CONSUMER PROTECTION, FINANCIAL EDUCATION AND INCLUSION, OMBUDSMAN: A BENCHMARK

This presentation summarizes the answers of 25 central banks to a questionnaire for a seminar organized by the IBFI, dedicated to Consumer Protection, Financial Education and Inclusion, with a focus this year on mediation practices (26th-30th March 2018).
BETWEEN 70% TO 90% OF NATIONAL CENTRAL BANKS AND FINANCIAL SUPERVISORS ARE INVOLVED IN CONSUMER PROTECTION, FINANCIAL EDUCATION AND INCLUSION

Figure 1: The central bank or prudential supervisor action
I. FINANCIAL INCLUSION
FINANCIAL ILLITERACY, THEN POVERTY AND LOW INCOME ARE THE TWO MAIN OBSTACLES IDENTIFIED TO THE ACCESS TO BASIC FINANCIAL SERVICES

Figure 2: What are the main obstacles to access to basic banking services in your country?
LESS THAN 40% OF COUNTRIES PUT IN PLACE ONE OF THE FOLLOWING FINANCIAL INCLUSION POLICIES: RIGHT TO OBTAIN THE OPENING OF A BANKING ACCOUNT; USURY LIMIT RATE; MICROCREDIT THROUGH MOBILE PHONES

Figure 3: Managing financial inclusion

- Does there exist a "right to obtain the opening of a banking account"?
- Is there any legal definition and a calculation method for the usury limit rate?
- Does microcredit through mobile phones was developed in your country?
ALMOST 70% OF COUNTRIES HAVE DEVELOPED DATABASES WHICH MAKE A CENSUS OF INDIVIDUAL CREDITS

Figure 4: Managing financial inclusion

- Is there databases for the oversight of incidents when individuals use non-cash means of payment?
- Is there databases for the oversight of individuals credits pay-back incidents?
- Does there exist databases making the census of individuals credits?
II. CONSUMER PROTECTION
A LARGE MAJORITY OF COUNTRIES – MORE THAN 75% - PUT IN PLACE LEGAL RULES ADDRESSING PRE-CONTRACTUAL RELATIONS, ENTERING INTO CONTRACT, PERFORMANCE, COMPLAINTS AND CLOSURE OF THE CONTRACT

Figure 5: In your country, what is the scope of the consumer protection rules in the business cycle?
BETWEEN 80 TO 90% OF CENTRAL BANKS AND SUPERVISORS RECEIVE CONSUMERS’ COMPLAINTS AND CONTROL BUSINESS PRACTICES. ONLY 50% OF THE AUTHORITIES WARN THE PUBLIC AGAINST DUBIOUS PRODUCTS OR MISBEHAVING COMPANIES.

Figure 6: The central bank or prudential supervisor action

- Does a prudential control of business practices exist?
- May your Authority receive complaints and claims from the consumers against the credit institutions?
- Periodical alerts and warnings against some dubious financial products or institutions are they broadcasted among the general public?
III. ALTERNATIVE DISPUTES RESOLUTION
54% of the answering countries have a mediation mechanism. 33% of countries have a single ombudsman in charge of the 3 financial sectors (banks, insurances, investment firms).

Figure 7: Mediation for Consumers

- Is there any mediation framework in your country?
- Was this framework created by law?
- Is there a common ombudsman for the three sectors of banking, insurance, and investment services?
- Do several ombudsman exist for the following financial sectors: banking, insurance, investment services?
In 60% of countries the Ombudsman is a public body.

Figure 8: Mediation for Consumers

- Is the Ombudsman a public authority? 60%
- Is it possible for the Ombudsman to be a private actor? 40%
- Is the Ombudsman independent from the firms and professional associations of the concerned financial sector? 50%
- Is it possible for the Ombudsman to be part of a professional association of the concerned financial sector? 20%
- Is it possible for the Ombudsman to be appointed by a firm whose commercial or financial service is concerned by the litigation? 30%
- Is it possible for the Ombudsman to be paid by a firm whose commercial or financial service is concerned by the litigation? 10%
IN 80% OF COUNTRIES THE MEDIATION IS NOT A COMPULSORY REMEDY

Figure 9: Organizational features of the Mediation

- Is the mediation a compulsory remedy?
- When mediation is not compulsory is the consent of both parties necessary?
- Is the mediation free of cost for the consumers and the professionals?
- Is the decision of the Ombudsman compulsory for both parties?
OMBUDSMAN’S DECISIONS ARE CONFIDENTIAL IN A MINORITY OF COUNTRIES (43%). IN 53% OF COUNTRIES THE OMBUDSMAN COULD TRANSFER THE CASE TO COURT OF JUSTICE IN ORDER TO SANCTION A PROFESSIONAL.

Figure 10: Organizational features of the Mediation

Is the Ombudsman's decision confidential? | Is it possible for the Ombudsman to transmit some information to a public authority in order to sanction a professional?
ONLY HALF OF THE COUNTRIES HAVE AN AUTHORITY FOR CERTIFYING AND SUPERVISING OMBUDSMEN. IT IS EVEN MORE RARE – 43% - FOR SUCH AN AUTHORITY TO BE ENFORCED WITH THE POWER OF SANCTIONING OMBUDSMEN.
A minority of ombudsmen publish public reports and data related to their decisions, the rate of satisfaction of parties and some elements of their jurisprudence.

Figure 12: Advertising Ombudsman's decisions

- Does the Ombudsman publish data related to the rates of his positive and negative opinions?
- If yes, do the published data deal with the rates of the Ombudsman's opinions followed by the parties?
- Does the Ombudsman publish some elements of his jurisprudence on an anonymous format in order to inform the public?
This year the participating central banks were from Brazil, Bulgaria, Central Africa States’ Bank, Croatia, Czech Republic, Democratic Republic of Congo, Ethiopia, Georgia, Guinea, Hong-Kong, India, Indonesia, Jordan, Lebanon, Macedonia, Morocco, Mexico, Mongolia, Philippines, Russia, Slovakia, Spain, Turkey, Uganda, Ukraine.

THANK YOU!