

Financial Consumer Protection

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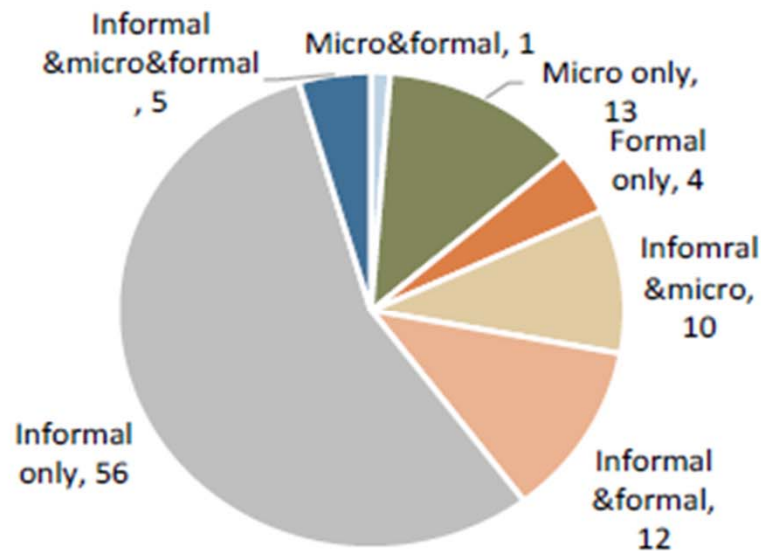
*RBAP Annual Convention
23 May 2016*



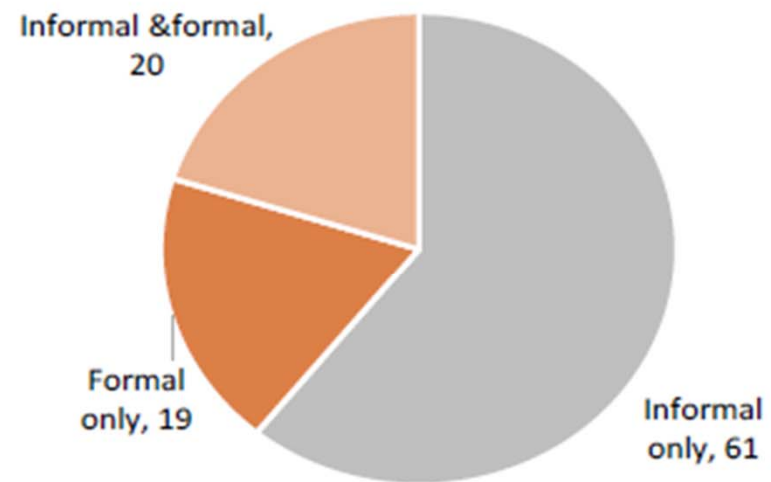
BANGKO SENTRAL NG PILIPINAS

Use of informal and formal credit and saving services

Use of credit products: informal, formal and micro



Use of savings products: informal and formal



Source: World Bank Group's Financial Capability and Inclusion Survey Report – Philippines, July 2015

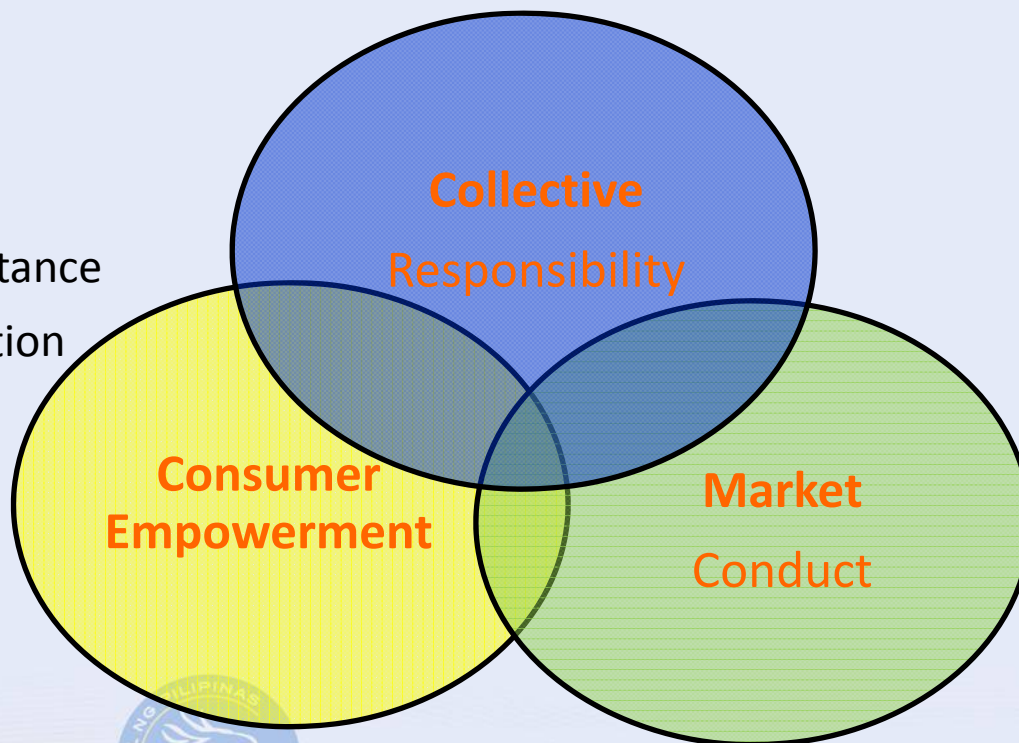


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The BSP Financial Consumer Protection Framework

- *Circular No. 857 dated 21 Nov 2014 ; Effective on 11 Dec 2014*
- *The Framework visualizes an engaged stakeholder in an inclusive financial system and an enabling environment that protects the interest of financial consumers*

- Consumer Assistance
- Financial Education
- Policy

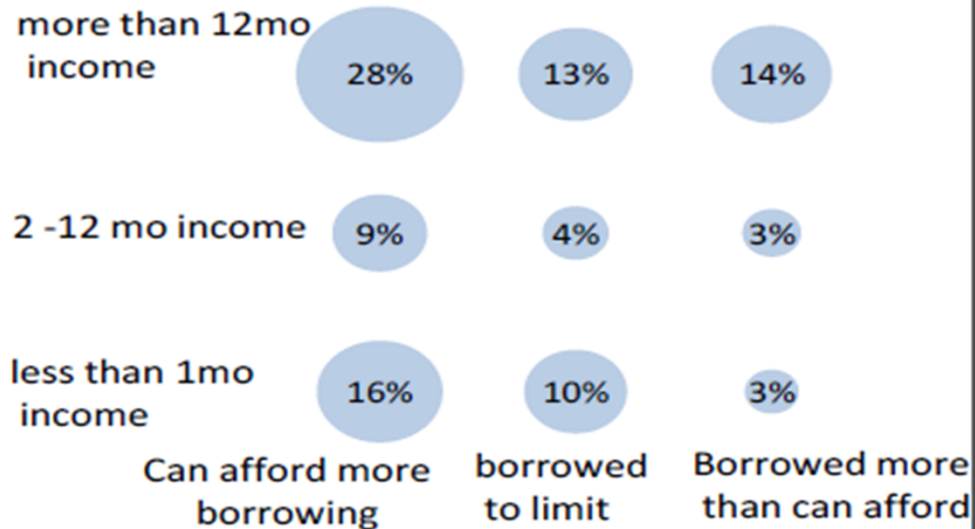
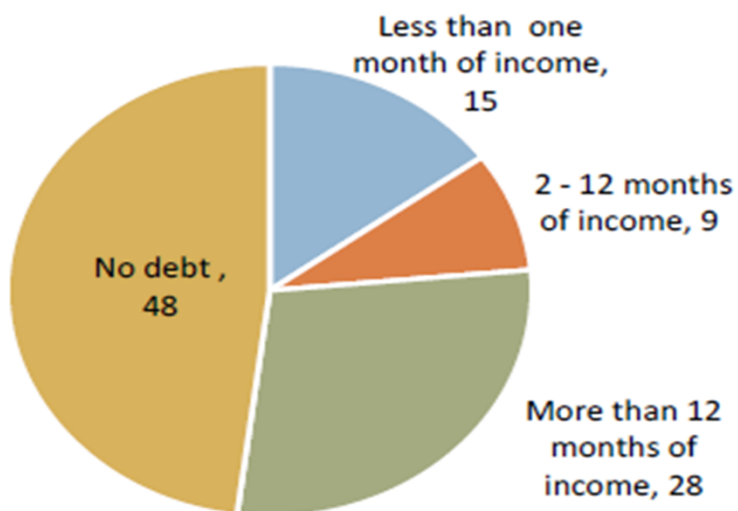


- Standards of Conduct
- On-site Assessment
- Off-site Surveillance
- Market Monitoring
- Enforcement Actions



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52% or about 22 million adults report that their households borrow for basic necessities.



52% of those who currently have loans report that they can afford borrowing more while 28% say that they have borrowed to the limit and 20% that they have borrowed more than they can afford.



Primary Consumer Protection Issues

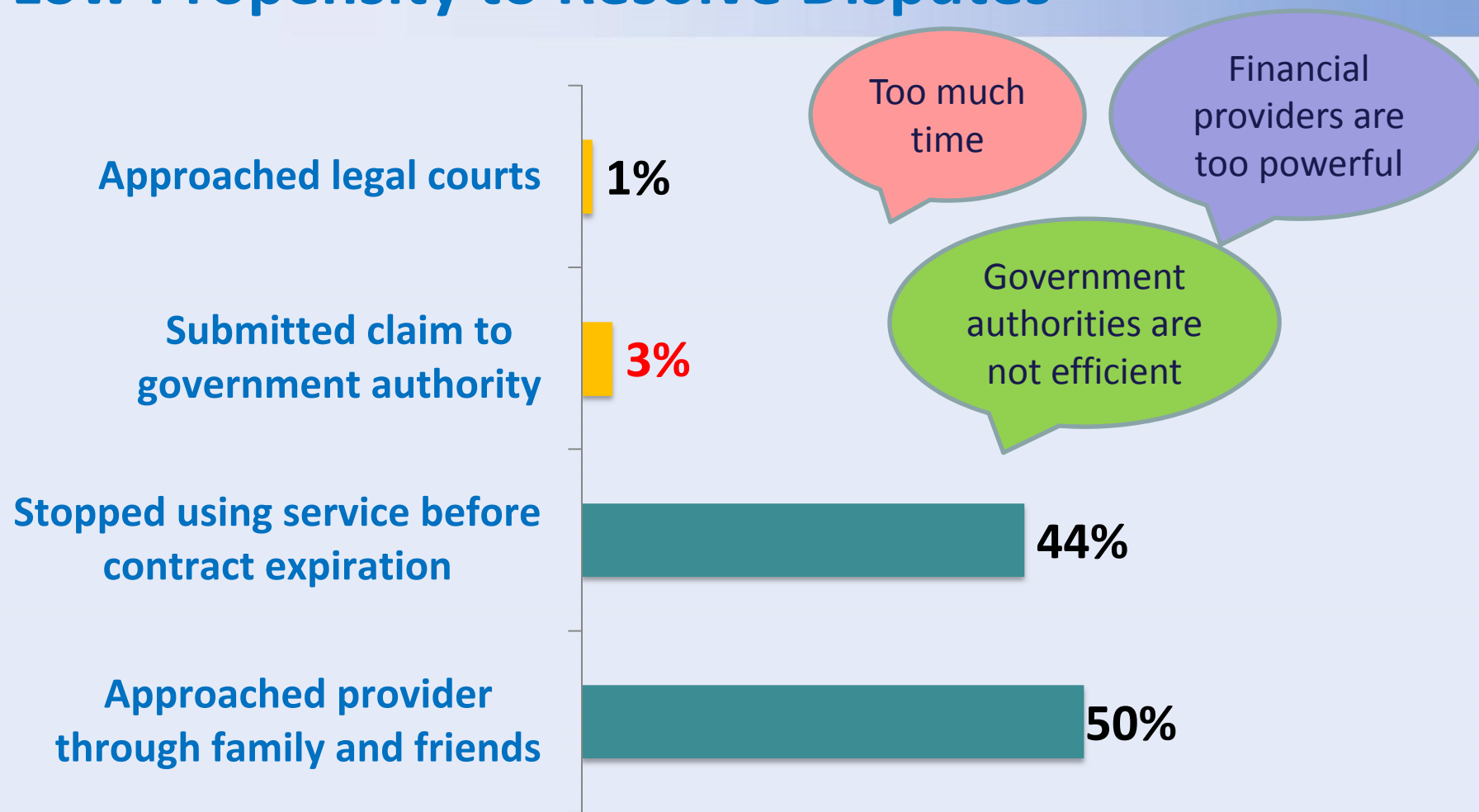
Fair Treatment

- Over-indebtedness
- Treatment of clients
- Collection practices
- Affordability of product/service offered
- Presentation of the product
- Sales techniques



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Low Propensity to Resolve Disputes



Source: World Bank Group's Financial Capability and Inclusion Survey Report – Philippines, July 2015



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Primary Consumer Protection Issues

Effective Recourse

- Consumer assistance or complaint handling
- Response/resolutions to complaint
- Correction of errors, mistakes and or deficiencies
- Customer service

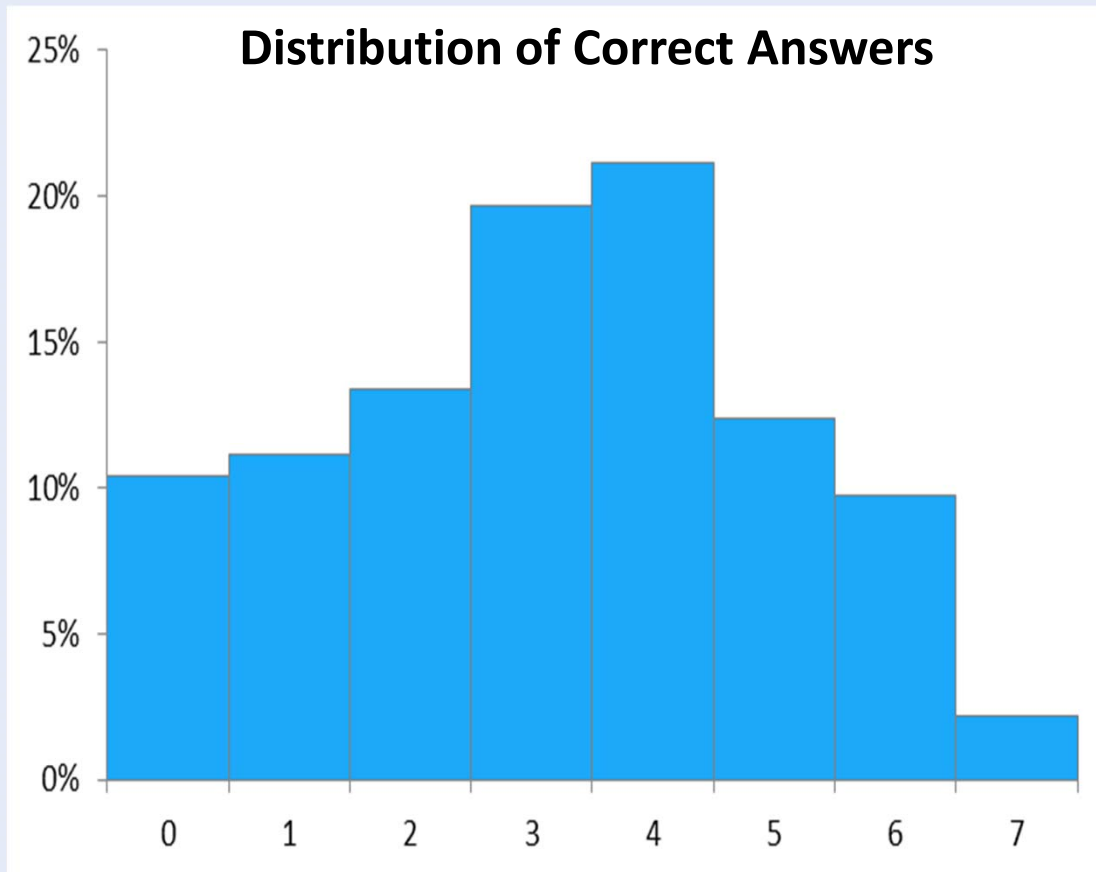


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WB Survey Results Are NOT Encouraging

World Bank Financial Literacy Quiz

- Filipino adults were able to answer **3.2** out of **7** finlit questions correctly
- ONLY **2%** answered all 7 questions correctly
- **10%** with no correct answer



Source: WB Financial Capability Survey, Philippines 2014

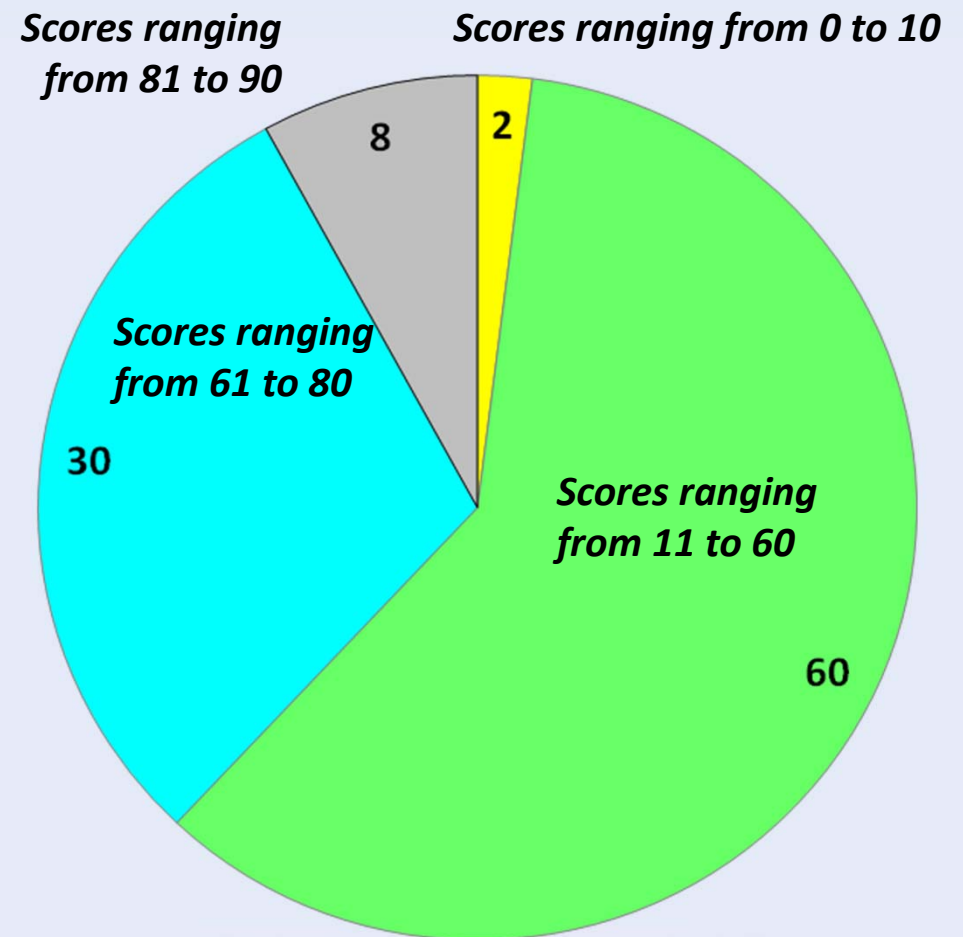


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Self-Assessments May be Over-Rated

Financial Literacy Rating & Scores

- **20%** rated themselves as **“expert”** and only **34%** said they considered themselves as a **“novice”**
- Yet, 92% scored **worse than 80**
- **No one** scored better than 90



Lifted from: SOLAR FLARe Financial Literacy Advocacy Report
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Primary Consumer Protection Issues

Financial Education and Awareness

- Knowledge and understanding of rights and responsibilities, basic information and risks of availing a product/service
- Financial decision
- Money management skills
- Basic financial activities and protection against fraud.



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Primary Consumer Protection Issues

Disclosure and Transparency

- Fees and charges
- Terms of contracts
- Advertising materials
- Fundamental benefits and risks
- Access to information
- Notification
- Literacy limitations
- Statement of Account

Protection of Client Information

- Identity theft
- Sharing of personal information to third parties
- Data security platform and processes
- Confidential documents



Thank You



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