Good evening Governor Dr. Aziz, distinguished guests, ladies and gentlemen.

I am pleased that technology is allowing me to join you. I would have liked to be with you in person, of course. I understand that already you have had a rich conversation today and I look forward to hearing more about what you have been discussing. I would like to praise Governor Dr. Aziz’s leadership on the issue of financial inclusion.

The issues you are discussing are so important. Consumer protection and responsible finance are inherent parts of a good, sustainable financial system. Today we are focused on action by regulators. In fact, effective consumer protection and responsible finance rest on three pillars. They demand action by consumers, by industry, as well as by governments.

The first pillar is the ability of consumers to understand choices, products and rights - in other words, consumer capability. This includes financial literacy, but it is more than that. Consumers not only need to grasp the principles of financial products (interest rates, principal, clauses, etc.), but they also need to develop good healthy financial behavior (such as budgeting, saving habits, comparing offers, etc.). This all is best achieved when service providers and governments facilitate it, and when clients actively pursue it.

The second pillar is regulation. Countries including Peru and Malaysia and others present today have shown us how policies can promote the sustainable growth of the financial sector while also protecting the consumer.

The third pillar is what we call self-regulation by industry. It can take many forms. Some, like the Smart Campaign, provide practical guidance on delivery of services. Others seek voluntary participation by MFIs and banks in pricing and transparency reviews. But this is mainly geared to the practitioners. There is another level of self-regulation that is necessary to have full effect from it. And that is investors.

I am very happy to have been part of the launching of the Principles for Investors in Inclusive Finance, together with public and private sector partners. With the growing participation of both practitioners and investors to this type of initiatives, it will be easier for financial institutions to pursue balanced growth bearing in mind not only value creation for shareholders but also for the life improvement of consumers. And finding this balance ladies and gentlemen, is extremely important.

So, I think we can all agree that action by consumers and industry is needed. And then when talking about policymakers, the question for us is how can they most effectively promote consumer protection? Your experiences illustrate that there is no one-size fits all approach.

Successful approaches do share several elements. We know that it is important to focus on key goals. These include transparency in pricing, fair treatment, effective recourse and financial literacy. And we know that successful approaches respond to the national context and priorities. And, we also see how valuable it can be for policymakers to work together with industry and consumers.

What do I mean? Let me begin with my home country, the Netherlands. Financial literacy is a big priority for us. We’ve learned that many people, especially youth, struggle to understand and manage finances. A third of our youth under 18 show risky behavior, such as gambling and having debts. I regularly talk to 18 or 19 year olds who have debts of thousands of euros. This gives them a very bad start to their careers and family life.

For several years, we’ve been working very hard to address this. In 2006, the Ministry of Finance legally initiated a platform called ‘CentiQ, Wiser in Money Matters’. This brings together more than 40 organizations from the financial, social and education sectors, as well as government, public information and consumer rights groups. They have joined forces to make consumers money wise and build financial literacy. I accepted the role as
Honorary Chair of CentiQ, because this matter is so important for our future.

As part of our efforts, we have to consider regulation. And we think about how other kinds of policy and government leadership can contribute to consumer protection. Just to cite an example out of many, and I know someone from CentiQ is with you in Kuala Lumpur today, we have started in the Netherlands a National Money Week to make sure that children learn about finances in the classroom. Partnerships of this kind (ministry of finance and education) are so important in this.

But also other countries have shown leadership in this area. In Peru, for example, the Superintendency gathers interest rates and prices on all loans and publishes them in newspapers. Now this is also being done for savings. This approach has helped consumers make more informed choices. And it has also spurred competition. As a result, there has been a marked decline in loan interest rates over fifteen years.

In Malaysia, Bank Negara, as you’ve heard, also takes a market approach. It allows banks to impose charges in accordance with general principles, and mandates disclosure. But Bank Negara reserves the right to moderate charges deemed to be excessive.

So you see, different approaches, but equally effective. You have heard today many other examples. I think we can all be inspired and learn from them. Still we also must recognize that there are still challenges and unanswered questions.

For example, on the implementation front, what do we do if supervisory capacity is still growing? How can one work with partners to strengthen oversight? Or how to help financial institutions understand those rules and implement them? Would it be useful to conduct trainings, or seminars as new regulations are introduced? Are formulas widely available? Is data available to the general public and to consumer protection groups?

Another issue is how consumer protection for financial issues relates to overall consumer protection issues, and overall financial system supervision. Where should we place responsibility for prudential regulation versus market conduct oversight? These can be in the same authority or allocated to different authorities. Similarly, a supervisor can have cross-sector mandates, or different authorities could regulate depending on the services they offer.

What we often see is a mixture of approaches. According to CGAP, almost 50 countries have both a general cross-market consumer protection law that refers to financial services, and a consumer protection chapter within the financial sector legal framework. Of course there could be overlap between them. In all cases, clear coordination, information exchange and lines of jurisdiction are so important. Otherwise, the complexity and overlap can become a barrier.

Now in other cases, there may be no general consumer protection law. In this case, financial sector regulatory agencies have used existing laws and authority to address transparency, fair treatment and recourse. And thus improved consumer protection. Cambodia and Kenya - I understand you have heard about those countries today - illustrate this approach.

Whatever situation we are in, implementation will be key. But also, one has to assess whether these measures have the desired impact.

The Central Bank in The Philippines, for example, is moving forward with improved transparency regime for non-banks through more effective disclosure. At the same time, it is testing what works and what doesn't with lower-income and less literate consumers. This is key. Only by hearing directly from low-income and the most vulnerable consumers, will we identify the kinds of solutions that protect the clients who need it most.

So, ladies and gentlemen, I will conclude by stressing that financial inclusion shows tremendous promise in improving lives around the world. Like many things that are relatively new, the sector still requires some nurturing. This means proper regulation and supervision to enable financial literacy, transparency and recourse - and effective consumer protection. It means working in partnership with industry and clients. And piloting new approaches. It means that we need to do more, not less, to continue to develop and grow inclusive financial
systems.

I look forward to hearing your views on the most effective ways to achieve this.

Thank you.