

Report of Representation

International Expert Group on Financial Services

London, January 30-February 03, 2013

George Cheriyan (Director, CUTS) represented CUTS International in 'International Expert Group on Financial Services' of the Consumers International, at CI's office in London, on January 31 and February 01, 2013. He also had a meeting with Helen McCallum, DG, CI and other key staff of CI.

International Expert Group Meeting on Financial Services

Access to stable, secure and fair financial services is important for consumers everywhere. As a result of global financial crisis and the double dip economic recession, the importance of financial consumer protection has increased. CI's work on financial services ranges from financial education projects to global campaigning. Keeping in mind the need to have focused work on financial services, an international expert group on financial services was formed in October 2010. The group had its first meeting in London in November 2010, and the group also was involved in side events during the CI World Congress in Hong Kong in May 2011. The group was reconstituted in October 2012 and given the work that CUTS has done in this area, CUTS was invited to re-join the group for 2013. The reconstituted group had its first meeting in London.

Participants

The following eight members attended the meeting: Bernard Kihyo, Tanzania Consumer Advocacy Society; Dominic Lindley, Which?, UK; Maxime Chipoy, UFC-Que Choisir, France; Norma Garcia, Consumer Reports, US; David Ortega, Organización de Consumidores y Usuarios, Spain; Oscar Alvarez Alconsumidor/CiCC, Mexico along with George Cheriyan. Michelle Smyth, Which?, UK; Elena Wolf, KonFop, Russia; Ying Yu, Research Fellow of International Law, Wuhan, China attended the meeting as observers. Justin Macmullan, Antonino Serra, Robin Simpson and James Braddock from CI also participated.



Proceedings

After a brief introduction of participants, CI work plan was presented by Justin, Coordinator of the group. After discussions on the draft plan, Update on G20 campaign/OECD high level principles on financial consumer protection and FinCoNet work plan responsible lending was presented and discussed and followed by a discussion on the proposal to include financial services under 'measure relating to specific areas' of the UN Guidelines for Consumer Protection. The proposed text on financial services was circulated and discussed.

George Cheriyan made a presentation on the banking culture and the issue of sales incentives in Indian banks supported by some of the internal circulars collected from Indian banks, which reveals big cash incentives for selling financial products. The information gathered in a very short span of time was much appreciated.



In the session on basic bank accounts, Cheriyan spoke about *Aadhaar*, which is going to be a big boost to the financial inclusion in India as an identity and a resident proof. He shed light on the new 'Direct Benefit Scheme' in India, in which a basic account is mandatory.

He also spoke about multiple regulators in the financial sector, such as Reserve Bank of India, Securities & Exchange Board of India, Insurance Regulatory Development Authority, Forward Markets Commission & Pension Fund Regulatory and Development Authority. He further spoke about the Financial Sector Legislative Reforms Commission (FSLRC) and the highlights of its approach paper (www.fslrc.org.in/files/fslrc_approach_paper.pdf) released in October 2012 and the proposed Financial Redressal Agencies at the district level. He also mentioned about the pre-budget consultations of CUTS with the Finance Minister and raising issues related to *Fonds Commun de Placement*. He stated that the focus of CUTS in 2013 will be to advocate with the Finance Ministry for the earliest implementation of the recommendations of FSLRC, once it is submitted.

Plan of Action and Funding Priorities for 2013

CI work plan for 2013 was finalised which includes banking culture and sales incentives, basic bank accounts, supporting development of international standards for safer mobile payments, lobby for effective implementation of the G20 declaration on FCP, establishing FinCoNet as the international organisation for FCP. Cheriyan urged to conduct an elaborate survey on sales incentives/availability of basic products, if funding support is available.

Concluding Session

In the concluding session, Ms. Gracy Y. Sone, Secretariat Member, Financial Stability Board (FSB), Basel participated and made the concluding remarks. Ms. Sone spoke about FSB, its work plan with emphasis on consumer impact and about resolution regimes. During discussions, Cheriyan inquired the membership structure of FSB and raised issues about the Central bank in India (RBI) showing lack of interest and not having a mechanism for active participation in the FSB and FinCoNet processes.

2. Meetings

On the side-lines of the meeting, Cheriyan met with Helen McCallum, Director General, Consumers International and few of the programme staff of CI.