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2010/10/04

Shri Pranab Mukherjee,
Hon'ble Minister of Finance,
North Block,
New Delhi 110 021.

Dear Shri Pranab Babu,

G-20 summit Seoul, South Korea:

Establishment of an Experts Group on Consumers' Financial Protection.

Greetings from CUTS International!

Consumer Unity & Trust Society (CUTS International), is a registered, non-partisan and non-governmental organization, pursuing social justice and economic equity, within and across borders, since 1983. CUTS represent consumers at many policy making and regulatory bodies like Central Consumer Protection Council, TRAI, SEBI, CERC and RERC. CUTS has been instrumental in many policy and legislative level changes at national as well as international for consumer protection. For more information about CUTS, please visit: www.cuts-international.org.

CUTS International, being a member of Consumers International (CI), is joining consumer organisations around the world in calling for the G20 to take urgent action to protect consumers of financial services, through:

The establishment of an Experts Group on Consumer Financial Protection with representation from financial consumer protection agencies, independent consumer organisations, and other experts in the fair treatment of consumers of financial services representing the interests of consumers from both developed and developing nations.

The Experts Group on Consumer Financial Protection should be charged to report to the G-20 summit in 2011 with recommendations supporting effective financial consumer protection around the world. In particular, the Experts Group should create and recommend adoption by national governments of minimum standards relating to:

- Fair contract terms and charges for financial products and services.
- Information design and disclosure on financial products.
- The governance and functions of national financial consumer protection bodies.

The Experts Group on Consumer Financial Protection should also make recommendations for:

- The promotion of effective competition in markets for financial consumer services.
- The development of a permanent organisation for international standard-setting and coordination with regard to financial consumer protection.

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The consumer banking sector is complex, rapidly changing and carries significant risks for individual consumers and the wider economy. The financial crisis has already demonstrated how

ineffective regulation of financial consumer lending practices contributed to the creation and worsening of a crisis that rapidly spread from country to country, threatening livelihoods, savings and social stability.

Each year the global economy creates an estimated 150 million new consumers of financial services. Most are in developing countries, where consumer protection and financial literacy are still in their infancy. In a world where banks are highly interdependent, a banking crisis anywhere in the world will further undermine consumer confidence and could have unpredictable international consequences.

The global dimension of financial services and the increasing interdependence of financial markets, as well as the common challenge of effectively regulating complex and fast-moving markets in financial consumer services, adds to the urgency for better regulation of such practices.

International co-operation on financial consumer protection has the potential to deliver substantial savings for national agencies through the co-ordination of research, the development of standards and guidelines, the sharing of best practice and the avoidance of costly crises.

At the G-20 Summit in Pittsburgh in September, 2009, the Leaders' Statement declared, *"Our work is not done. Far more needs to be done to protect consumers, depositors and investors against abusive market practices, promote high quality standards and help to ensure the world does not face a crisis of the scope we have seen."* CUTS International believes the establishment of the above Experts Group would be an important step towards achieving that goal.

We appreciate you raising this issue with the G-20 counterparts and support the establishment of an Experts Group on Financial Consumer Protection at the Finance Ministers' meet on 22 October 2010 at the G-20 summit to be held in Seoul, South Korea.

We would welcome the opportunity to discuss this further with you or other concerned ministers and officials.

Looking forward to your valued response, I remain.

With kind regards,

Yours sincerely,



Pradeep S. Mehta,
Secretary General

Copies to:

1. Shri Sharad Pawar, Hon'ble Minister for Consumer Affairs, Food & Public Distribution, Government of India, New Delhi
2. Shri M. S. Ahluwalia, Deputy Chairman, Planning Commission of India, New Delhi