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Shri P. Chidambaram  
Hon'ble Minister of Finance,  
North Block,  
New Delhi 110 011

*Dear Shri Chidambaram,*

**Expressing concern over the slow progress made this year on financial consumer protection by G20 and India**

**Greetings from CUTS!**

Consumer Unity & Trust Society (CUTS International), is a registered, non-partisan and non-governmental organisation, pursuing social justice and economic equity, within and across borders, since 1983. CUTS represents consumer interests in many policy making bodies like, Central Consumer Protection Council, TRAI, SEBI, and CERC. 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](http://www.cuts-international.org).

CUTS International, being a member of Consumers International (CI), was part of the joint efforts along with other consumer organisations around the world in calling for the G20 in 2010 to take urgent action to protect consumers of financial services.

As a result of CI's campaign and lobbying by CI and members in 2010, G20 made a commitment to work in this area. This led to the publication in 2011 of a set of OECD high level principles on financial consumer protection and a report from the Financial Stability Board on Consumer Finance Protection. In 2012 this work was supposed to be taken forward with the development of guidelines for implementing the principles and the establishment of FinCoNet, an international network for financial supervisors; however progress has been very slow.

Consumers International and consumer organisations across the world are concerned about the slow progress this year in implementing G20 commitments in relation to strengthening financial consumer protection.

In October 2011, consumer organisations welcomed the G20 finance ministers' endorsement of the OECD high level principles on financial consumer protection and the Financial Stability Board report 'Consumer Finance Protection with particular focus on credit', both of which were also endorsed by the G20 leaders at the Cannes summit. However there has been very little progress in implementing these requests over the last twelve months.

- The development of appropriate guidelines for the implementation of the G20 endorsed high level principles on financial consumer protection has been very slow. To date we have not seen any proposals or drafts.
- The formalisation of FinCoNet (the international network of financial supervisors), which was a key recommendation made by the Financial Stability Board has also been slow. The work of (FinCoNet) was recognised by G20 deputy ministers in April, however this falls short of the participation and commitment to fund FinCoNet's operation initially proposed by the Mexican presidency of the G20.

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It is important that the G20 finance ministers demonstrate their continued commitment to creating a stable and fair financial sector that serves the interests of all consumers. The G20 finance ministers' meeting scheduled on November 9, 2012 creates an opportunity to regain the momentum that has been lost over the last twelve months.

We therefore call on you to support the following:

**The G20 endorsed OECD high level principles**

- Request the OECD taskforce to develop appropriate guidelines for the implementation of all the principles in time for the Russian G20 summit and, if necessary, increase the very limited resources currently allocated to this task. Given the level of agreement in relation to two of the three principles currently identified (Principle 4: Disclosure and transparency and Principle 9: Complaints handling and redress) and the participation of other networks and organisations in developing guidance on Principle 5: Financial education and awareness and Principle 2: Role of oversight bodies, this should be possible.
- Support the development of a regular peer review of financial consumer protection using the G20 endorsed high level principles and appropriate guidelines.
- Ensure there is transparent consultation and communication of progress with all stakeholders in the process.

**FinCoNet**

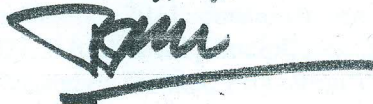
- Jointly endorse the statutes of FinCoNet and commit to support the organisation through the membership and participation of all G20 countries in the proposed work programme.

On the same note, we had also proposed to the Finance Ministry to draft and propose an omnibus Financial Consumer Protection Law to govern several of the above mentioned areas, but the progress has been wanting. The Justice Shreekrishna Commission on Financial Sector Legislative Reforms has taken many of our suggestions on board in its recommendations, which are now with the Government. We would urge you to also review the progress of the omnibus law at the least.

Looking forward to your valued response, I remain,

*with kind regards*

Yours sincerely,



Pradeep S. Mehta

**Copies to:**

1. Sh. Montek Singh Ahluwalia, Hon'ble Deputy Chairman, Planning Commission of India.
2. Justice Shree B. N. Shreekrishna, Chairman, FSLRC New Delhi
3. Shri Yashwant Sinha, Chairman, Parliamentary Standing Committee on Finance, New Delhi
4. Sh. Namo Narayan Meena, Hon'ble Minister of State (EB&I), Government of India
5. Sh. D. K. Mittal, Secretary, Department of Financial Services, Government of India.