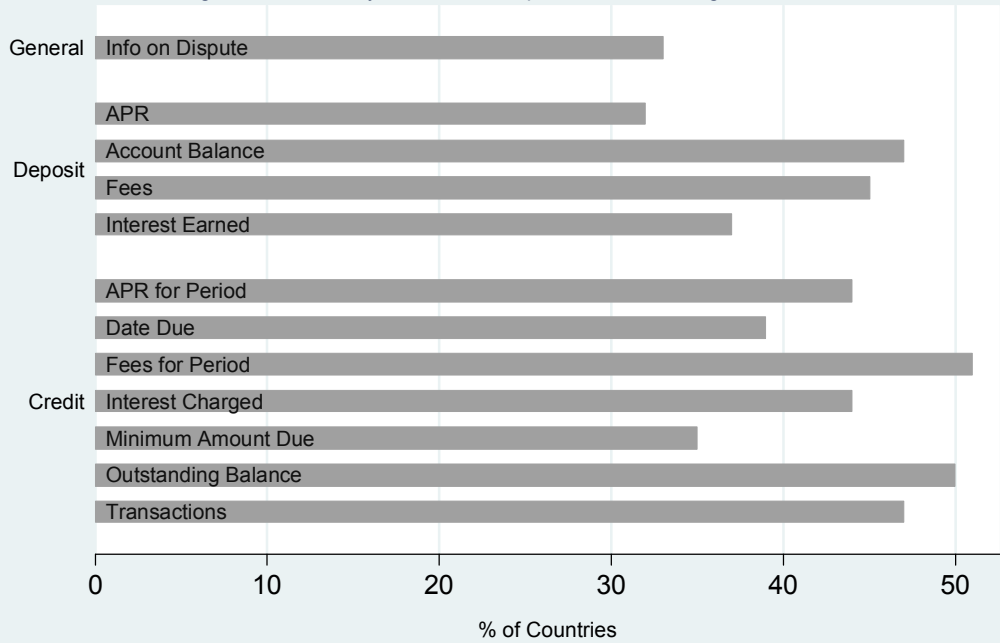
Source: Financial Access Database

Figure 5 - How many countries have disclosure guidelines at account opening?



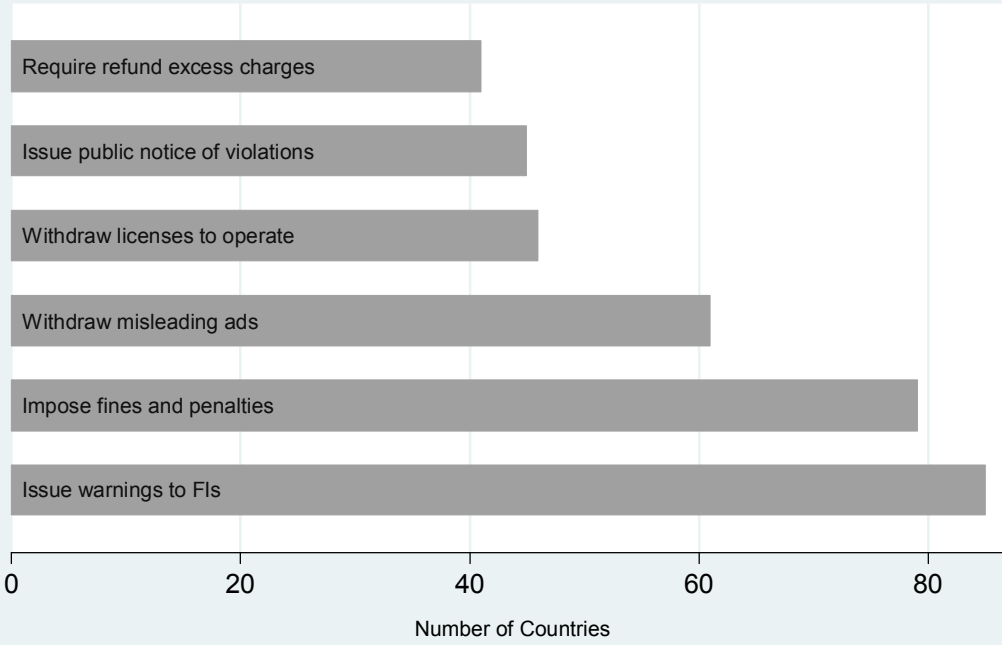
Source: Financial Access Database

Figure 6 - How many countries have periodic disclosure guidelines?



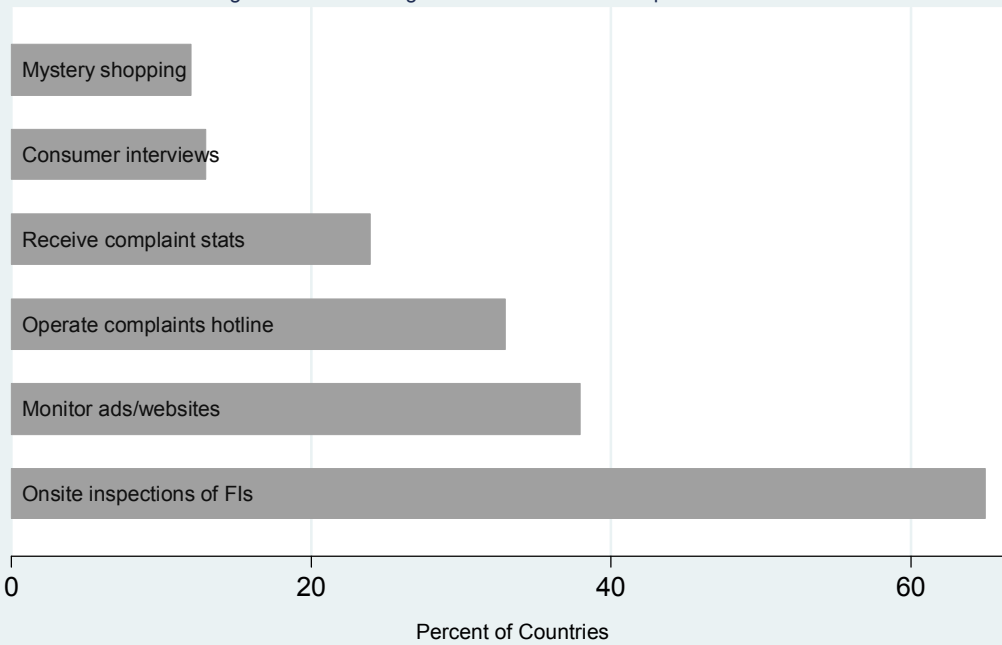
Source: Financial Access Database

Figure 7 - Trends in taking action to enforce consumer protection laws



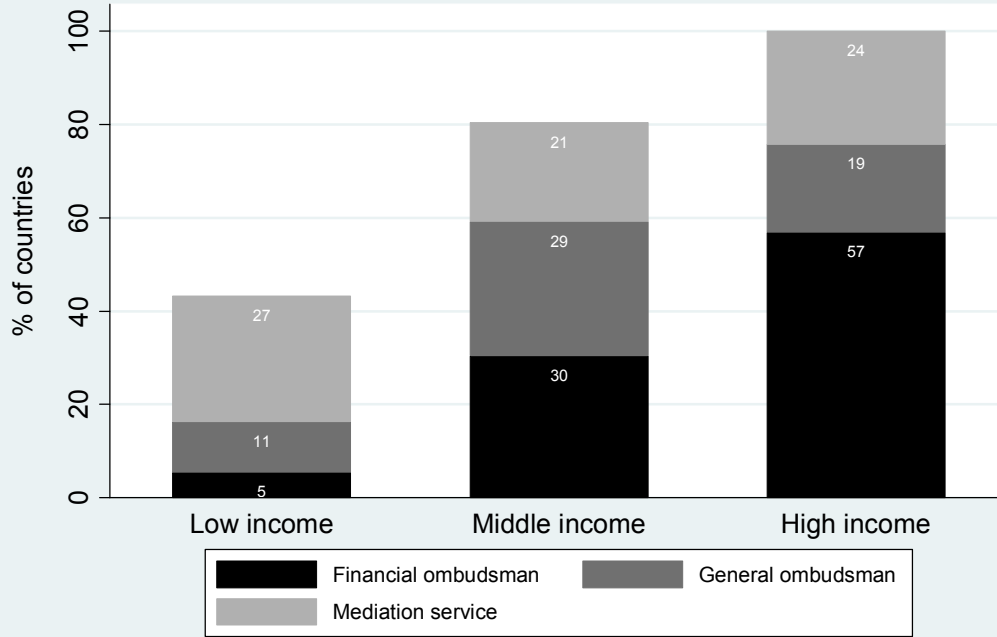
Source: Financial Access Database

Figure 8 - What do agencies do to monitor compliance with CP?



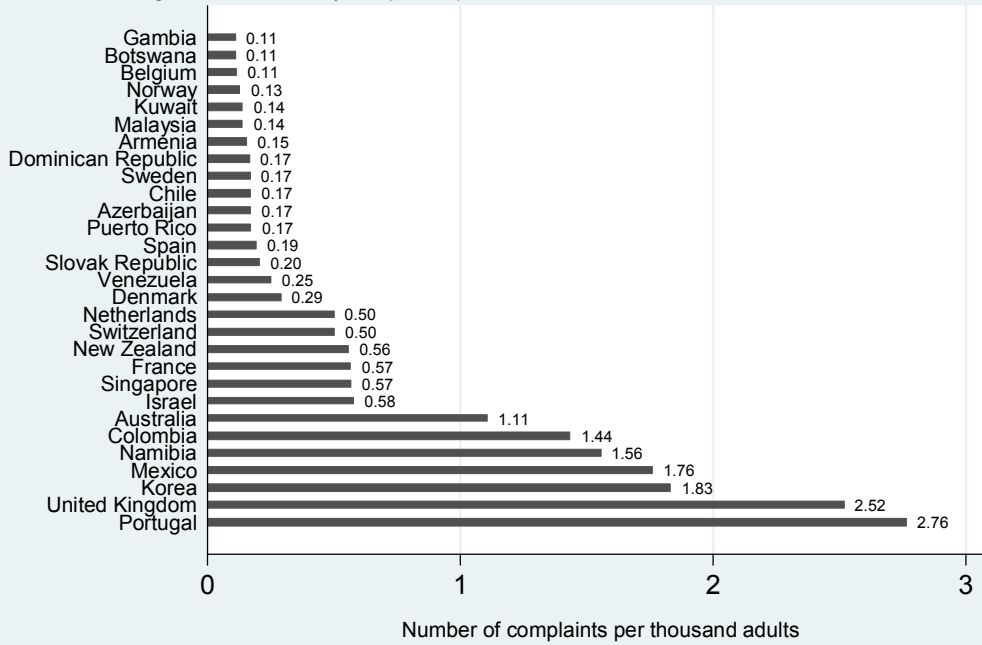
Source: Financial Access Database

Figure 9 - Which income levels have more systems to address recourse?



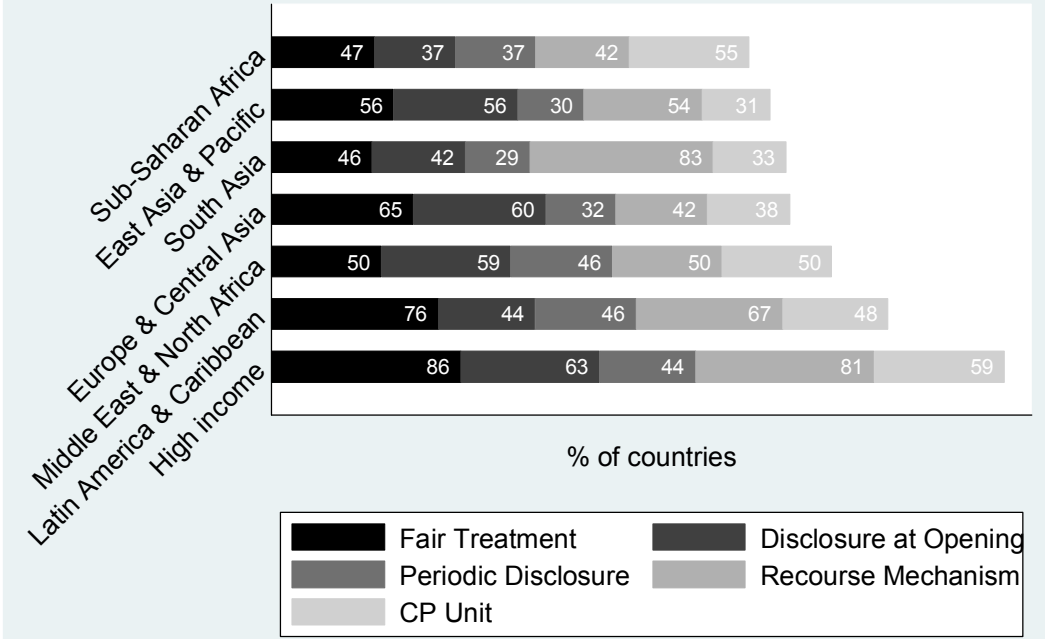
Source: Financial Access Database

Figure 10 - How many complaints per thousand adults do countries receive?



Source: Financial Access Database

Figure 11 - Regional Differences in Consumer Protection Legislation and Implementation



Source: Financial Access Database
Regional means are displayed.

* Refer to notes in Table 1 for definitions of Fair Treatment and Recourse Mechanism. Disclosure at Opening is an indicator variable that takes a value 1 if a country has at least half of the measures for disclosure requirements at account opening shown in Figure 5. Periodic disclosure is an indicator variable that takes a value 1 if a country has at least half of the periodic disclosure requirements shown in Figure 6. CP Unit is an indicator variable that takes a value 1 if the regulator has a specific unit designated to work on financial consumer protection.

Table 1. Correlations between financial consumer protection variables and financial access

	Monitoring	Enforcing	Fair Treatment	Recourse	Disclosure req. upon opening deposit acc.	Disclosure req. upon opening loan acc.	Periodic disclosure req. for deposit acc.	Periodic disclosure req. for loan acc.	Disclosure req. for deposit acc.	Disclosure req. for loan acc.	Deposits/1000 adults	Loans/1000 adults
Monitoring	1											
Enforcing	0.35***	1										
Fair Treatment	0.20**	0.35***	1									
Recourse	0.21**	0.25***	0.49***	1								
Disclosure upon opening deposit acc.	0.26***	0.26***	0.56***	0.41***	1							
Disclosure upon opening loan acc.	0.30***	0.29***	0.64***	0.42***	0.71**	1						
Periodic disclosure for deposit acc.	0.26***	0.34***	0.39***	0.35***	0.50**	0.38***	1					
Periodic disclosure for loan acc.	0.24***	0.25***	0.46***	0.45***	0.51**	0.45***	0.78***	1				
Disclosure for deposit acc.	0.34***	0.39***	0.60***	0.48***	0.81***	0.69***	0.78***	0.67***	1			
Disclosure for loan acc.	0.33***	0.30***	0.62***	0.53***	0.68***	0.71***	0.73***	0.85***	0.88***	1		
Deposits/1000 adults	-0.04	0.02	0.10	0.06	0.04	0.10	-0.17*	-0.13	-0.12	-0.07	1	
Loans/1000 adults	0.16	0.10	0.19	0.16	-0.01	0.27**	0.07	0.03	0.18	0.15	0.49***	1

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Variable definitions:

Monitoring: An indicator variable that takes a value 1 if the country has at least half of the monitoring measures in Figure 8.

Enforcement: An indicator variable that takes a value 1 if the country has at least half of the enforcement measures in Figure 7.

Fair treatment: An indicator variable that takes a value 1 if the country has at least half of the fair treatment measures in Figure 3.

Recourse: An indicator variable that takes a value 1 if the country has at least one third-party dispute resolution mechanism.

Disclosure upon opening a deposit account: An indicator variable that takes a value 1 if a country has at least half of the disclosure requirements upon opening a deposit account and general disclosure requirements upon opening as in Figure 5.

Disclosure upon opening a loan account: An indicator variable that takes a value 1 if a country has at least half of the disclosure requirements upon opening a loan account and general disclosure requirements upon opening as in Figure 5.

Periodic disclosure requirement for deposits: An indicator variable that takes a value 1 if a country has at least half of the periodic disclosure requirements for a deposit account and general periodic disclosure requirements as in Figure 6.

Periodic disclosure requirement for loans: An indicator variable that takes a value 1 if a country has at least half of the periodic disclosure requirements for a loan account and general periodic disclosure requirements as in Figure 6.

Disclosure requirements for deposits: Combines disclosure requirements upon opening a deposit account and periodic disclosure requirements for deposits.

Disclosure requirements for loans: Combines disclosure requirements upon opening a loan account and periodic disclosure requirements for loans.

Annex I: Consumer Protection Legislation

	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
Afghanistan	X	X	X	√
O There is no specific law, but regulations exist that can be enforced in cases of violation of laws or regulations.				
Albania	X	√	√	X
E Law No. 9902 on Consumers' Protection (2008). The law contains provisions on consumer credit. F Regulation No. 05 on the Consumer Credit and Mortgage Credit for Households (2009); Regulation No. 59 on the Transparency of Banking and Financial Products and Services (2008)				
Algeria	√	√	√	X
G Name of law not provided. E Law N°09-03 of 25 February 2009 on Consumer Protection (2009) F Regulation N°09-03 of 26 May 2009 Establishing General Rules on Banking Conditions Applicable to Bank Operations (2009)				
Anguilla	X	X	X	X
Antigua and Barbuda	X	X	X	X
Argentina	X	√	√	√
E Laws 24240 and 26361 on Consumer Protection (1993 and 2008); Law 25065 on Credit Cards (1999) F Resolution 9, Consumer Protection (2004) O Transparency Regime consisting of Communiqués "A" 4184 and "A" 4191 on Interest Rates in Credit Operations and Relations Between Financial Entities and their Clients (2004)				
Armenia	√	√	√	X
G Consumer Rights Protection Law (2001) E Law on Attraction of Bank Deposits (2008); Law on Consumer Lending (2008) F Regulation 8/01 "Calculation of Annual Percentage Rate: Explanations and Examples" (2009); Regulation 8/02 "Calculation of Annual Percentage Yield of Deposits" (2009); Regulation 8/03 "Information Disclosure by Banks, Credit Organizations, Insurance Companies, Insurance Brokers, Investment Companies, Central Depository and Payment Service Organizations Realizing Remittance (Money) Transfer" (2009); Regulation 8/04 "Minimal Conditions and Principles of Internal Legal Acts Administering Process of Examination of Customers' Appeals" (2009); Regulation 8/05 "Communication Between Bank and Depositor, Creditor and Consumer: Methods, Conditions and Minimal Requirements" (2009)				
Australia	X	√	√	√
O ASIC (Australian Securities and Investments Commission) administers the regulatory system for consumer protection for deposit-taking activities (i.e., transactions or savings accounts); general insurance; life insurance; superannuation; retirement savings accounts; managed investments; securities (i.e., shares and debentures); derivatives (i.e., futures contracts); foreign exchange contracts; and credit.				
Austria	√	X	√	X
G Consumer Protection Act (1979) F Banking Act (1993); Insurance Act (1958); Investment Funds Act (1993); Securities Supervision Act (2007)				

	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
Azerbaijan	√	√	√	X
	<p>G Law on Protection of Consumers' Rights (1995); Law on Banks (1992); Law on Deposit Insurance (2006); Law on Advertising (1997) E Name of law not provided (2000) F Corporate Governance Standards; Regulation on Credit Allocations in Banks (2004)</p>			
Bangladesh	X	X	X	X
Belarus	X	X	X	X
Belgium	√	√	√	√
	<p>G Law on Business Practices and on Consumer Protection (1991) E Certain provisions in the Law on Business Practices and on Consumer Protection (1991, 2010) are particular to financial services. F Law on Payment Services (2010) O Law on Consumer Credit (1991); Law on Loans and Credit Facilities Secured by a Mortgage (1992)</p>			
Benin	X	√	X	√
	<p>E Law on the Definition and Repression of Usury (1997) O Notices to Banks and Financial Institutions on Banking Conditions (1992)</p>			
Bolivia	√	X	√	X
	<p>G Constitution (2009) F Rules for Customer Service and Users (of Financial Services) (2010)</p>			
Bosnia and Herzegovina	X	√	X	X
	<p>E Consumer Protection Law of Bosnia & Herzegovina (2006)</p>			
Botswana	√	√	√	X
	<p>G Consumer Protection Act (1998). The Consumer Protection Act is under the Ministry of Trade and Industry. E Banking Act, Chapter 46:04 (1995). The Banking Act has selected sections which cover consumer protection issues. F Banking Act, Chapter 46:04 (1995)</p>			
Brazil	√	√	√	X
	<p>G Law 8.078, Consumer Defense Code (1990). Law 8.078 is a general consumer protection law with an explicit reference to financial services. However, it does not have specific instruments for handling financial services. E Law 8.078, Consumer Defense Code (1990). Concerning financial services, all financial institutions must also comply with National Monetary Council (CMN) and Central Bank of Brazil regulations on (i) transparency of information in credit contracts, which must include all interest and costs charged in the normal course of the operation, the monthly and annual equivalent effective interest rate (Circular 2,905/1999, as modified by Circular 2,936/1999); and (ii) portability of client information (Resolution 2.835/2001), in addition to those Resolutions listed in Section F. F Resolution 3.401, Portability of Credit (2006); Resolution 3.402, Portability Of Wages, Salaries, Pensions and Similar Earnings (2006); Resolution 3.477, Mandatory Ombudsman in Financial Institutions (2007); Resolutions 3.516 and 3.518 and Circular 3.371, Charging of Service Fees (2007); Resolution 3.517, Obligation to Inform Ahead of Extending Credit the Total Cost of the Operation Expressed in the Form of an Annual Percentage Rate, as well as Taxes and Fees (2007); Resolution 3.694, Establishing that Contracts Should Be Clear and Disclose All Information Necessary for the Consumer's Decision (2009)</p>			

	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
Bulgaria	√	√	√	√
<p>G Law on Protection of the Consumers (2006) E Law on Consumer Credit (2010) F Law on Credit Institutions (2006); Law on Public Offering of Securities (1999) O Law on Payment Services and Payment Systems (2009); Law on Distance Provision of Financial Services (2007); Law on Bank Deposit Guarantee (1998); Law on Markets in Financial Instruments (2007)</p>				
Burkina Faso	X	√	X	√
<p>E Law on the Definition and Repression of Usury (1997) O Notices to Banks and Financial Institutions on Banking Conditions (1992)</p>				
Burundi	X	X	√	√
<p>F Banking Law N°1/017 (2003); Decree N°100/203 (2006). These are regulations that apply to the supervision of the financial sector. There is no specific consumer protection law. O Business Code (1996)</p>				
Cambodia	X	X	√	X
<p>F Law on Banking and Financial Institutions (1999)</p>				
Canada	√	X	√	X
<p>G The Government of Canada's Budget 2009 and Budget 2010 included measures related to consumer protection. Further information on these measures can be found at: www.budget.gc.ca/2010/home-accueil-eng.html, Chapter 3. F The Financial Consumer Agency of Canada Act (2001). Other provisions can be found within financial institutions' statutes.</p>				
Cape Verde	X	X	X	X
Chile	√	X	X	√
<p>G Law No. 19.496, Rules on Protection of Consumer Rights (1997); Law No. 19.628, Protection of Privacy (1999) O DFL N°3, General Banking Act (1997). The General Banking Act gives broad power to the Superintendency of Banks, including interpreting the law and enforcing it by establishing norms of banking consumer protection. In the updated norms issued by this superintendency, the following issues are addressed in the "Updated Compilation of Rules (RAN)": Chapters 1–3 on classification and solvency; 18–1√ on transparency of information to the public; 19–9 on information to the public; and 7–1 on interest and adjustments.</p>				
China	X	X	X	X
Colombia	X	√	√	√
<p>E Law 1328, Title I: Financial Consumer Protection (2010). Financial consumer protection in Colombia is a constitutional matter, covered by Articles 333, 335, and 78. Before June 2009, general rules on financial matters were addressed in the Financial System Organic Statute, Articles 72, 97, 98, 99, and 100. Law 1328, Title I, which came into effect July 2010, explicitly refers to financial consumer protection. F Original Statute of the Financial System (1993); Law 1328, Title I: Financial Consumer Protection (2010) O Basic Legal Circular, Title I, Chapter VI: Rules on Competition and Consumer Protection (1996 and subsequent updates)</p>				
Costa Rica	X	√	X	√
<p>E Law of Promotion of Competition and Effective Consumer Protection (1995). The Law of Promotion of Competition and Effective Consumer Protection specifically establishes regulations for credit card issuers concerning information on users of its services. Additionally, there is regulation on the disclosure of information and the advertisement of financial products whose compliance is monitored by the General Superintendent of Financial Institutions. O Regulation of the Law of Promotion of Competition and Effective Consumer Protection (1996)</p>				

	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
Côte d'Ivoire	X	√	X	√
<i>E Law on the Definition and Repression of Usury (1997)</i> <i>O Notices to Banks and Financial Institutions on Banking Conditions (1992)</i>				
Croatia	√	X	√	X
<i>G Customer Protection Act (2007)</i> <i>F Credit Institutions Act (2009); Act on Leasing Insurance (2007); Customer Credit Act (2007)</i>				
Czech Republic	√	√	√	X
<i>G Act No. 634/1992 Coll., Consumer Protection Act (1992)</i> <i>E Act No. 321/2001 Coll., Conditions for Negotiating a Consumer Loan (2001)</i> <i>F Act No. 256/2004 Coll., Capital Market Undertakings Act (2004) (contains provisions regulating information disclosure to consumers); Act No. 189/2004 Coll., On Collective Investment Schemes (2004); Act No. 37/2004 Coll., On Insurance Contract (2004); Act No. 38/2004 Coll., On Insurance Intermediaries and Loss Adjusters (2004); Act No. 284/2009 Coll., Payment System Act (2009); Act No. 40/1964 Coll., Civil Code (1964, amended by 2002/65/EC); Act No. 229/2002 on the Financial Arbitrator (2002)</i>				
Denmark	X	X	√	√
<i>F Good Business Practice Act (2009)</i> <i>O Executive Order on Investor Protection in Connection with Securities Trading (2009)</i>				
Dominica	X	X	X	X
Dominican Republic	√	√	√	√
<i>G General Law on Consumer Protection (2005)</i> <i>E Monetary and Financial Law, Article 52 (2002)</i> <i>F Regulation for Protection of Users of Financial Services (2006)</i> <i>O Law 288–05, Regulation of Credit Information Bureaus and Protection of Client Information, including Norms for Electronic Payments (2005)</i>				
Ecuador	√	√	√	X
<i>G Original Law on Consumer Protection (2000)</i> <i>E Law on Regulation of Maximum Effective Cost of Credit (2007)</i> <i>F Banking Board Resolution No. 306 (2006)</i>				
El Salvador	X	√	4	X
<i>E Law of Consumer Protection (1996). The regulation includes aspects of financial services but also of goods and services in general.</i> <i>F Regulation of the Law of Consumer Protection (1996)</i>				
Estonia	√	X	X	X
<i>G The Consumer Protection Act (2004); The Law of Obligations Act (2002); The Securities Market Act (2002); Credit Institutions Act (1999); Insurance Activities Act (2005); Investment Funds Act (2004); Funded Pensions Act (2004); Payment Service Providers and Electronic Money Institutions Act (2010). Different rules aimed at protecting financial consumers can be found in different legal acts, mainly from the Securities Market Act and the Law of Obligations Act. The primary approach has been service-centered, where the rules related to financial services can be found from the specific law of the financial service.</i>				

	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
Ethiopia	X	X	X	X
	O A complaint handling framework that will enable the amicable settlement of complaints from customers of banks, microfinance institutions, and insurance companies is being implemented.			
Finland	X	√	√	√
	E Consumer Protection Act (1978) F Act on Credit Institutions (2007) O Act on Guarantees and Third-Party Pledges (1999). Several acts include provisions on consumer protection matters. The most important acts are mentioned here. Both the Finnish Financial Supervisory Authority (FIN-FSA), as well as the Finnish Consumer Agency have published guidelines covering different subjects on financial services.			
France	√	√	√	√
	G Consumer Code (2010) E Consumer Code (2010) F Ordinance of 21 January 2010 on the creation of the Prudential Supervisory Authority (2010) O Orders from the Ministry of Economy and Finance that are not part of the Consumer Code also specify rules for informing customers and the general public on the terms and pricing applicable to the management of a deposit account or a payment account, on the manner of relations between payment service providers and their clients in terms of disclosure requirements to users of payment services, on identifying key provisions to be included in agreements on deposit accounts and contracts on payment services, and on the conditions of remuneration from funds received by credit institutions.			
Gambia, The	√	√	√	X
	G Consumer Protection and Competition Act (2009) E Banking Act (2009) F Banking Act (2009)			
Georgia	X	X	X	X
Germany	X	X	X	X
Ghana	X	X	X	X
	O No explicit laws are in place but the <i>Banking Act (2004)</i> vests Bank of Ghana with the responsibility for dealing with "unlawful and improper practices" by banks.			
Greece	√	√	√	X
	G Law 2251 on the Protection of the Consumer (1994) E Law 2251 on the Protection of the Consumer (1994) F Bank of Greece Governors Act 2501 (2002). The Bank of Greece Governors Act 2501/2002 lays out credit institutions' disclosure requirements to retail customers with respect to the terms and conditions governing banking transactions.			
Grenada	X	X	X	X
Guatemala	√	X	X	√
	G Decree No. 006: Consumer Protection Act (2003) O Law on Access to Public Information (2008)			

	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
Guinea-Bissau	X	√	X	√
<i>E Law on the Definition and Repression of Usury (1997)</i> <i>O Notices to Banks and Financial Institutions on Banking Conditions (1992)</i>				
Honduras	X	√	X	X
<i>E Rules to Strengthen Transparency, Financial Literacy and Protection of the Financial Consumer in Regulated Institutions (2009)</i>				
Hong Kong SAR, China	X	X	X	√
<i>O Code of Banking Practice (1997)</i> . While the Hong Kong Monetary Authority (HKMA) has a general duty to “provide a measure of protection to depositors” under the Banking Ordinance (BO), there is no explicit mandate with respect to consumer protection. However, HKMA, as a banking regulator, does have an interest in encouraging standards of good banking practice whereby authorized institutions (AIs) act fairly and reasonably in relation to their customers. The good banking practices to promote a fair and transparent relationship between AIs and their customers are currently embodied in the <i>Code of Banking Practice (the Code)</i> . <i>The Code</i> is a nonstatutory code issued on a voluntary basis jointly by the industry associations and endorsed by HKMA. <i>The Code</i> sets out the minimum standards that AIs should follow in their dealings with personal customers. HKMA monitors the AIs’ compliance with <i>the Code</i> .				
Hungary	X	X	√	X
<i>F Act CXXXV on the Hungarian Financial Supervisory Authority (2007)</i> . There are specific consumer protection matters in the procedures, laws, and government decrees of the Hungarian Financial Supervisory Authority.				
Iceland	X	X	X	X
India	√	√	X	√
<i>G Consumer Protection Act (1986)</i> <i>E Consumer Protection Act (1986)</i> <i>O Banking Ombudsman Scheme (2006)</i>				
Indonesia	√	X	√	X
<i>G Consumer Protection Act (1999)</i> <i>F Bank Indonesia Regulation No.7/6/PBI/2005, Transparency in Bank Product Information and Use of Customer Personal Data (2005); No.7/7/PBI/2005, Resolution of Customer Complaints (2005)</i>				
Iran, Islamic Rep. of	√	X	√	X
<i>G Consumer Protection Law (2009)</i> . The <i>Consumer Protection Law</i> is a general law that covers many areas, including banks. <i>F Banking Law (1983)</i> . The <i>Banking Law</i> includes a clause referring to consumer protection.				
Ireland	X	√	√	X
<i>E</i> The following Web site contains a list of legislation relevant to the role of the Central Bank of Ireland in relation to the protection of consumers: www.financialregulator.ie/processes/consumerprotection/legislation . <i>F Consumer Protection Code (2006); Code of Conduct on Mortgage Arrears (2009); Code of Conduct for Business Lending to SMEs (2009)</i>				

	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
Israel	√	√	√	X
<p><i>G</i> Banking (Service to Customer) Law, 5741–1981 (1981); Banking Rules (Customer Service), Proper Disclosure and Presentation of Documents (1992); Banking Rules (Customer Service), Advertisements Geared to Minors (1995); Banking Rules, Proper Disclosure via Electronic Means; Banking Rules, Bank Accounts; Banking Rules, Form of General Terms for Managing an Account; Banking Rules, Unreasonable Refusal to Open an Account; Regulation 402, The Business Day in Banking Corporations; Regulation 417, Activity of a Banking Corporation in a Closed System; Regulation 419, Retention of Documents; Regulation 403, Benefits to Customers; Regulation 404, Benefits to Customers' Employees; Banking Ordinance, Joint Account and Joint Safe-deposit Boxes; Regulation 434, Joint Accounts "Survivors" Clause; Regulation 416, Minors' Accounts; Regulation 406, Banking Services for New Immigrants; Regulation 435, Telephone Instructions; Regulation 407, Investing on a Customer's Account without his Explicit Agreement; Regulation 325, Management of Credit Facilities in Current Accounts; Regulation 432, Transferring Activity and Closing a Customer's Account</p> <p><i>E</i> Payment Services: Regulations on Banking (1992); Credit Cards Law, 5746–1986 (1986); Regulation 470 on Credit Cards; Regulation 439, Debits by Authorization</p> <p><i>F</i> Loans for Dwellings Law (1992); Regulation 451, Procedures for Giving Dwelling Loans; Regulation 452, Loan Management Procedures; Banking Ordinance, Section 13; Banking Order (fee for early repayment of mortgages) (2002); Regulation 454, Early Repayment Fee on a Non-dwelling Loan; Execution Law, Utilizing the Mortgage and Protecting the Apartment (1967); Execution Law, Amendment 29, Amendment of Section 38 and Transitory Regulation (2009); Regulation 409, Charging Customers for Legal Fees; Submitting Information to the Debtors; Clarification with Regard to Collecting Debts via External Lawyers; Law of Guarantees (1967); Regulation 453, Third-Party Guarantees for a Banking Corporation; Guarantees for Homebuyers; The Sales (Assurance of Homebuyers' Investments) Act, 5735–1974; Regulation 326, Close-end Project Finance, Bank Charges and Interest Rate; The Banking Rules (Customer Service) (Bank Charges), 5768–2008 (2008); Banking Regulations (1990); Operating Days, Retrieval of Data by Customers and ATMs; Regulation 441, Retrieval of Data by Customers; Regulation 442, Cash Withdrawals from ATMs; Dormant Accounts; Banking Law, Sections 1 and 13B; Banking Order (2000); Investing Dormant Deposits; Regulation 413, Losing Contact with Renters of Safe-deposit Boxes; Checks without Cover Law, 5741–1981 (1981); Law on Anti-Money Laundering (AML) (2000); Prohibition on Money Laundering (The Banking Corporations' Requirement regarding Identification, Reporting, and Record-Keeping for the Prevention of Money Laundering and the Financing of Terrorism) Order, 5761–2001 (2001); Obeying the Transitional AML Regulations; Proclamation on the Prohibited Association; Clarifications and Interpretations on Anti-Money Laundering and the Combating the Financing of Terrorism (AML-CFT); Law on CFT (2005); Regulations on CFT (proclamation on the organization on foreign terror or on an activator of foreign terror) (2008); Regulations on CFT (permit to do purchasing activities) (2006)</p>				
Italy	√	√	√	X
<p><i>G</i> Consumer Code (2005)</p> <p><i>E</i> Legislative Decree No. 385/1993 (Consolidated Banking), Title VI, Disclosure of Terms and Conditions of Contract (1993); Consumer Code, Part III, Title III, Chapter I, Section IV–a, Distance Marketing of Consumer Financial Services (2005); Legislative Decree No. 11/2010, Transposition of the Payment Services Directive (2010)</p> <p><i>F</i> Provisions on the Transparency of Banking and Financial Operations and Services (2010)</p>				
Jamaica	√	√	√	X
<p><i>G</i> Consumer Protection Act (2005); Fair Competition Act (1993)</p> <p><i>E</i> Credit Reporting Act (2010). Some consumer protection issues will be addressed under the new Credit Reporting Act. However, consumer protection is generally dealt with under the Consumer Protection Act and the Fair Competition Act, which are respectively administered by the Consumer Affairs Commission and the Fair Trading Commission.</p> <p><i>F</i> Name of law not provided.</p>				
Japan	√	√	√	X
<p><i>G</i> Consumer Contract Act (2000); Act on Specified Commercial Transactions (1976)</p> <p><i>E</i> Act on Sales of Financial Products (2000)</p> <p><i>F</i> Banking Act (1981); Money Lending Business Act (1983)</p>				
Jordan	X	X	√	X
<p><i>F</i> Banking Law (2000)</p>				
Kazakhstan	X	X	√	X
<p><i>F</i> Name of law not provided.</p>				
Kenya	X	X	√	X
<p><i>F</i> Banking Act (1997). The Banking Act has consumer protection provisions with respect to bank charges, disclosures, credit reference bureaus and interest on nonperforming loans</p>				

	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
Korea, Rep. of	√	X	X	X
G Name of law not provided.				
Kuwait	√	√	√	X
G Name of law not provided. Financial services have to be approved by the Central Bank of Kuwait. E Name of law not provided. F Name of law not provided.				
Kyrgyz Republic	√	X	√	√
G Law 10.12.1997 on Consumer Protection (1997) F Name of law not provided. O Law 10.12.1997 on Consumer Protection (1997)				
Lao PDR	X	X	√	X
F Commercial Bank Laws and Depositor Protection Fund (2000)				
Latvia	√	X	√	X
G Consumer Rights Protection Law (1999) F Consumer Credit Regulations (2008)				
Lebanon	√	X	X	X
G Consumer Protection Law (2004). The regulations for consumer protection are under the Directorate General for Consumer Protection of the Lebanese Ministry of Economy and Trade.				
Lesotho	X	X	X	√
O Financial Institutions Act (1999); Insurance Act (1976). The laws relating to banking and insurance consumer protection are indirect and fall under the Financial Institutions Act and Insurance Act, which requires transparency from practitioners in all its dealings and activities.				
Liberia	X	X	X	√
O Central Bank of Liberia Act (1999); New Financial Institutions Act (1999). There are no specific laws or regulations on consumer protection. However, financial consumers are protected under various provisions of the Central Bank of Liberia Act, New Financial Institutions Act as well as various regulations, guidelines and directives.				
Lithuania	√	√	√	√
G Law on Consumer Protection (1994) E Law on Payments (2003) F Civil Code (2001) O Law on Consumer Credit (2010)				
Macedonia, FYR	√	X	X	√

	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
Morocco	X	X	√	√
<p><i>E</i> Bill No. 27–00 enacting consumer protection measures is currently before Parliament. <i>F</i> Banking Law (Chapter II, Section VI) (2006) <i>O</i> Law on Fair Pricing and Competition (2006)</p>				
Mozambique	√	X	√	X
<p><i>G</i> Consumer Protection Law (2009) <i>F</i> Law 15/99—Law of Credit Institutions and Financial Companies (1999), amended by By-Law 9/04 (2004); Notice No. 5/GBM/2009 (2009).</p>				
Namibia	√	X	X	X
<p><i>G</i> Name of law not provided.</p>				
Nepal	√	X	X	X
<p><i>G</i> Consumer Protection Act (1997)</p>				
Netherlands	√	√	X	X
<p><i>G</i> Dutch civil law (i.e., Dutch Civil Code); Act for the Enforcement of Consumer Protection (2007) <i>E</i> Financial Services Act (2006)</p>				
New Zealand	√	√	√	X
<p><i>G</i> Fair Trading Act (1986) <i>E</i> Securities Act (1978); Securities Markets Act (1988); Unit Trusts Act (1960); Superannuation Schemes Act (1989); Credit Contracts and Consumer Finance Act (2003) <i>F</i> Securities Regulations; Financial Service Providers (Registration and Dispute Resolution) Act (2008); Financial Advisers Act (2008). The Financial Service Providers Act and Financial Advisers Act provide for the registration of all financial service providers, consumer access to dispute resolution schemes, and authorization of financial advisers, conduct rules, and disclosure of information.</p>				
Nicaragua	√	√	X	√
<p><i>G</i> Law No. 182, Law on Consumer Protection (1994) <i>E</i> Draft Law on the Protection of the Rights of Consumer Users (2006) <i>O</i> Regulation of Law No. 182 (1999)</p>				
Niger	X	√	X	√
<p><i>E</i> Law on the Definition and Repression of Usury (1997) <i>O</i> Notices to Banks and Financial Institutions on Banking Conditions (1992)</p>				
Nigeria	X	√	X	X
<p><i>E</i> Consumer Protection Act (1992)</p>				

	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
Norway	√	√	√	X
<p>G Marketing Control Act (2009); Personal Data Act (2001) E Financial Contracts Act (1999) F Loan Contract Regulation (2000)</p>				
Oman	√	X	X	√
<p>G Consumer Protection Law (2002) O Banking Law of the Sultanate of Oman (1974). Under the Banking Law, the Central Bank is required to take up customer grievances addressed to it with the concerned licensed institutions for amicable resolution.</p>				
Pakistan	X	√	√	√
<p>E Banking Companies Ordinance, Section 82A–G (1962) F State Bank of Pakistan Act (1956); Microfinance Institutions Ordinance (2001); State Bank of Pakistan regulations O BPD Circular No. 30 of 2005 Basic Banking Account (2005); BPRD Circular No. 13 of 2008 Fair Debt Collection Guidelines (2008); BPRD Circular No. 38 of 1997 Collection of Utility Bills (1997); Circular Letter No. 25 of 2009 (2009); BPRD Circular No. 11 of 2009 Pension Disbursement through Banks (2009); BPD Circular No. 23 of 2003 Service Charges on PLS Deposits (2003); BPD Circular No. 12 of 2006 Suo-Moto (2006); Case No. √ /2006—Proper Arrangements in Commercial Banks for Depositing Utility Bills (2006); Service Charges PLS Deposits BPD of 2003 (2003); BSD Circular Letter No. 17 of 2000 (2000). The State Bank of Pakistan is also working on a draft Consumer Protection Law.</p>				
Panama	√	√	√	√
<p>G Law No. 45, establishing Norms on Consumer Protection and Fair Competition (2007) E Banking Law, Executive Decree No. 52 (2008), which adopts the text of Decree Law 9 (1998), as amended by Decree Law 2 (2008) F Agreement No. 2, Procedures for Dealing with Complaints to the Superintendent (2008) O Law No. 81, Protection of the Rights of Users of Credit Cards and Other Funding Cards (2009)</p>				
Papua New Guinea	X	X	X	X
Paraguay	√	X	X	√
<p>G Law No. 1-1334 on Consumer Protection (1998) O Information Transparency of Law No. 861/96, General Banking, Financial and Other Credit Institutions, Article 106 (1996). The law provides some measure of protection to customers of financial institutions.</p>				
Peru	√	√	√	X
<p>G Law of the System of Consumer Protection approved by Supreme Decree No. 006–2009–PCM (2009). Since 2000, there have been rules enacted on the issue of consumer protection. However, these have been updated over time. Currently, the existing rule is the consolidated text of the law named here. It is important to note that the competent authority in this area is the Institute of the Defense of Competition and Intellectual Property (INDECOPI). E Complementary Law No. 28587 on Financial Consumer Protection (2005). The aforementioned Supreme Decree No. 006–2009–PCM provides guidelines on the use of financial services or products, in addition to Complementary Law No. 28587. F Information Transparency Regulation and regulations applicable to engagement with users of the financial system, approved through Resolution No. 1765–2005 SBS (2005) O In 2009, work began with the aim of developing a Consumer Code with rules that would provide greater protection to consumers.</p>				
Philippines	√	√	√	√

G	E	F	O
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General consumer protection law without explicit reference to financial services

Consumer protection law with explicit reference to financial services

Consumer protection regulations within the framework of financial sector legislation

Other types of consumer protection regulation

G Consumer Act of the Philippines (1992)

E Republic Act No. 1405 – Law on Secrecy of Deposits (1955), amended by Presidential Decree No. 1792 (1981) and Republic Act No. 7653 – New Central Bank Act (1991); Republic Act No. 6426 – Foreign Currency Deposit Act of the Philippines (1974), amended by Presidential Decree No. 1035 (1976) and Presidential Decree No. 1246 (1977); Republic Act No. 3765 – Truth in Lending Act (1963); Republic Act No. 8484 – Access Devices Regulation Act (1998); Presidential Decree No. 957, Section 18 – The Subdivision & Condominium Buyers’ Protective Decree; Republic Act No. 7279 – Urban Development & Housing Act (1992); Republic Act No. 6977 – Magna Carta for Small & Medium Enterprises (1991), amended by Republic Act No. 8289 (1997); Republic Act No. 9178 – Barangay Micro Business Enterprises Act (2002); Republic Act No. 8435 – Agriculture & Fisheries Modernization Act (1997); Republic Act No. 8792 – E-Commerce Law (2000); Batas Pambansa Blg. 344 – Law for the Disabled (1982); Republic Act No. 9510 – Credit Information System (2008)

F Revised Rules & Regulations implementing Republic Act No. 9160 – The Anti-Money Laundering Act (2001), amended by Republic Act No. 9194 (2003); General Banking Law (2000); BSP Manual of Regulations for Banks (MORB); BSP Manual of Regulations for Non-Banks & Financial Institutions (MORNBFI)

O BSP Manual of Regulations on Disclosure; Circular Letter–2009–038 on Consumer Protection against Unfair Collection Practices (2009); Circular Letter–2009–029 on Consumer & Bank Protection & Complaints Handling Mechanism on Matters Related to Bank Security Programs & Use of Electronic Banking Facilities (2009); Circular Letter–2009–006 on Remittance Scam Involving the Use of Credit Cards (2009); Various advisories on BSP’s Web site and in newspapers.

Poland	√	√	√	√
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G Act on Competition and Consumer Protection (2007); Act on Combating Unfair Commercial Practices (2007)

E Act on the Protection of Certain Consumer Rights and on the Liability for Damage Caused by a Dangerous Product (2000)

F Act on Consumer Credit (2001)

O Act on Investment Funds (2004)

Portugal	√	X	√	√
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G Law No. 24/1996 – General Consumer Protection Law (1996)

F Decree–Law No. 133/2009 of 2 June: Introduced a regime of maximum annual rates of charge that credit institutions must comply with in consumer contracts; Instruction No. 8/2009: A Standardized Information Sheet to be provided to customers in the precontractual stages of consumer credit; Instruction No. 11/2009: The standardization of the method for calculating the Annual Rate of Charge; Decree–Law No. 192/2009 of 17 September: The introduction of the concept of Adjusted Annual Rate of Charge, an interest rate that takes into account the cost of products and services subscribed in tandem with a housing mortgage credit in order to reduce the spread or the fee of this credit, and also extends the rules of Decree–Law No. 51/2007 to related housing mortgage credits, specifically the caps on penalties in case of early repayment; Decree–Law No. 103/2009 of 12 May: The creation of an extraordinary credit line, during two years, in order to provide protection of the proprietary home in case of unemployment; Decree–Law No. 222/2009 of 11 September: The insertion of measures of consumer protection concerning life insurance contracts associated to the housing mortgage credit; Notice No. 4/2009 and 5/2009: A Standardized Information Sheet to be provided to customers for all kinds of deposits (plain vanilla, dual and indexed); Notice No. 6/2009: A 100% capital guarantee for all deposits; the indexed deposits must be linked to relevant economic or financial variables; Notice No. 10/2008 of 22 December: New information and transparency duties with which credit institutions have to comply when advertising their products and services; Notice No. 8/2008 of 12 October: A list of fees and charges applied by credit institutions, when selling their products and services, must be easily accessible to customers in all branches; Decree–Law No. 317/2009 of 30 October: A new legal framework applicable to Payment Services, which transposes the European Directive No. 2007/64/EC; Decree–Law No. 430/91 of 2 November: Establishes the different types of deposits permitted by law; Decree–Law No. 349/98 of 11 November and Decree–Law No. 51/2007 of 7 March: Govern the commercial practices and information duties of credit institutions in the scope of housing mortgage credit; introduce the concept of annual rate of charge as well as a cap on the penalty fees charged in case of early repayment of housing loans; Decree–Law No. 171/2008 of 26 August: Prohibits the charging of any fee for renegotiating housing mortgage contracts and for making such renegotiations dependent on the subscription of additional financial products and services; Decree–Law No. 240/2006 of 22 December: Establishes the rules on interest–rate rounding in housing mortgage credit contracts.

O Instruction No. 27/2003: Establishes a Standardized Information Sheet for housing mortgage credit, based on European Commission Recommendation No. 2001/193/EC; Notice No. 3/2008: Establishes rules on the information provided to customers regarding their net current account balance.

Puerto Rico	√	√	√	√
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G Law No. 4: Creates the Office of the Commissioner of Financial Institutions (1985)

E Regulation No. 6194: Lease of Movable Property with the Option to Buy (2000)

F Regulation No. 6451: On Collection Agencies (2002)

O Regulation No. 7751: Against Deceptive Practices and Advertisements (2009)

Romania	X	X	X	X
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Russian Federation	X	√	X	√
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E Law on Consumer Protection (1992)

O Law on the Insurance of Individual Deposits in Russian Banks (2003)

	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
Rwanda	X	X	X	X
Senegal	X	√	X	√
<i>E Law on the Definition and Repression of Usury (1997)</i> <i>O Notices to Banks and Financial Institutions on Banking Conditions (1992)</i>				
Serbia	√	X	√	√
<i>G Law on Consumer Protection (2005)</i> <i>F RS Official Gazette No. 15/2009—Decision Specifying Conditions and Manner of Dealing With Bank Customer Complaints (2009); RS Official Gazette No. 4/2006—Decision on Minimum Conditions for the Conclusion of the Financial Lease Contract and the Manner of Disclosing the Leasing Fee and other Costs Arising from the Conclusion of such Contract and its supplement in RS Official Gazette No. 64/2006 (2006). According to the supplement on the Decision on Minimum Conditions for the lessee—natural person, the obligation to make an upfront payment (in an amount that cannot be lower than 20% of the gross purchase value of the lease object), was suspended until the end of 2009.</i> <i>O Decision on the General Terms of Business Applied by Banks in Relations with Natural Person Clients (2009)</i>				
Sierra Leone	√	√	√	X
<i>G Banking Act (2000); Other Financial Services Act (2001); Payments System Act (2008)</i> <i>E Banking Act (2000); Other Financial Services Act (2001)</i> <i>F Banking Regulations Act (2005)</i> <i>O A review of the statutes focusing on consumer protection issues is currently in process.</i>				
Singapore	√	√	√	X
<i>G Consumer Protection (Fair Trading) Act (2003)</i> <i>E The Consumer Protection (Fair Trading) (Regulated Financial Products and Services) Regulations (2009); Securities and Futures Act (2001); Financial Advisers Act (2001)</i> <i>F Securities and Futures Act (2001); Financial Advisers Act (2001). Both acts contain various provisions which address risks to consumers such as those arising from insufficient, false, or misleading disclosure, conflicts of interest, and misrepresentation.</i>				
Slovak Republic	√	√	√	X
<i>G Act on Consumer Protection (1992)</i> <i>E Act No. 266/2005 Coll. on the Consumer Protection in Connection with the Distance Financial Services (2005)</i> <i>F Act No. 747/2004 Coll. on Supervision of the Financial Market (2004); Act No. 659/2007 Coll. on the Introduction of the Euro in the Slovak Republic (2007); Act No. 483/2001 Coll. on Banks (2001); Act No. 186/2009 Coll. on Financial Intermediation and Financial Counselling (2009); Act No. 492/2009 Coll. on Payment Services (2009); Act No. 8/2008 Coll. on Insurance (2008); Act No. 43/2004 Coll. on Retirement Pension Saving (2004); Act No. 566/2001 Coll. on Securities and Investment Services (2001); Act No. 594/2003 Coll. on Collective Investment (2003); Act No. 118/1996 Coll. on Deposit Protection (1996); Act No. 650/2004 Coll. on Supplementary Pension Saving (2004)</i>				
South Africa	√	√	X	X
<i>G Consumer Affairs Act (2001)</i> <i>E National Credit Act (2007)</i>				
Spain	√	X	√	√

G	E	F	O
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G	E	F	O
General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation

G Royal Legislative Decree 1/2007 of November 16, approving the revised text of the *General Law for the Protection of Consumers and Users*, and other complementary laws (2007)

F Beyond the specific rules relating to securities and insurance, outside of the Bank of Spain, there is *Royal Decree 303/2004, Approving the Regulation of the Commissioners for Financial Consumer Protection (2004)*; *ECO Order 734/2004, On the Departments and Services of Customer Care and Protection of the Clients of Financial Institutions (2004)*; *Order of 12.12.1989 on Interest Rates and Fees, Performance Standards, Customer Information and Advertising by Financial Institutions (1989)*; *Order of 5.5.1994, Transparency of the Financial Conditions of Mortgage Loans (1994)*; *Circular No. 8 /1990 of the Bank of Spain, Transparency of Operations and Protection of Customers (1990)*; *Order PRE/1019/2003, Transparency of Prices of Banking Services Delivered through ATMs (2003)*.

O Law 7/1995, *On Consumer Credit (1995)*; Act 2, *On Subrogation and Modification of Mortgage Loans (1994)*; Law 22/2007, *On Provision of Financial Services Remotely (2007)*; Law 41/2007, *amending Law 2/1981, Regulation of the Mortgage Market and other Rules of the Mortgage and Financial System (regulation of reverse mortgages and care insurance, by establishing certain tax legislation) (2007)*; Law 2/2009, *Contractual Regulation of Loans or Mortgage Loans & Credit and Related Financial Intermediation Services (2009)*; Law 16/2009, *On Payment Services (2009)*; Law 7/1998, *On General Contractual Conditions (1998)*. There is different legislation for the protection of financial consumers in various operational provisions, both in law as Orders and in Circulars of the Bank of Spain.

Sri Lanka	√	√	√	X
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G *Consumer Protection Act (1979)*

E *Banking Act (1988)*

F *Banking Act (1988)*

St. Kitts and Nevis	X	X	X	X
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St. Lucia	X	X	X	X
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St. Vincent and the Grenadines	X	X	X	X
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Sudan	X	X	X	X
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Swaziland	√	√	√	√
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G *Competition Commission Act (2008)*

E Name of law not provided.

F *Financial Institutions Act (2005)*

O *Central Bank of Swaziland (CBS) Order (1974)*

Sweden	√	√	√	√
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G *Consumer Sales Protection Act (1990)*

E *Consumer Credit Act (1992)*

F *Financial Advice to Consumers Act (2003)*

O *Finansinspektionen's (Swedish Financial Supervisory Authority) Regulations and General Guidelines regarding Financial Advice to Consumers (2004)*

Switzerland	√	√	√	√
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G Several codes of Swiss civil law carry special rules favoring consumers.

E The "*Konsumkreditgesetz*" (KKG) (2001) governs credit relations with consumers with the main aim to protect them against over indebtedness.

F Several provisions of Swiss banking law and financial products law carry rules to protect unqualified investors, to mitigate information asymmetries, and to impose duties and rules of business conducts on financial services providers.

O A lot of topics are governed by self-regulation issued by industry associations, such as the Swiss Banking Association. In part, violation of those self-regulation rules may lead to supervisory sanctions, as would the breach of state law.

Syrian Arab Republic	X	√	X	X
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	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
<i>E Consumer Protection Law No. 2 (2008)</i>				
Taiwan, China	√	X	X	X
<i>G The Consumer Protection Law (1994)</i>				
Tajikistan	√	X	√	X
<i>G Law on Consumer Protection F Banking Act (1998)</i>				
Tanzania	√	X	X	X
<i>G Fair Competition Act (2003)</i>				
Thailand	√	X	√	X
<i>G Consumer Protection Act (1998) F Financial Institutions Act (2008)</i>				
Togo	X	√	X	√
<i>E Law on the Definition and Repression of Usury (1997) O Notices to Banks and Financial Institutions on Banking Conditions (1992)</i>				
Tunisia	√	X	√	X
<i>G Law N°92-117 on Consumer Protection (1992); Law N°91-64on Competition and Pricing (1991); Law N°98-39 on Financing (1998); Law N°98-40 on Sales Techniques and Commercial Advertising (1998); Organic Law N°2004-63 on the Protection of Personal Data (2004) F Law N°2001-65 on Credit Institutions (2001); Law N°2006-26 amending and supplementing Law N°58-90 on the Establishment and Organization of the Central Bank of Tunisia (2006). The Center for Banking Services was created in 2006 under the Central Bank and is charged with monitoring the quality of services provided by credit institutions to their clients and the establishment of reference guides for banking services in order to inform the public and disseminate best practices in this sector. The promotion of the quality of banking services was established as a legal obligation in 2006. The supervision of bank-client relations was brought about by the enactment of the management agreement on deposit accounts, the definition of basic banking services, and the establishment of a mediation system to amicably resolve disputes between two parties.</i>				
Turkey	X	√	√	X
<i>E Law No. 4077 on Consumer Protection (1995) F By-Law on Rules and Procedures for Early Repayment Discount for Consumer Credits and Calculation of Annual Cost Rate (2003); By-Law on Rules and Procedures for Pre-Contractual Information Sheet Given by Housing Finance Institutions (2007); By-Law on Rules and Procedures for Informing Consumers about Housing Finance Contracts Containing Variable Interest (2007); By-Law on Rules and Procedures for Early Repayment Discount and Calculation of Annual Cost Rate in the Housing Finance System (2007); By-Law on Rules and Procedures for Refinance of Loans under Housing Finance (2007)</i>				
Uganda	X	X	√	X
<i>F Financial Institutions Act (2004); Microfinance Deposit-Taking Institutions Act (2003). The Financial Institutions Act and the Microfinance Deposit-Taking Institutions Act ensure the safety of depositors' funds.</i>				
Ukraine	√	√	√	X

G E F O

	General consumer protection law without explicit reference to financial services	Consumer protection law with explicit reference to financial services	Consumer protection regulations within the framework of financial sector legislation	Other types of consumer protection regulation
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G The Law of Ukraine on Consumer Rights Protection (1991)

E The Law of Ukraine on Consumer Rights Protection (amended in 2001 to include financial service provisions)

F Name of law not provided (2007).

United Arab Emirates	X	X	X	X
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United Kingdom	√	√	√	√
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G Cancellation of Contracts made in a Consumer's Home or Place of Work Regulations (2008); Consumer Protection Act (1987); Consumer Protection (Distance Selling) Regulations (2000); Consumer Protection from Unfair Trading Regulations (2008); Estate Agents Act (1979); Fair Trading Act (1973); General Product Safety Regulations (2005); Package Travel, Package Holidays and Package Tours Regulations (1992); Prices Act (1974); Property Misdescriptions Act (1991); Protection from Harassment Act (1997); Sale and Supply of Goods to Consumers Regulations (2002); Sale of Goods Act (1979); Supply of Goods (Implied Terms) Act (1973); Supply of Goods and Services Act (1982); Timeshare Act (1992); Weights and Measures Act (1985); Weights and Measures (Packaged Goods) Regulations (2006)

E Consumer Credit Act (1974); Unfair Contract Terms Act (1977); Unfair Terms in Consumer Contracts Regulations (1999); numerous other regulations, including provisions relating to interest rates.

F There are numerous regulations but the main provisions are contained in the Financial Services and Markets Act (2000) and Consumer Credit Act (1974).

O Financial Services and Markets Act (2010) grants power to the Financial Services Authority (FSA) to make rules to protect consumers. These are contained in the FSA's Handbook. There are many laws and regulations that relate to consumer protection in financial services in the UK. This legislative framework includes acts of the UK parliament and statutory instruments, some of which enact EU law into domestic law. In addition, the UK's common law system means that these acts and regulations are supplemented by judge-made laws.

United States	√	√	√	√
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G Federal Trade Commission Act (1914)

E Consumer Credit Protection Act (1968)

F There are numerous regulations issued by federal agencies that supervise depository institutions.

O The US has numerous laws, both federal and state, that regulate a broad range of financial services for consumer protection.

Uruguay	√	√	√	√
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G Law on Consumer Relations (2000)

E Usury Law (2007)

F Circular 2.016 BCU, Relationship with Customers and Information Transparency (2009)

O Regulatory Decree of the Law of Usury (2009)

Uzbekistan	X	√	X	X
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E Law on Protection of Consumers' Rights (1996)

Venezuela, R.B. de	√	X	√	√
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G Law for the Protection of Persons in Access to Goods and Services (2010)

F Resolution No. 147.02, Official Gazette of the Bolivian Republic of Venezuela No. 37.517, Rules for the Protection of Users of Financial Services (2002); Resolution No. 209.08, Official Gazette No. 39.002, Concerning Preferential Treatment and the Adequacy of Facilities for People with Disabilities, Seniors and Pregnant Women (2009); Resolution No. 385.07, Official Gazette No. 38.825, Stating that All Financial Institutions that Capture Public Resources Must Provide at Least One Checkbook per Checking Account at the Time of Account Opening (2007)

O Resolution No. 228.07, Official Gazette No. 38.800, Prohibiting Financial Institutions from Using Compound Interest in the Calculation of Interest on Lending in the Form of Credit Cards (2007)

Vietnam	X	X	√	X
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F Credit Institution Law (1997); Government's Decree on Deposit Insurance (1999)

Yemen, Rep. of	X	X	X	X
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	G	E	F	O
	General consumer protection law without explicit reference to financial services	Consumer protection law with <i>explicit</i> reference to financial services	Consumer protection regulations within the framework of <i>financial</i> sector legislation	Other types of consumer protection regulation
Zambia	√	X	√	X
<i>G Competition and Fair Trading Act (1994)</i> <i>F Statutory Instruments No. 179 (Cost of Borrowings) and No. 183 (Disclosure of Deposit Charges and Interest) of the Banking and Financial Services Act (1995)</i>				
Zimbabwe	√	√	√	X
<i>G Hire Consumer Contact Act (1994)</i> <i>E Moneylending and Rates of Interest Act (1930); The Banking Act (1999)</i> <i>F Moneylending and Rates of Interest Act (1930); The Banking Act (1999)</i>				