

Report of Representation

CI's Core Group Meeting on 'Financial Services'

London, November 29-30, 2010

George Cheriyan (Director, CUTS) represented CUTS International in the core group meeting on 'Financial Services Campaign' organised by the Consumers International (CI) in the CI's London office on November 29-30, 2010.

1. Background

CI has launched Consumers for Fair Financial Services – a new campaign to address the crucial issue of financial consumer protection. The aim of the campaign is to ensure consumers access to safe, fair and competitive markets in financial services. The first phase of the campaign, which started in August, had been directed at the G20 meeting in Seoul, held on November 11-12, 2010, requesting the establishment of an Expert Group on Consumer Financial Protection. The idea was that such a group should make recommendations – among others – on minimum standards for fair, transparent and accessible financial services.



The outcome of the Seoul meeting included the inclusion of 'enhancing consumer protection' in the Seoul Action Plan and request of the G20 to the Financial Stability Board (FSB), together with the OECD and other international organisations, to follow through on the issue and report to the G20 meeting in 2011 in France. This achievement was as a result of joint actions, between CI and many of its members. It was also recognised that many of CI's members had already been working on

financial consumer protection issues at the national level in their own country and has vast experience.

2. Objective of the Meeting

The objective of the core group meeting was to evaluate the first phase of the CI Financial Services campaign, started in August 2010 and to finalise the strategies for future phases of the campaign along with drawing up a calendar with key dates and opportunities for 2011.

3. Participants

More than 12 participants (three from Which?) representing 10 consumer organisations from the US, the UK, Germany, Spain, Netherlands, India, South Africa, Brazil & Argentina attended the meeting along with five staff from CI. CUTS was the only organisation from the whole of Asia-Pacific region. Richard Lloyd (former DG-CI) from Choice, Australia briefly participated in few sessions through video conferencing.

4. Proceedings

Justin Macmullan was the principal coordinator of the meeting. The meeting commenced with opening remarks by Joost Martens, DG-CI. Followed by the opening remarks Justin Macmullan made a presentation, evaluating the first phase of the financial services campaign. Followed by the presentation, participants provided their feedback on the campaign and shared lessons learnt. George presented the highlights of the India part of the campaign and the time constraints and other limitations.



The **second session** was on the ‘G20 Action Plan’ with specific reference to financial consumer protection. The G20 Seoul action plan included the following action point:

Enhancing consumer protection: *G20 asked the FSB to work in collaboration with the OECD and other international organisations to explore, and report back by the next summit, on options to advance consumer finance protection through informed choice that includes disclosure, transparency and education; protection from fraud, abuse and errors; recourse and advocacy.*

Justin Macmullan stated that depending on the interpretation of the mandate there is scope to include a lot of the issues included in the ‘CI campaign call’. The G20 wording also allows for recommendations on financial education, complaints procedures and dispute resolution and possibly other issues that were not included in the CI campaign call. The session concluded by identifying eight issues to be included in the recommendations to the FSB after detailed discussions.

The **third session** was on the International Organisation for Standardisation/Consumer Policy Committee (ISO/COPOLCO) facilitated by Robin Simpson from CI. He said that British Standards Institution is hosting ISO/COPOLCO meeting in London during May 23-27, 2011. In the preparations to the meeting, ISO is in the process of organising a ‘Consultation on scope and consumer orientation of financial services’ and gathering information on the current scenario of financial services and the extent to which they meet consumer’s needs. The evidence gathered will help the working group identify gaps in consumer protection and new opportunities for improving it.

The **fourth session** was on ‘Promoting competition in financial services-international opportunities’ facilitated by Dominic Lindley from Which?, UK. He said *Competition is a dynamic process of rivalry that rewards firms that successfully compete on the merits of their product offering, delivering good value and quality to consumers. Firms that serve consumers well thrive while those that do not fail.* Lindley stated that support for large, forced consolidation, suspension of normal competition law etc. leads to increase in market concentration and margins, creation of more

'too big to fail' banks, increase implicit subsidies for large banks, conflicts of interest, disadvantages new entrants and negative impact on consumer confidence/switching.

Participating in the discussions on the point about International fora & Cooperation arrangements on competition, George shared the information about International Network of Civil Society Organisations on Competition (INCSOC) and CUTS campaign on observing December 05 as World Competition Day and distributed the brochures. CUTS' work on competition was applauded and INCSOC was included in the outline strategy document.

The **fifth session** was on 'Financial Inclusion' facilitated by Robin Simpson. The session concentrated on options for international campaigning in this area with the aim of influencing international policies and practices. In particular the session investigated whether there are synergies between the work of CI on consumer protection with the G20/FSB and consumer protection issues in relation to micro-finance and the use of new technology for the provision of financial services. Examples of Tamil Nadu Urban Development Fund for collecting funds from public for utilities and recent Micro-finance issue in Andhra Pradesh, where interest rate being charged by micro financiers ranges from 36-54 percent, calling for a regulation, also was discussed.

During the **sixth session**, the outline strategy for the campaign was finalised. The draft strategy outline will be presented in the CI council meeting scheduled at CI, London on December 02-03, 2010 and once approved will be shared with the members of core group and CI.

The meeting concluded with Justin Macmullan summing up the discussions and thanking each member for active participation in the campaign. Joost Martens made the concluding remarks.

6. Highlights

- It was a good opportunity to understand what is going on at the international level with regard to financial consumer protection, use of new technology in financial services etc. and the relevance and importance of the work on FCP.