

**For Official Use****English - Or. English****10 February 2025****COUNCIL****Council****REPORT ON THE IMPLEMENTATION OF THE OECD  
RECOMMENDATION ON CONSUMER PROTECTION IN THE FIELD OF  
CONSUMER CREDIT****(Note by the Secretary-General)**

*This revised document reflects the outcomes of the 4 February 2025 session of the Executive Committee.*

**JT03559578**

1. This document presents, in its Annex, a Report by the Committee on Financial Markets (CMF), through the Working Party on Financial Consumer Protection, Education and Inclusion (WPFCEI), on the implementation of the OECD Recommendation on Consumer Protection in the field of Consumer Credit [[OECD/LEGAL/0453](#)] (hereafter, the “Recommendation”), including on the implementation of its substantive provisions, its dissemination and its continued relevance (hereafter, the “Report”). The Report concludes that the Recommendation remains relevant and includes proposed actions to further support its dissemination and implementation as well as to revise it to reflect recent policy developments in consumer credit markets.

2. On 13 January 2025, the CMF approved, by written procedure, the Report set out in the Annex and its transmission to Council to be noted and declassified [[DAF/CMF\(2024\)10](#)]. Following approval, minor adjustments were made to the Report, at the request of some Adherents, to the description of their domestic situation. The CMF was informed of these adjustments [[DAF/CMF\(2024\)10/FINAL](#)]. Once declassified, the Report will be included on the [online Compendium of OECD legal instruments](#).

## Background

3. The Recommendation was adopted by the Council in 2019 on the proposal of the CMF, replacing the 1977 Recommendation concerning Consumer Protection in the Field of Consumer Credit [[OECD/LEGAL/0150](#)]. The Recommendation is included in the Financial Stability Board (FSB) Compendium of Standards, and it is the only international standard relating to consumer protection in consumer credit markets.

4. The Recommendation complements the OECD Recommendation on High-Level Principles on Financial Consumer Protection [[OECD/LEGAL/0394](#)]. All OECD Members as well as Brazil are Adherents to the Recommendation.

5. Access to affordable consumer credit is a vital part of a modern and inclusive financial services system and it enables consumers to achieve many of their goals and objectives. At the same time, consumer protection issues relating to consumer credit and in particular concerns about over-indebtedness are high on the public policy agenda of many jurisdictions. Thus, it is important that consumer credit is provided fairly and responsibly to increase financial inclusion and avoid over-indebtedness, which is detrimental for both consumers and businesses.

6. The aim of the Recommendation is to reflect best practice approaches to regulation of consumer credit products and services, to promote fair treatment of consumers via affordable and suitable credit products, and to prevent over-indebtedness which is detrimental for both consumers and businesses. It is intended to effectively cover the life cycle of consumer credit transactions including before, during and after the point of sale. The Recommendation addresses the particular risks to consumers arising from consumer credit transactions, including inter alia the need for specific disclosure standards to indicate the real cost of credit and other key terms, responsible lending practices, prohibition on unfair contract terms, and protection against abusive practices, such as predatory lending. The Recommendation also stipulates that Adherents should ensure that oversight arrangements are in place for credit reporting agencies including accessing and correcting credit reporting data, and that consumers have access to adequate complaints handling and redress mechanisms and competitive credit markets.

7. The Council instructed the CMF, through the WPFCEI, to review the implementation of the Recommendation and to report thereon to the Council no later than 5 years from its adoption (i.e., in 2024), and at least every 10 years thereafter.

## Methodology

8. The methodology for developing the Report consisted of:
- discussions of key issues at the WPFCEI meetings, including for example a Roundtable Discussion organised in March 2024 to discuss the latest developments in consumer credit markets and related policy, regulatory and supervisory approaches including with a number of leading academics [[DAF/CMF/FCP\(2024\)4](#)];
  - collection of data, information, views and other inputs from Adherents and selected non-Adherents via a detailed Questionnaire [[DAF/CMF/FCP\(2024\)5/ADD1](#)], and analysis of the responses. The selected non-Adherents included non-Members that have been invited to participate in meetings of the WPFCEI, i.e., G20 countries<sup>1</sup> and FSB members, as well as ASEAN Member States and FinCoNet members. The rationale for including these non-Adherents was to raise awareness of the Recommendation and potentially encourage future adherence. Forty-seven (47) jurisdictions submitted a response, including 36 Adherents (hereafter, “responding Adherents”) and 11 non-Adherents (hereafter “responding non-Adherents”). Table 1.1 in the Report includes the full list of responding jurisdictions;
  - desk-based review and analysis of relevant literature and research relating to new and emerging trends and best practices in consumer credit markets.

## Process

9. In October 2023, the WPFCEI noted the proposed approach regarding the development of the Report [[DAF/CMF/FCP\(2023\)18](#)] and its objectives to assess:
- the level of implementation and dissemination of the Recommendation; and
  - the continued relevance of the Recommendation, including whether new or emerging developments and related consumer protection approaches in consumer credit markets since 2019 warrant any revisions or updates of the Recommendation.
10. In March 2024, in line with the approach discussed and noted by the WPFCEI, a Questionnaire [[DAF/CMF/FCP\(2024\)5/ADD1](#)] was shared by the Secretariat with Adherents and selected non-Adherents (as described in paragraph 8). The purpose of the Questionnaire was to gather information and views about:
- the level of implementation of the Recommendation (including a summary of means of implementation and examples of good practices) and the efforts to disseminate the Recommendation; and
  - the continued relevance of the Recommendation, including recent developments and emerging trends in consumer credit markets that may warrant a revision.
11. On 17-18 October 2024, the WPFCEI discussed the first draft Report at its meeting, which was an opportunity for Delegates to share concrete examples of their implementation efforts, and provided a forum for Adherents and non-Adherents to discuss best practices and challenges. Further to the meeting, several Adherents and non-Adherents provided comments to the draft Report, including additional examples of best practices

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<sup>1</sup> Except the Russian Federation. On 8 March 2022 the OECD Council decided to suspend the participation of the Russian Federation and Belarus in OECD bodies [[C/M\(2022\)4](#), item 73 and Annex I].

[[DAF/CMF/FCP\(2024\)11](#)]. The WPFCEI approved the transmission of the revised draft Report to the CMF on 13 December 2024 [[DAF/CMF/FCP\(2024\)11/REV1](#)].

12. On 13 January 2025, the CMF approved, by written procedure, the Report and its transmission to Council to be noted and declassified [[DAF/CMF\(2024\)10](#)]. Following approval, minor adjustments were made to the Report, at the request of some Adherents, to the description of their domestic situation. The CMF was informed of these adjustments [[DAF/CMF\(2024\)10/FINAL](#)]. Once declassified, the Report will be included on the webpage of the Recommendation on the [online Compendium of OECD legal instruments](#).

## Summary

13. This section provides a summary of the findings of the Report, especially regarding implementation and dissemination of the Recommendation, as well as conclusions about its continued relevance and the need for further follow up actions. The large number of responses and engagement, including from non-Adherents, shows the global importance of the Recommendation. The responses represent a comprehensive range of views, developments and approaches in consumer credit markets and provide a solid evidence-base foundation for the present review.

### *Implementation*

14. Overall results of the review of implementation of the Recommendation show that it has been widely implemented by responding Adherents. Out of the 36 Adherents that responded to the Questionnaire, 13 stated that they have *Fully Implemented* all provisions of the Recommendation, and another 14 stated they have *Fully Implemented* the majority of the provisions of the Recommendation. Finally, nine responding Adherents stated that they have *Fully Implemented* some of the provisions of the Recommendation.

15. Where responding Adherents reported that certain provisions were either *Partially Implemented* or *Not Implemented*, they generally identified two main reasons as gaps or impediments to full implementation, namely, first, that overarching legislation has not yet been developed into specific requirements and, second, new legislations and requirements have been proposed or developed by some responding Adherents but have yet to be implemented.

### *Dissemination*

16. Responses to the Questionnaire show that several Adherents have made efforts to disseminate the Recommendation at the national level. For example, five responding Adherents stated that they disseminated the Recommendation by publishing the text of the Recommendation on the websites of relevant public authorities and sharing the Recommendation with relevant stakeholders, including public authorities, consumer associations and industry. Moreover, one responding Adherent stated they referenced the Recommendation in their domestic legislation and one responding Adherent have translated the Recommendation into their national language.

17. Dissemination as regards non-Adherents has been fruitful as eleven non-Adherents responded to the Questionnaire, which demonstrates the global value of the Recommendation in increasing protection for consumers in the consumer credit markets. Five responding non-Adherents took action to disseminate the Recommendation, three stated they referenced the Recommendation in their domestic legislation and two translated the Recommendation into their national language. The Secretariat can engage with these jurisdictions further in due course to encourage them to adhere to the Recommendation.

18. Adherents are encouraged to take more steps to disseminate the Recommendation, including for example, translating it into their national language. Links to such translations would be added on the webpage of the Recommendation on the [online compendium of OECD Legal Instruments](#) and could also be compiled into a central repository of unofficial translated versions accessible on the website of the WPFCEI.

### *Continued relevance*

19. Regarding the continued relevance of the topics addressed by the Recommendation, nearly all responding Adherents (95%) agreed that they continue to be relevant.

20. Moreover, responding Adherents identified a number of recent developments and emerging trends that warrant a revision of the Recommendation. The policy areas that were most cited related to the increasing use of artificial intelligence and machine learning in lending decisions, the rise of new forms of credit or credit-like products (e.g. Buy-Now-Pay-Later products which have emerged in many jurisdictions in recent years), the need for enhanced protections for consumers in vulnerable circumstances as highlighted by the experience of the COVID-19 pandemic in particular, and debt collection practices. Responding Adherents also highlighted the importance of covering topics relating to access and inclusion to promote inclusive consumer credit markets and topics related to quality financial products, which would enable to align the Recommendation with the OECD Recommendation on the High-Level Principles on Financial Consumer Protection [[OECD/LEGAL/0394](#)]. These topics were generally supported also by responding non-Adherents.

21. The Questionnaire asked whether such developments and emerging trends warrant a revision of the Recommendation. Three-quarters of the Adherents that responded to this question are supportive of a revision of the Recommendation to ensure it continues to be up to date and reflect best practices. During the WPFCEI meeting on 17-18 October 2024, Adherents confirmed their support for addressing these policy areas through a revision of the Recommendation.

22. In line with the conclusions of the Report, supported by the WPFCEI and approved by CMF, a proposal to revise the Recommendation will be developed with a view to reflect recent policy developments in consumer credit markets to ensure the Recommendation continues to reflect best practices.

### **Proposed Action**

23. In light of the above, the Secretary-General invites the Council to adopt the following draft conclusions:

#### THE COUNCIL

- a) noted document [C\(2025\)25/REV1](#), in particular the Report set out in its Annex, and agreed to its declassification;
- b) encouraged Adherents to the Recommendation to:
  - i. continue implementing and disseminating the Recommendation, including through sharing it with relevant stakeholders;
  - ii. address the challenges identified in the Report, in particular in section 2.2, including by taking part in discussions identifying recent developments and emerging trends relating to consumer credit markets;

- c) invited the Committee on Financial Markets, through the Working Party on Financial Consumer Protection, Education and Inclusion, to:
  - i. support Adherents in addressing the main challenges set out in the conclusions of the Report, in particular section 2.2 and 4.3, including by discussing the need to develop guidance to support the implementation of the Recommendation;
  - ii. develop a proposal for the Council to revise the Recommendation in light of recent developments and emerging trends in consumer credit markets.

## ANNEX

## Report on the implementation of the OECD Recommendation on Consumer Protection in the field of Consumer Credit

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## 1. Background

### 1.1. Origin and scope of the Recommendation

1. Access to affordable consumer credit is a vital part of a modern and inclusive financial services system and it enables consumers to achieve many of their goals and objectives. It is important that consumer credit is provided fairly and responsibly to increase financial inclusion and avoid over-indebtedness, which is detrimental for both consumers and businesses.

2. The OECD Recommendation on Consumer Protection in the field of Consumer Credit (hereafter, the "Recommendation") [[OECD/LEGAL/0453](#)] was adopted by the OECD Council in 2019 on the proposal of the Committee on Financial Markets (CMF).

3. The Recommendation replaced the 1977 *Recommendation concerning Consumer Protection in the field of Consumer Credit* [[OECD/LEGAL/0150](#)]. All OECD Members as well as Brazil have adhered to the Recommendation (hereafter referred to as "Adherents"), which is included in the Financial Stability Board (FSB) Compendium of Standards. The Recommendation is the only international standard relating to consumer protection in consumer credit markets and complements the OECD Recommendation on High-Level Principles on Financial Consumer Protection [[OECD/LEGAL/0394](#)].

4. The aim of the Recommendation is to promote best practice approaches to regulation of consumer credit products and services, to promote fair treatment of consumers via affordable and suitable credit products, and to prevent over-indebtedness which is detrimental for both consumers and businesses. It is intended to effectively cover the life cycle of consumer credit transactions including before, during and after the point of sale. The Recommendation addresses the particular risks to consumers arising from consumer credit transactions, including inter alia the need for specific disclosure standards to indicate the real cost of credit and other key terms, responsible lending practices, prohibition on unfair contract terms, and protection against abusive practices, such as predatory lending. The Recommendation also sets out that Adherents should ensure that oversight arrangements are in place for credit reporting agencies including accessing and correcting credit reporting data, and that consumers have access to adequate complaints handling and redress mechanisms and competitive credit markets.

5. The Recommendation covers the legal, regulatory, and supervisory framework, the role of oversight bodies, the equitable and fair treatment of consumers (e.g., unfair contract terms), and the disclosure of information to consumers. It promotes financial education and awareness about consumer credit products, fair treatment and responsible business conduct by credit providers (e.g., responsible lending arrangements, responsible debt collection practices), and protection of consumers assets, data, and privacy. The Recommendation also addresses complaints handling and redress mechanisms as well as competitive credit markets.

### 1.2. Developments in the field since the adoption of the Recommendation

6. Since the adoption of the Recommendation in 2019, consumer credit markets have evolved and been affected by major changes. Building on relevant literature and research relating to new and emerging trends and best practices in consumer credit markets, and discussions at meetings of the Working Party on Financial Consumer Protection, Education

and Inclusion (WPFCEI)<sup>2</sup>, the Secretariat identified six key areas where recent developments would affect consumer protection in relation to consumer credit. The Questionnaire shared with Adherents and other selected jurisdictions to support the development of the Report (see section 1.3 for an overview of the methodology) sought the views of jurisdictions on recent developments or emerging trends in consumer credit markets in their jurisdictions, in order to support a reflection on the continued relevance of the Recommendation. The following sections outline the key developments in these six policy areas.

7. The six policy areas related to the increasing use of artificial intelligence and machine learning in lending decisions, the rise of new forms of credit or credit-like products (e.g. Buy-Now-Pay-Later products which have emerged in many jurisdictions in recent years), the need for enhanced protections for consumers in vulnerable circumstances, as highlighted by the experience of the COVID-19 pandemic, and debt collection practices. Adherents also highlighted the importance of covering topics relating to access and inclusion to promote inclusive consumer credit markets and topics related to quality financial products, which would enable to align the Recommendation with the Recommendation on the High-Level Principles on Financial Consumer Protection [[OECD/LEGAL/0394](#)].

8. The Report showcases a number of examples of existing approaches to face these developments and emerging trends.

### *1.2.1. Use of AI and algorithms in lending decisions*

9. Artificial Intelligence (AI) is a new, but widely adopted technology that can be used to support financial services firms with their financial products and services. AI has the ability to process large amounts of data and has shown significant potential to generate benefits for consumers, being implemented to detect and prevent fraud, combat money laundering and cybercrime, assess creditworthiness and help customer service through using chatbots (De Nederlandsche Bank, 2024<sup>[1]</sup>). AI has been characterised as increasing cost-efficiency of financial services and reducing the barrier of accessing financial services.

10. However, there are also concerns related to its use, especially since jurisdictions may lack adequate governance frameworks. The use of AI and algorithms may lead to unfair and discriminatory outcomes by perpetuating biases present in historical data. Additionally, there are concerns relating to privacy and data protection, where models could go beyond privacy safeguards of consumers. This could harm consumers and erode trust in financial services institutions. Lending decisions based on AI or algorithms may also lack of transparency and accountability, making it difficult to explain to a consumer why a certain decision was made. Finally, reliance by credit providers on chatbots compared to more traditional customer service options can limit access for consumers who are less digitally literate. As the use of AI extends further, supervisors and policymakers need to continuously assess the use of AI and monitor associated risks to consumers, especially those who may be less digitally literate.

11. In **Poland**, to ensure transparency when consumer credit providers use AI, consumers have the right to demand explanation when lending decisions are generated by automated systems. **Japan** recently released the Financial Data Utilizing Association (FDUA)'s Generative AI Guidelines, which consists of the Financial generative AI

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<sup>2</sup> On 1 January 2025, the WPFCEI replaced the Task Force on Financial Consumer Protection, which has supported the development and implementation of the Recommendation since its adoption.

Practical Handbook and the Financial Generative AI Guidelines. These documents set out the principles, laws, and regulations that should be considered when promoting generative AI in financial institutions and it includes a detailed summary of the effects, risks, and countermeasures when using AI. In **Israel**, financial models based on Artificial Intelligence have to meet the same requirements as any other models do, especially when it comes to accountability, explainability, and transparency. Several jurisdictions noted they are implementing the European Union (EU)'s new Consumer Credit Directive (CCD2) which also includes regulations regarding AI, giving the right to consumers to obtain human interventions when the lender uses AI to conduct credit worthiness assessment. Moreover, several jurisdictions also note that the new EU's Artificial Intelligence Act provides more specific regulations regarding classifying systems using artificial intelligence into three categories with corresponding guidelines (see Box 1.1).

### *1.2.2. New or emerging forms of credit and credit-like products*

12. Many jurisdictions have witnessed an increase of new forms of credit and credit-like products such as Buy-Now-Pay-Later (BNPL) products, peer-to-peer lending, earned wage products and equity sharing. Of these products, BNPL products are the most cited by jurisdictions and between 2019 and 2023, BNPL activity has increased sixfold globally (Cornelli, Gambacorta and Pancotto, 2023<sup>[2]</sup>). BNPL products offer consumers flexibility in payment options, allowing them to buy a product and pay within a specified timeframe, free of interest payments. Consumers are typically drawn to BNPL schemes by the absence of fees, interest rates and impact on credit score, but also the ability it gives consumers to see products bought online in real life and send them back if necessary (Autoriteit Financiële Markten (AFM), 2022<sup>[3]</sup>).

13. However, BNPL products are a source of increasing concern to public authorities, as such products may fall outside the existing financial consumer protection framework and may lead to over indebtedness. Moreover, if disclosure of information is inadequate, consumers may not be aware of the potential implications until they are unable to repay. Users of BNPL are generally described as higher-risk, being typically younger individuals, with lower credit scores, lower education levels, more debt, and higher delinquency rates (Cornelli, Gambacorta and Pancotto, 2023<sup>[2]</sup>).

14. Furthermore, other emerging consumer credit products mentioned in responses to the Questionnaire include peer-to-peer lending and earned wage access services. Peer-to-peer lending allows consumers to obtain loans from other individuals without having to go through a bank or financial institution (Internal Market, 2024<sup>[4]</sup>). This form of lending is generally characterised by higher interest rates and being riskier than lending via the traditional banking sector (de Roure, Pelizzon and Tasca, 2016<sup>[5]</sup>). Similarly, earned wage access services allow employees to access their already earned wages before their specified pay date, outside of the traditional pay cycle, providing greater flexibility to consumers. This service can allow consumers to access their wages in times of unexpected expenses, potentially reducing financial stress. However, this service may include complicated fee structures and lack transparency relating to the costs (Alcazar and Bradford, 2020<sup>[6]</sup>). Moreover, advances may not be reflected in consumers' credit report and may lead to over indebtedness.

15. Even though these new credit products have emerged recently, several jurisdictions have included services such as BNPL and peer-to-peer lending in their legislative frameworks. For example, **Ireland** has developed regulations on BNPL products, and several jurisdictions noted that the EU's new CCD2 covers BNPL products, stating they will be regulated in the same way as other consumer credit products (see Box 1.1). In **New Zealand**, starting in September 2024, the scope of its Credit Contracts and Consumer

Finance Act will be extended to include BNPL contracts (and, in some areas, BNPL providers will be subject to lighter requirements). The use of BNPL products also increased in **Malaysia**, and in December 2023, the Bank Negara Malaysia (BNM) extended the definition of personal financing products to cover BNPL and introduced business conduct requirements on providers of BNPL products. Moreover, the Central Bank of the **United Arab Emirates** (CBUAE) amended their Finance Companies Regulation to account for the regulation of BNPL facilities (Central Bank of the United Arab Emirates, 2023<sup>[7]</sup>).

## Box 1.1. European Union legislation

### The European Union new Consumer Credit Directive (CCD2) 2023/2225

The Directive 2008/48/EC of the European Union (Consumer Credit Directive, or CCD) lays down the rules concerning credit agreements for consumers. In 2023 the EU approved CCD2 that extends the scope of the CCD. It applies to higher- and lower-amounts credit arrangements, also including those with shorter repayment periods. CCD2 also applies to financial leasing agreements that include a purchase option and to BNPL products. Moreover, the CCD2 requires key information of credit to be adapted to the technical constraints of mobile screens. It also expands the assessment of creditworthiness rules, explaining what information the creditor can use, and if a lender uses AI, consumers can request to have human intervention. CCD2 introduces general rules of conduct, prohibits tying practices, and prohibits certain advertising practices that could unfairly induce consumers to engage with agreements not in their best interests.

### The European Union Artificial Intelligence Act

The aim of the EU AI Act, approved in August of 2024, is to ensure that AI systems are used in a safe, transparent, non-discriminatory, sustainable, and traceable manner. The EU AI Act stipulates that AI systems need human oversight rather than digital oversight to prevent any harmful outcomes to consumers. The Regulation establishes obligations for users and providers of AI systems based on predetermined risk levels: unacceptable-, high-, limited-, and minimal risk. This legislation pertains to consumer credit as the EU has deemed creditworthiness and risk assessments of natural persons and pricing in the case of life and health insurance as *high-risk*. These areas must comply with the obligations of risk management, data quality, technical documentation, robustness, transparency, and human supervision. Financial service providers' AI use that does not fall in this high-risk category are still strongly encouraged to comply to the high-risk standards. Furthermore, transparency requirements still apply to providers that utilise chatbots or generative AI, which are being increasingly used in the financial sector to improve customer service and content.

Source: Directive 2023/2225. *Directive (EU) of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC.* <http://data.europa.eu/eli/dir/2023/2225/oj>  
Regulation 2024/2689. *Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016.797 and (EU) 2020/1828 (Artificial Intelligence Act).* <http://data.europa.eu/eli/reg/2024/1689/oj>

### 1.2.3. Enhanced protection for consumers experiencing vulnerability, financial hardship and over-indebtedness

16. Amidst rising interest rates and the rising costs of living, consumers have been experiencing increasing financial hardship in recent years. Several jurisdictions noted that they have observed increased defaults for credit consumption loans, increased over-indebtedness and more consumers experiencing severe financial difficulties. Millions of households are facing increased debt burdens, due to higher interest rates and consumer prices. Specifically, lower-income households and young workers are disproportionately

impacted, struggling to make ends meet towards the end of the month (Richter, 2022<sup>[8]</sup>). Not only are consumers facing challenges in accessing finance and paying back loans, but these effects are spilling over into their quality of life and well-being (Andersson and Pérez, 2024<sup>[9]</sup>).

17. Over-indebtedness and financial hardship have significant societal impacts and consumers may experience negative impacts on their mental and physical health. Multiple studies have shown that over-indebtedness is linked to different physical and mental illnesses, and with social exclusion, as over-indebtedness is often marked by a social stigma (Andersson and Pérez, 2024<sup>[9]</sup>).

18. To ensure the enhanced protection of consumers in vulnerable circumstances, **Brazil** has requirements in place to protect consumers and their health, dignity, quality of life, and economic interests. As part of this, regulated entities are required to monitor over-indebtedness of their customers and whether firms have measures in place to mitigate risks of over-indebtedness. The Central Bank of Brazil has also been working together with supervised entities to improve the treatment given to clients experiencing vulnerability and to ensure that Brazil has products and services that meet the specific needs of these consumers.

19. Moreover, in **Canada**, the Financial Consumer Agency (FCAC) published the Guideline on Existing Consumer Mortgage Loans in Exceptional Circumstances in July 2023. It sets out how the FCAC expects federally regulated financial institutions (FRFIs) to provide tailored support to consumers with mortgages for their principal residence who are experiencing financial difficulty. The FCAC expects FRFIs to proactively monitor and contact consumers at risk and discuss the most appropriate mortgage relief measures with them, based on individual needs and circumstances. **Portugal** has a legal and regulatory framework that specifies the rights for consumers that have debt overdue or are falling behind on their payments. Institutions are required to monitor their customers' credit agreements and if it identifies signs of payment difficulties, it must assess the customer's financial capacity and present proposals to help said consumer. **Portugal's** legal and regulatory framework also includes measures to prevent consumers from falling into arrears. For example, financial services firms should define and implement a pre-arrears action plan, to continuously and systematically monitor borrowers' credit agreements, carrying out, at least once a month, the necessary actions to identify any signs of payment difficulties. **New Zealand** has statutory hardship provisions where a borrower can apply to a lender to make certain changes to payment terms in the situation of unforeseen hardship. **Czech Republic** (hereafter, Czechia) is expected to have measures in place requiring firms to offer free debt counselling to consumers in financial hardship, once the EU new Consumer Credit Directive will be transposed into Czech domestic legislation.

20. Jurisdictions are also taking steps to protect consumers from illegal lending activities. For example, in **Peru**, providers of illegal consumer credit typically market their products via social networks, offering large amounts at exceptionally low interest rates without conducting creditworthiness assessments. Once agreed the loan, providers transfer to consumers a fraction of the agreed amount, ask to be repaid within a short period of time (e.g., a week), and charge interest rates higher than agreed. When consumers are not able to repay the loan, debt collection practices are particularly aggressive and extortive. The *Superintendencia de Banca, Seguros y AFP* (SBS), Peru's financial oversight body, publishes a list of illegal lenders to warn consumers and has a dedicated email address to receive consumers' complaints about these services. Consumer complaints are used to inform SBS' enforcement activity. In **Canada**, the Criminal Interest Rate under the Canadian Criminal Code (s. 347) sets out the maximum interest rate that can be charged on all loans in Canada (with the exception of payday loans) (Government of Canada, 2024<sup>[10]</sup>).

This rate is currently equivalent to roughly 48% Annual Percentage Rate, and it will be lowered to 35% Annual Percentage Rate on 1 January 2025. Under current law, there must be an agreement or arrangement to pay interest at a criminal rate of interest for a crime to have been committed, or a lender must have attempted to advance credit at a criminal interest rate by taking substantial steps towards committing the offence. In 2024 the Government of Canada introduced amendments to criminalise the offering or advertising of credit at a criminal rate of interest. Once in force, these amendments should help address challenges to the enforcement of the criminal interest rate and allow law enforcement to target conduct that occurs prior to entering into an illegal loan agreement, as these amendments would enable law enforcement to directly target illegal lenders who are offering loans at a criminal rate.

#### *1.2.4. Quality of consumer credit products*

21. Jurisdictions are continuously trying to promote good outcomes for consumers, focusing on securing customer's interests and objectives. These initiatives include setting higher standards for firms and businesses to ensure that they put their customers at the centre of their decision-making. As financial services' business models and consumer credit products evolve, monitoring how these products are used and what their target consumer market is, are essential to well-functioning credit markets. Many jurisdictions are enforcing governance and oversight of consumer credit products, and, especially with the development of technological advances, require firms to have processes in place to ensure that their products meet the needs of consumers.

22. **Japan's** Financial Services Agency has developed their "Principles for Customer-Oriented Business Conduct" in 2017, which allows consumers to compare financial institutions' customer-oriented initiatives to ensure that businesses are pursuing their customer's best interests in designing their products and delivering their services (Financial Services Agency Japan, 2017<sup>[11]</sup>). The Central Bank of **Ireland** is conducting a comprehensive review of their 2012 Consumer Protection Code. Working together with stakeholders, this revision is aiming to deliver an updated Code that is centred on firms securing customers' interests to ensure positive consumer outcomes. Similarly, the **United Kingdom** has, following two consultation papers in 2021, implemented their Consumer Duty in 2023. Under this regulation, firms must act to deliver good outcomes for retail customers and continuously address issues that risk causing harm to consumers. It also specifies that firms should appoint a Consumer Duty champion at their board to support the CEO and Chair in raising relevant issues and ensuring good practice as specified by the Financial Conduct Authority (FCA).

#### *1.2.5. Access to consumer credit products to promote inclusive credit markets*

23. Having access to consumer credit products is essential for consumers to manage their personal finances over time. This includes accessing consumer credit at affordable costs to ensure financial security and financial inclusion within and across jurisdictions. Jurisdictions have worked to promote access to and inclusivity of consumer credit products through financial inclusion strategies and policies facilitating the digital transition.

24. For example, **New Zealand** has been focused on improving access to underserved communities, such as the Māori, as a part of its Financial Inclusion Strategy 2023 (Reserve Bank of New Zealand, 2023<sup>[12]</sup>). Additionally, to increase financial capabilities and access to consumer credit, the government of New Zealand worked with the financial sector and relevant stakeholders to develop their National Strategy for Financial Capability (Retirement Commission New Zealand, 2021<sup>[13]</sup>).

25. To avoid discrimination and ensure inclusivity of consumer credit markets, the Bank of **Italy**'s Consolidated Law on Banking (TUB) stipulates that, in the field of mortgage consumer credit, creditworthiness shall be made on the necessary and sufficient information based on their financial situation, and a lender cannot assess consumers based on elements which are not inherent to their economic and financial situation. Moreover, the **European Union**, under the European Accessibility Act, has updated accessibility requirements for products and services, including banking, financial and payment services for people with a disability to make financial markets more inclusive.

26. To increase financial inclusion in consumer credit markets, many jurisdictions are developing regulations to allow financial services providers to share customer data with third party service providers via secure channels. Several jurisdictions noted the aim to incorporate data sharing arrangements such as Open Banking and Open Finance into their regulatory framework and financial services toolkit. Open Finance builds on the concept of and is described as an evolution of Open Banking, which can be defined as the practice of sharing banking data at the request of clients with third party service providers through secure channels (OECD, 2022<sup>[14]</sup>). Open Finance expands data access and the sharing of data sources to a variety of financial activities, including current accounts, card data, deposits, savings, loans, and securities. Benefits identified include improving financial services and products by a greater diversity of products, enhanced personalisation at lower costs, and an extension of the services to underserved parts of the population (OECD, 2023<sup>[15]</sup>). Furthermore, open finance can play an important role, especially in developing countries that have lower levels of access to finance, in increasing financial inclusion (Vida and Sirtaine, 2024<sup>[16]</sup>). But the wider sharing and reuse of personal data also raises privacy and security concerns, risks to fair competition through increased market power of certain actors, and potential unfair treatment or **exclusion** of some groups of consumers due to the availability of more granular consumer data.

27. The Central Bank of **Brazil** and the National Monetary Council (CMN) define the Brazilian Open Finance environment and embrace it with the objectives of encouraging innovation, promoting competition, increasing efficiency payments, and promoting financial citizenship. The Central Bank of Brazil performs the accompanying supervisory and regulatory responsibilities and is in charge of the governance of the initial phase of its small-scale implementation and the participating institutions. The *Comisión para el Mercado Financiero* (CMF) in **Chile** has also announced the creation of an Open Finance System Forum which will assist the CMF in developing an Open Finance System as a part of their Fintech Act. The Fintech Act was ratified in 2023 and set out to regulate Open Finance and further the country's vision of the promotion of financial inclusion through digital innovation. In 2024, the Financial Superintendency of **Colombia** (SFC) issued a Circular outlining the standards for Open Finance, which include technological and safety standards, requirements for third-party data recipients, the processing of financial consumer data and disclosure requirements. In addition, the SFC has been conducting roundtable discussions with supervised entities to clarify the scope of the Circular's requirements and to advocate for the appropriate implementation of Open Finance.

28. Moreover, **Peru** implemented several initiatives to extend the access to credit facilities to underserved communities, as explained in the Multisectoral Strategic Plan of Peru's National Financial Inclusion Strategy. For example, in 2015 the Regulation on Solidarity Group Credit introduced provisions to facilitate access to credit for vulnerable consumers. This type of credit is granted to a group of individuals who are jointly responsible for the credit obligations. The group is considered as a single debtor to determine the creditworthiness. Finally, in 2020 the **United States**' Federal Deposit Insurance Corporation issued guidelines to encourage banks and credit unions to offer

small loans to consumers who otherwise had credit scores that would not qualify them for loans from banks.

### ***1.2.6. Debt collection practices***

29. As described above, the cost-of-living crisis has put many consumers under financial stress. Especially in these circumstances, debt collectors are expected to meet a standard of behaviour that includes treating debtors fairly and with sensitivity. However, regulators have witnessed instances of debt collectors further distressing consumers experiencing vulnerability. Debt collectors across jurisdictions have been found contacting debtors more often than is legally allowed, contacting consumers to pay debts that they do not owe or do not exist, so called ‘phantom debts’, or contacting debtors for debts that are past the statute of limitations. Consumers’ understanding of debt-collection laws is often limited and can lack reliable and transparent records to rely on, leading them to engage with unfair debt collection practices (Federal Trade Commission, 2022<sub>[17]</sub>). This has prompted calls for further oversight and regulation to ensure debt collection practices are fair and transparent.

30. **Brazil’s** Law states that when collecting debt, debtors are not to be exposed to ridicule or any type of embarrassment or threat. Such law also specifies that threats, coercion, physical or moral constraint, misleading or false statements, or any other procedures that unjustifiably burden the debtor when collecting debt, leads to a penalty detention from three months to a year including a fine. **Italy**, in referencing debt collection practices, has a Code of Conduct in accordance with their Consumer Code, which provides rules on how debts can be collected. This is to ensure the dignity and privacy of consumers having difficulty in fulfilling their obligation, including non-aggression, fairness and transparency, and lawfulness in processing personal data. Similarly, **Israel** has a specific Debt Collection Law guiding how banks should collect debts and what their behaviour towards consumers must be like. This includes an obligation for debt collectors to provide written notice and no intimidation, harassment, or threats are allowed in debt collection. CONDUSEF (**Mexico’s** financial consumer protection authority) disseminates through their Collection Offices Registry all the information on what debt collection can and cannot do to ensure fair debt collection practices.

31. Debt collection in **Iceland** is regulated by their Debt Collection Act and it can be subject to evaluation based on the Business Practices and Marketing Act as well. Iceland has also regulations specifically imposing caps on certain debt collection costs. In **Portugal**, credit institutions are bound by the Notice of the *Banco de Portugal* rules which prohibit unfair, excessive, aggressive, or intimidating, and disproportionate contacting attempts from a debt collector. This includes credit institutions being prohibited to present false or misleading information and contacting clients between 22:00 and 09:00 without consent. Moreover, the **United States** enacted the Fair Debt Collection Practices Act in 2010, which aims to combat abusive practices and the inadequacy of laws in protection consumers against this harassment. A debt collector in the United States is not allowed to engage in any conduct that is to harass, oppress, or abuse any person in relation to collecting a debt, nor can they misrepresent information when collecting debt or use unfair means to collect the debt. The Federal Trade Commission oversees compliance and any debt collector who fails to comply has to pay damages.

32. Finally, in **Indonesia**, most of the complaints filed by consumers using credit card products regards debt collection practices. These complaints typically stem from practices involving intimidation, persistent and excessive contact, causing distress to consumers, as well as collection activities conducted outside the permitted hours (between 8:00 and 20:00).

### 1.3. Purpose of the Report and methodology

33. The OECD Council instructed the Committee on Financial Markets (CMF), through the WPFCEI, to review the implementation of the Recommendation and to report thereon to the Council no later than five years from its adoption (i.e., in 2024), and at least every 10 years thereafter.

34. The purpose of the Report is to set out the findings of the assessment of:

- the implementation and dissemination of the Recommendation, and
- the continued relevance of the Recommendation, including whether developments in consumer credit markets and related consumer protection approaches warrant any revisions or updates to the Recommendation.

35. The methodology for developing the Report consisted of:

- discussions of key issues at WPFCEI meetings, including the roundtable discussion organised in March 2024 to discuss latest developments in consumer credit markets and related policy, regulatory and supervisory approaches [[DAF/CMF/FCP\(2024\)4](#)].
- collection of data, information, views and other inputs via a detailed Questionnaire [[DAF/CMF/FCP\(2024\)5/ADD1](#)] with the purpose to gather information and views about i) the level of implementation of the Recommendation (including a summary of means of implementation and examples of good practices) and the efforts to disseminate the Recommendation; and ii) the continued relevance of the Recommendation, including possible revisions that may be warranted to address recent developments.
- desk-based review and analysis of relevant research relating to new and emerging consumer protection approaches in consumer credit markets, including the growing body of academic literature and international policy developments, in particular leading trends and best practices in jurisdictions.

36. There was a strong response rate to the Questionnaire from the WPFCEI and other jurisdictions. Forty-seven (47) responses were received, including from 36 Adherents, of which, 35 OECD Members and Brazil (hereafter “responding Adherents”) and 11 non-Adherents (hereafter “responding non-Adherents”). In terms of geographic representation, responding jurisdictions included 26 European jurisdictions, eight jurisdictions from the Asia and the Pacific region, seven from Latin and Central America, two from North America, two from Africa and two from the Middle East. Table 1.1 shows the list of responding jurisdictions.

**Table 1.1. List of responding Adherents and non-Adherents**

Responding Adherents		Responding non-Adherents
Australia	Japan	Argentina
Austria	Korea	Bulgaria
Belgium	Latvia	Croatia
Brazil	Lithuania	Hong Kong (China)
Canada	Luxembourg	Malaysia
Chile	Mexico	Peru
Colombia	Netherlands	Philippines
Costa Rica	New Zealand	Rwanda
Czechia	Norway	Singapore
Finland	Poland	South Africa
France	Portugal	United Arab Emirates
Germany	Slovak Republic	
Greece	Slovenia	
Hungary	Spain	
Iceland	Sweden	
Ireland	Türkiye	
Israel	United Kingdom	
Italy	United States	

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

## 2. Implementation

37. The aim of the Recommendation is to promote best practice approaches to regulation of consumer credit products and services, to promote fair treatment of consumers via affordable and suitable credit products, and to prevent over-indebtedness which is detrimental for both consumers and businesses and it is intended to effectively cover the life cycle of consumer credit transactions including before, during and after the point of sale.

38. The Recommendation comprises ten provisions:

- Legal, Regulatory and Supervisory Framework
- Role of Oversight Bodies
- Equitable and Fair Treatment of Consumers
- Disclosure and transparency
- Financial Education and Awareness
- Responsible business conduct
- Protection of Consumer Assets against Fraud and Misuse
- Protection of Consumer Data and Privacy
- Complaints Handling and Redress
- Competition

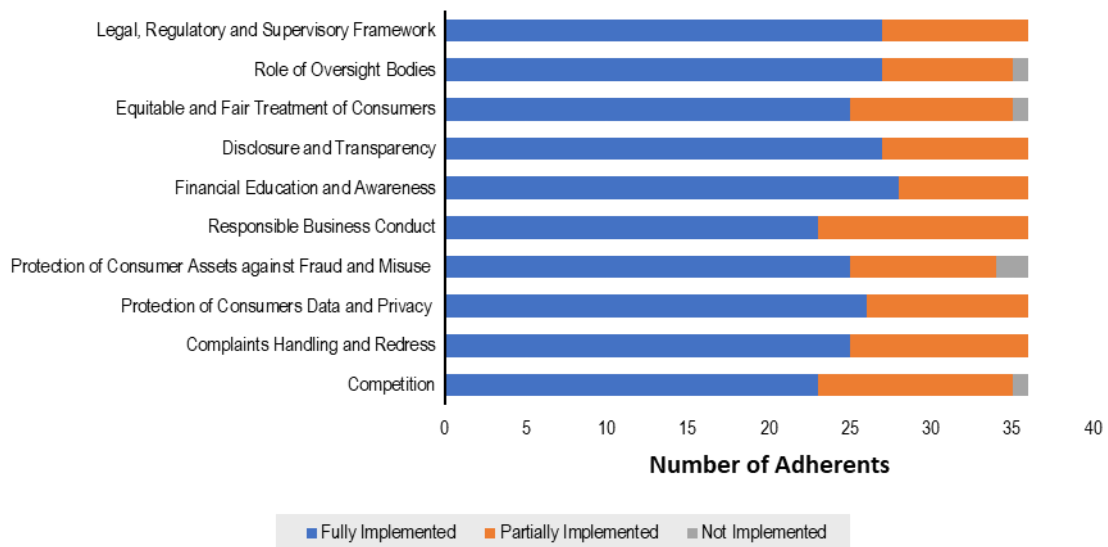
39. Jurisdictions were invited to self-report, via the Questionnaire, on the implementation of each provision of the Recommendation. This involved an assessment of

whether they considered the various provisions of the Recommendation to be *Fully Implemented*, *Partially Implemented* or *Not Implemented* in their jurisdiction. The next section describes the level of implementation of the Recommendation by responding Adherents. The Report also includes information on the level of alignment with the Recommendation by responding non-Adherents.

## 2.1. Implementation of the Recommendation

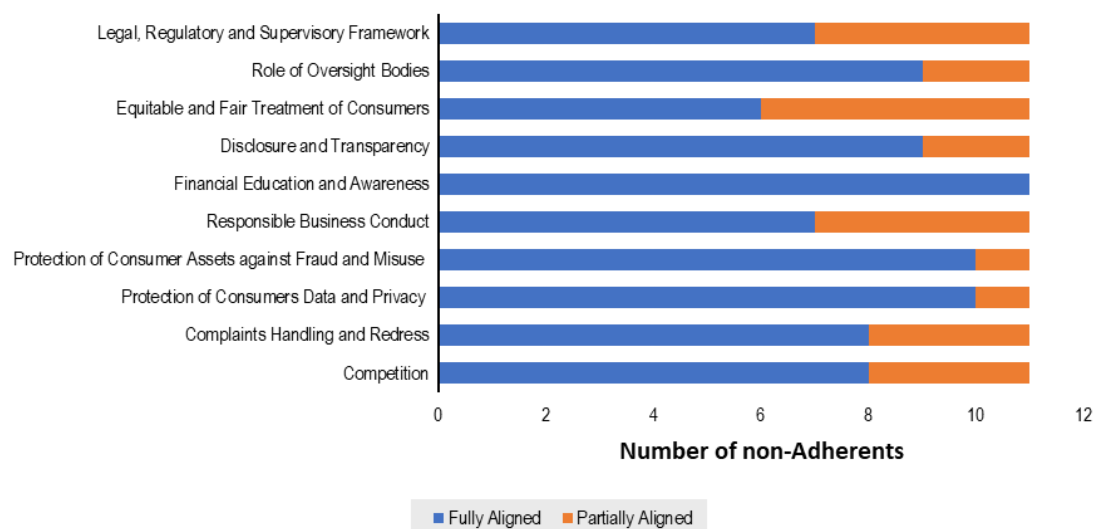
40. This section of the Report describes the implementation status as reported by responding Adherents, including a selection of practices described in their responses to the Questionnaire. Figure 2.1 below shows the implementation status as reported by responding Adherents for each provision of the Recommendation.

**Figure 2.1. Implementation status by responding Adherents**



Note: Questions 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10: “Please select the option that in your view best describes the level of implementation of this section of the Credit Recommendation”  
 Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

41. Figure 2.2 shows how responding non-Adherents self-reported their alignment with the Recommendation.

**Figure 2.2. Alignment of responding non-Adherents**

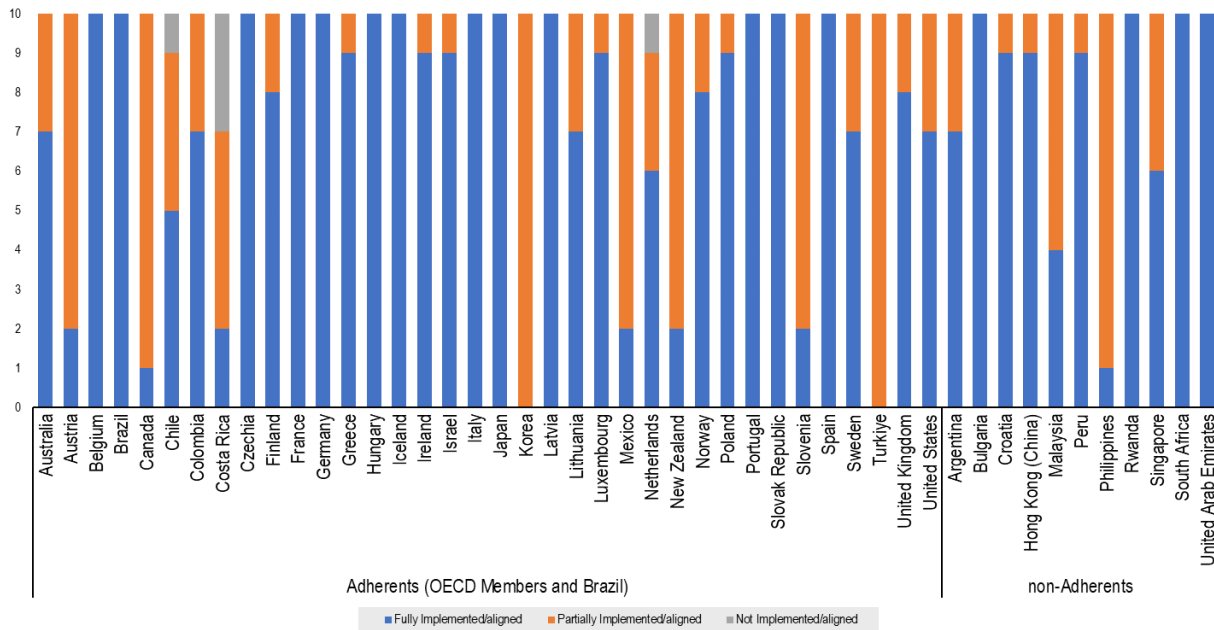
Note: Questions 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10: “Please select the option that in your view best describes the level of implementation of this section of the Credit Recommendation”

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

42. Figure 2.3 shows the overall implementation status by responding jurisdictions. Out of the 36 responding Adherents, 13 stated that they have *Fully Implemented* each provision of the Recommendation, and other 14 stated they have *Fully Implemented* the majority of the provisions of the Recommendation. The remaining nine responding Adherents stated that they have *Fully Implemented* five or less provisions of the Recommendation. Regarding the 11 responding non-Adherents, four stated they fully align with all the provisions of the Recommendation, five stated they fully align with the majority of provisions, and the remaining two stated they fully align with five or less provisions.

43. In terms of responses to the Questionnaire, several jurisdictions have shared responsibilities for different aspects of consumer protection in consumer credit markets, for example between federal and state or provincial authorities, or multiple entities or institutions responsible for different elements of consumer credit markets. In these instances, submissions were consolidated into a single response that most appropriately reflected that jurisdiction as a whole. The Secretariat provided assistance to do this as required. It is noted that such arrangements may have an impact on whether one or more provisions of the Recommendation may be considered to be *Fully Implemented* or *Partially Implemented* overall, given the implementation status may differ between the different areas of responsibility.

**Figure 2.3. Implementation and alignment status by responding jurisdictions**



Note: Questions 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10: “Please select the option that in your view best describes the level of implementation of this section of the Credit Recommendation”  
 Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

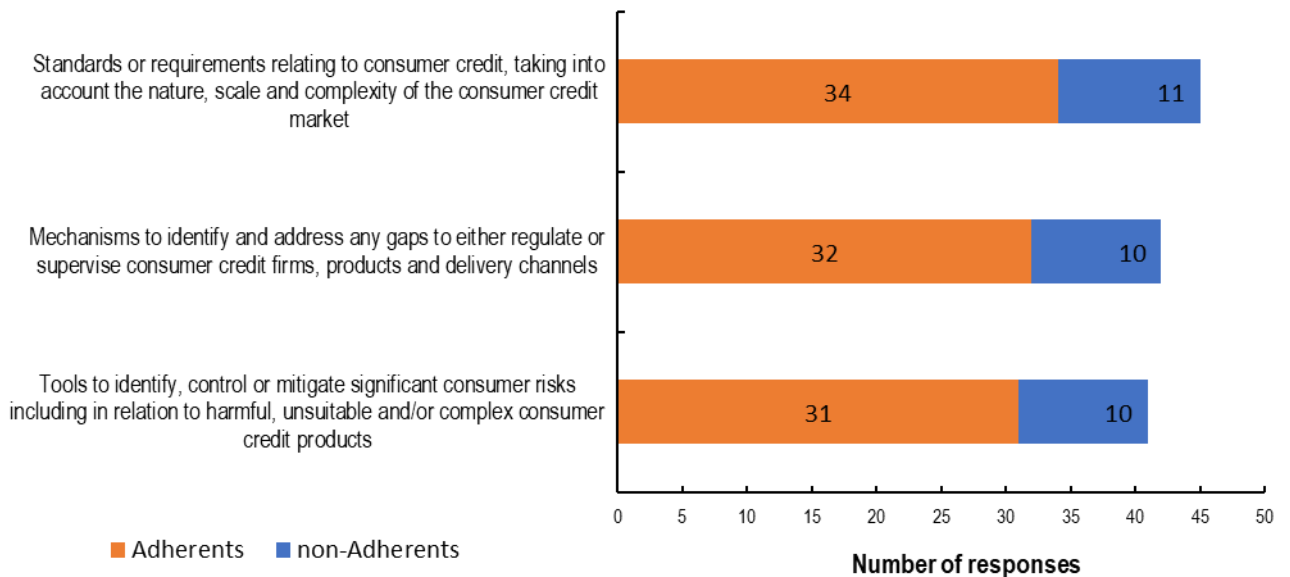
44. The following sections analyse the level of implementation of and alignment with each provision of the Recommendation.

**2.1.1. Legal, Regulatory and Supervisory Framework**

45. The first provision of the Recommendation (provision I) recommends that Adherents design and implement an appropriate and proportionate legal, regulatory, and supervisory framework for financial consumer protection in relation to consumer credit. This framework should take into account the specific nature, scale, and complexity of consumer credit markets and the specificities of the different consumer credit products and market players. Adherents should have i) mechanisms, like periodic reviews, to identify and address any gaps to either regulate or supervise consumer credit firms, products, and delivery channels and ii) necessary tools to identify, control, or mitigate significant consumer risks, including in relation to harmful, unsuitable or complex consumer credit products.

46. As shown in Figure 2.4, the vast majority of responding Adherents have frameworks relating to consumer credit, taking into account the nature, scale and complexity of consumer credit markets (34 out of 36 responding Adherents), have mechanisms in place to identify and address gaps to either regulate or supervise consumer credit firms, products and delivery channels (32 responding Adherents) and have tools to identify, control or mitigate significant consumer risks in relating to harmful, unsuitable and complex consumer credit products (31).

**Figure 2.4. Legal, Regulatory and Supervisory Framework (provision I)**

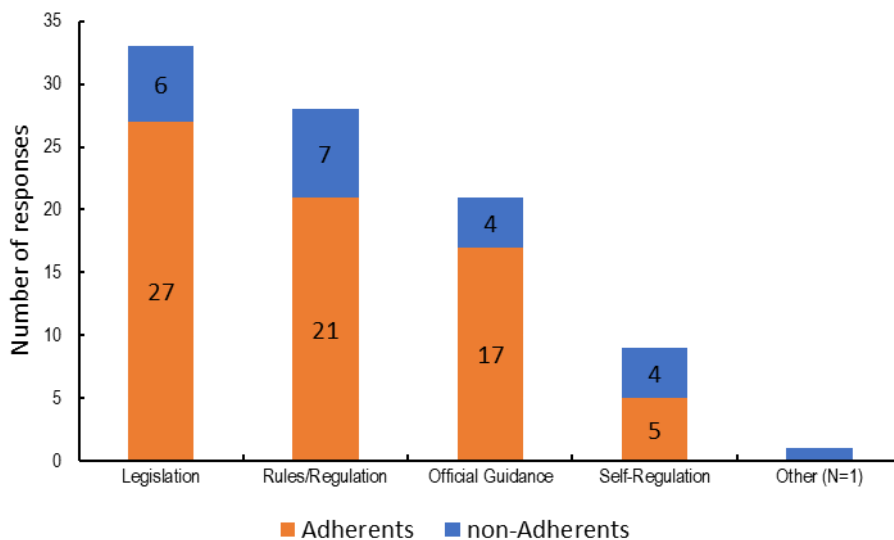


Note: Question 1.1.1: “If you have selected Fully Implemented or Partially Implemented, does the implementation include any of the elements listed below?”

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

47. Figure 2.5 illustrates that most responding Adherents stated that this provision is typically implemented via legislation (27 out of 36 responding Adherents) and rules or regulations (21 responding Adherents). Fewer responding Adherents selected official guidance (17) and self-regulation (5). Fewer responding non-Adherents selected legislation (6), rules or regulations (7), official guidance (4), self-regulation (4) and other (1).

**Figure 2.5. Means of implementation (provision I)**



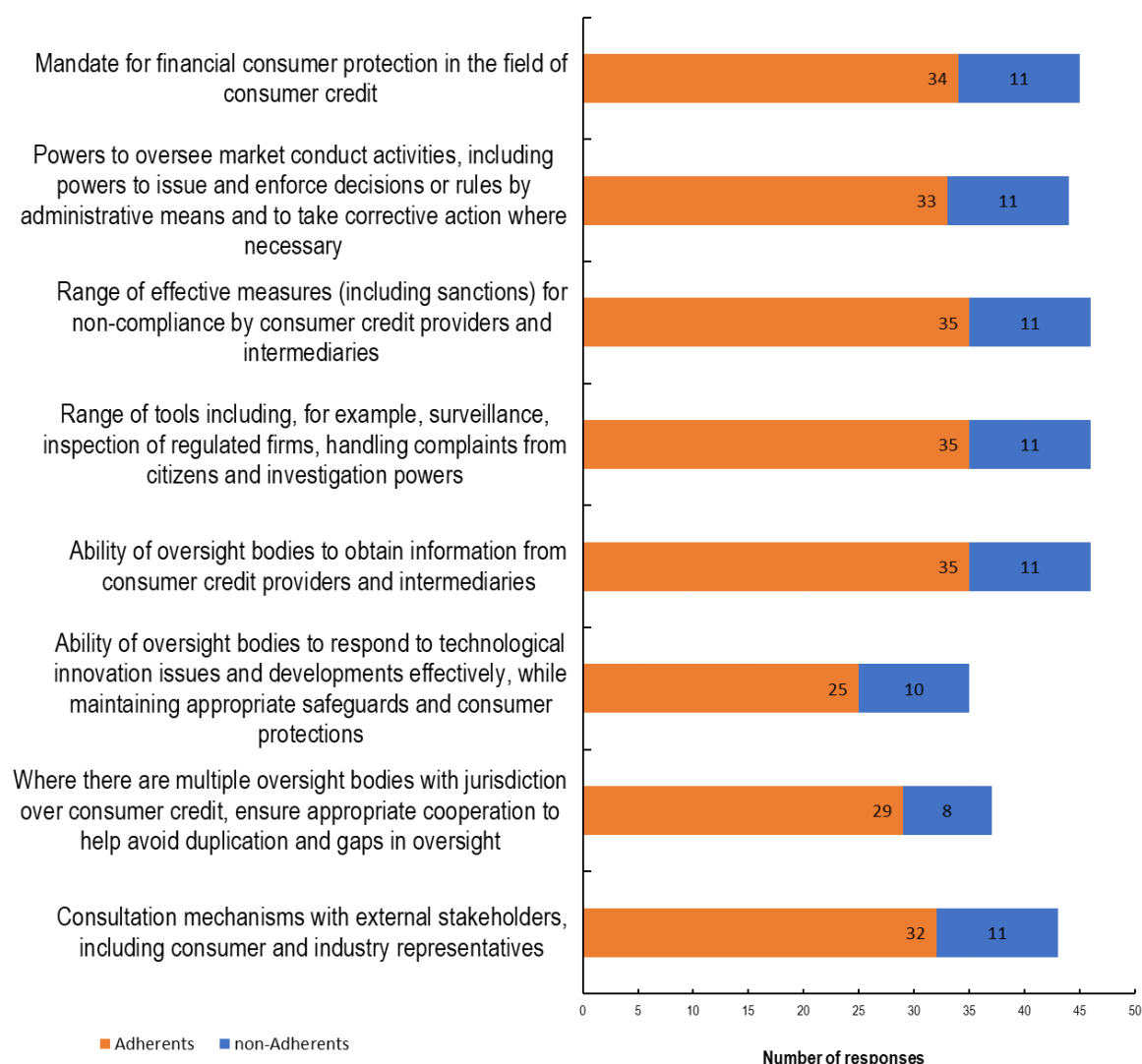
Note: Question 1.1.2: “If you have selected Fully Implemented, please indicate the means of implementation (tick all that apply)”

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

### ***2.1.2. Role of Oversight Bodies***

48. The second provision of the Recommendation (provision II) recommends that Adherents should establish one or more oversight bodies with a clear mandate to protect consumers. These bodies should have powers pursuant to domestic laws to oversee market conduct activities, including powers to issue and enforce decisions or rules by administrative means and to take corrective action where necessary. More specifically, Adherents should ensure that these oversight bodies have at their disposal effective measures for non-compliance by credit providers and intermediaries (including sanctions), as well as tools such as surveillance, inspections of regulated firms, complaints handling and investigation and enforcement powers; and that they are capable of effectively responding to technological innovation while maintaining safeguards and consumer protections: and ensure co-operation among multiple oversight bodies to prevent duplication and gaps in oversight.

49. Responding Adherents noted they implemented most elements of this provision (see Figure 2.6). Among the elements that were less implemented, only 25 responding Adherents out of 36 said that oversight bodies in their jurisdictions have the ability to respond to technological innovation issues and developments effectively, while maintaining appropriate safeguards and consumer protections and 29 responding Adherents said that there are appropriate co-operation mechanisms in place to help avoid duplication and gaps in oversight.

**Figure 2.6. Role of Oversight Bodies (provision II)**

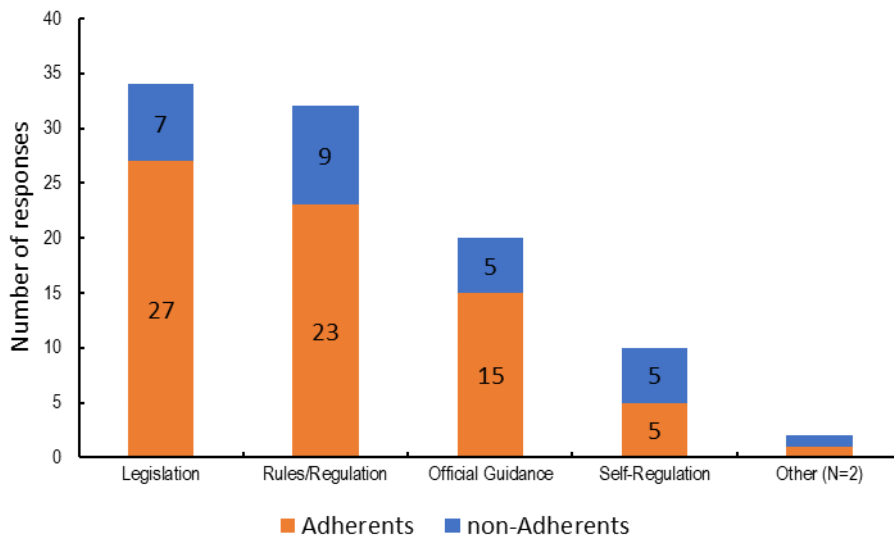
Note: Question 1.2.1: “If you have selected Fully Implemented or Partially Implemented, does the implementation include any of the elements listed below?”

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

50. Figure 2.7 illustrates that most responding Adherents stated that this provision is typically implemented via legislation (27 responding Adherents) and rules or regulations (23). Fewer responding Adherents selected official guidance (15) and self-regulation (5). Examples of implementation regarding the ability to respond to technological innovation issues and developments effectively (which is one of the least implemented elements of this provision), include **Korea’s** Financial Services Commission, that closely monitors technological innovations in the consumer credit sector and updates regulations as needed to address emerging risks and challenges. The Financial Services Commission works closely with industry stakeholders to ensure that consumer protections are maintained as new technologies are adopted.

51. Another example is the Bank of **Italy** that launched several initiatives to respond to technological innovation and promote digital innovation in the financial field. In 2017 the Bank of Italy opened a space called “*Canale FinTech*” through which companies liaise with the Bank on innovative projects. The Bank of Italy also contributed to the realisation and the management of the regulatory sandbox to provide a controlled environment where supervised credit providers and FinTech operators can test, for a limited time, technologically innovative products and services in the industry banking, finance and insurance.

**Figure 2.7. Means of implementation (provision II)**



Note: Question 1.2.2: “If you have selected Fully Implemented, please indicate the means of implementation (tick all that apply)?”  
 Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

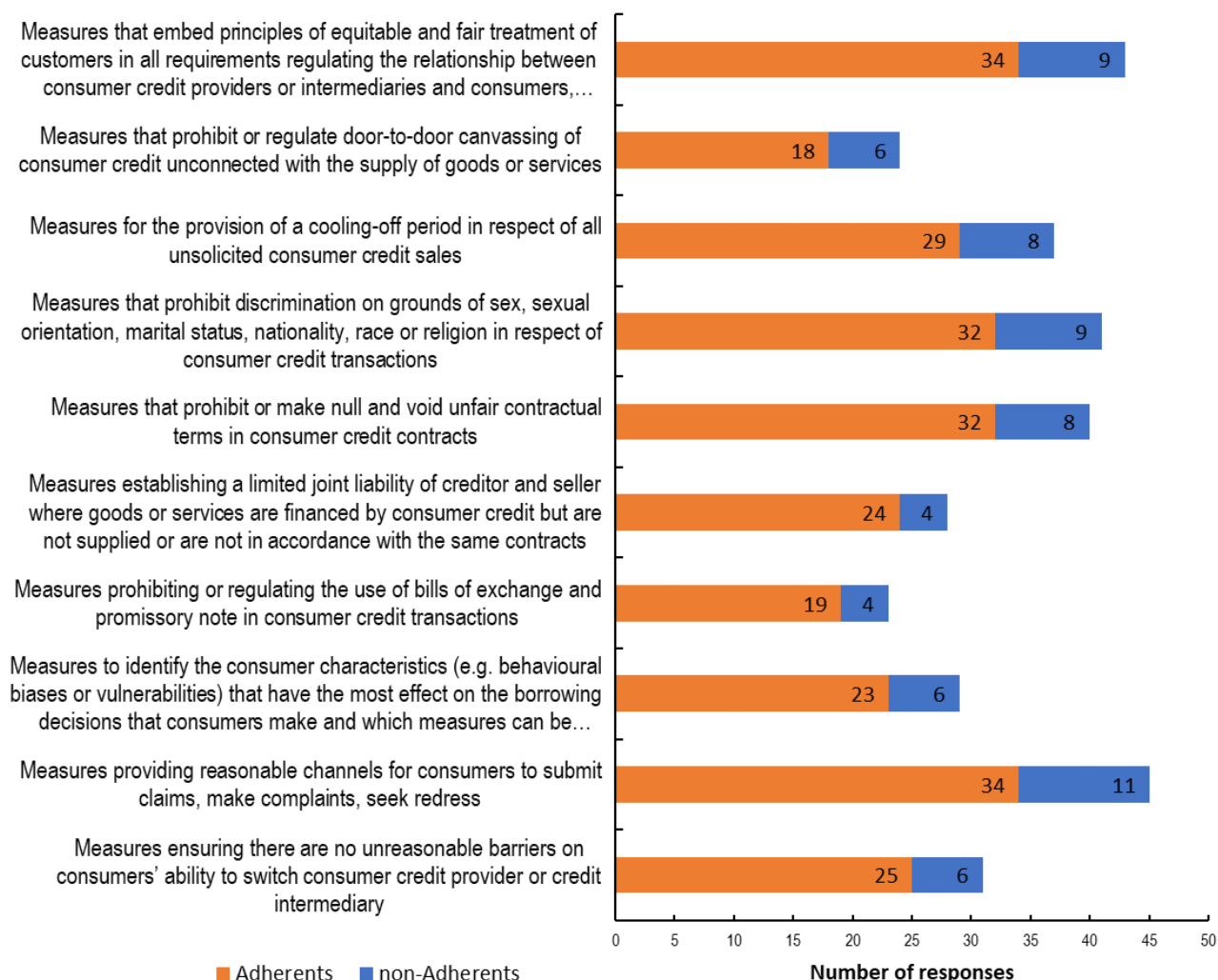
**2.1.3. Equitable and Fair Treatment of Consumers**

52. The third provision of the Recommendation (provision III) recommends Adherents to ensure equitable and fair treatment of consumers in credit markets by (i) embedding principles of equitable and fair treatment of customers, including as regards transparency, in all credit-related interactions, (ii) prohibiting or regulating door-to-door canvassing of consumer credit unconnected with the supply of goods and services, (iii) providing for a cooling-off period and simple and inexpensive refund processes for unsolicited credit sales, (iv) prohibiting discrimination, (v) prohibiting or nullifying and making void unfair contractual terms, (vi) establishing a limited joint liability between creditors and sellers for undelivered goods and services, (vii) prohibiting or regulating the use of bills of exchange and promissory notes, (viii) identifying consumer characteristics most affecting borrowing decisions and (ix) providing reasonable complaints and redress channels and facilitating switching between credit providers or intermediaries.

53. Responding Adherents indicated they implemented most elements of this provision (see Figure 2.8). Elements that were less implemented by responding Adherents include measures that prohibit or regulate door-to-door canvassing of consumer credit unconnected with the supply of goods or services (18 responding Adherents out of 36), measures prohibiting or regulating the use of bills of exchange and promissory note in consumer

credit transactions (19), and measures to identify the consumer characteristics that have the most effect on the borrowing decisions that consumers make and which measures can be taken to mitigate these effects (23).

**Figure 2.8. Equitable and Fair Treatment of Consumers (provision III)**



Note: Question 1.3.1: "If you have selected Fully Implemented or Partially Implemented, does the implementation include any of the elements listed below?"

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

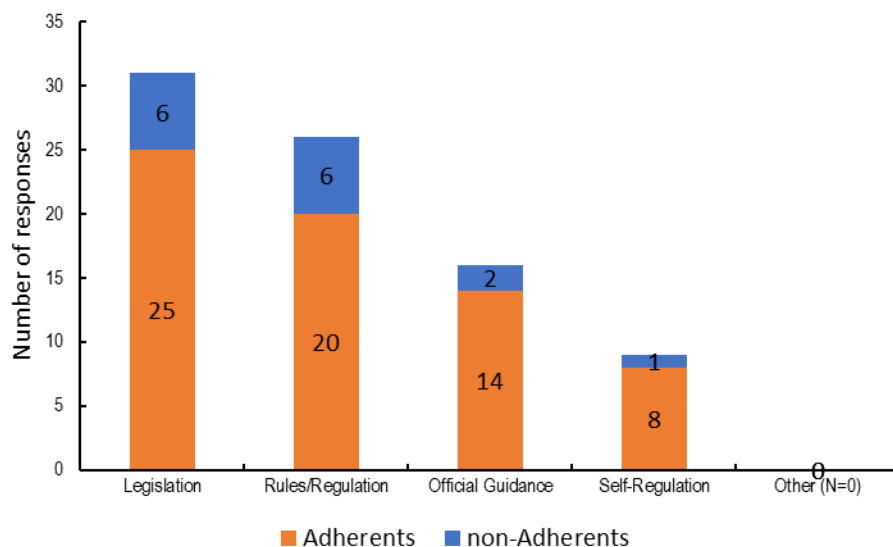
54. Figure 2.7 illustrates that means of implementation. Most responding Adherents stated that this provision is typically implemented via legislation (25 responding Adherents) and rules or regulations (20). Examples of implementation of measures that prohibit or regulate door-to-door canvassing of consumer credit unconnected with the supply of goods or services (one of the least implemented elements of this provision), include the **United Kingdom**'s Financial Conduct Authority, which has rules and guidance in place to restrict door-to-door sales of consumer credit products. Moreover, unsolicited visit by a trader to a consumer's home in **Portugal**, despite the consumer's request that the

professional does not return, is considered an aggressive commercial practice according to the Portuguese framework on Unfair Commercial Practices.

55. Finally, in **Austria**, cross-sectoral legislation regarding marketing, unfair competition, unfair general business terms, anti-discrimination and alternative dispute resolution applies also to consumer credit markets. Moreover, sector-specific legislation regarding consumer credit (such as the Consumer Credit Act) contains provisions establishing the right of consumers to withdraw from consumer credit contracts and limiting penalties for early termination (thus facilitating switching credit provider), and rules regarding credit arrangements financing certain goods and services.

56. As part of the discussion held during the WPFCEI meeting on 17-18 October 2024, WPFCEI Delegates described measures in place to prevent over-indebtedness, such as the development and expansion of debt advice services to support over-indebted households and promote responsible lending practices.

**Figure 2.9. Means of implementation (provision III)**



Note: Question 1.3.2: “If you have selected Fully Implemented, please indicate the means of implementation (tick all that apply)?”

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

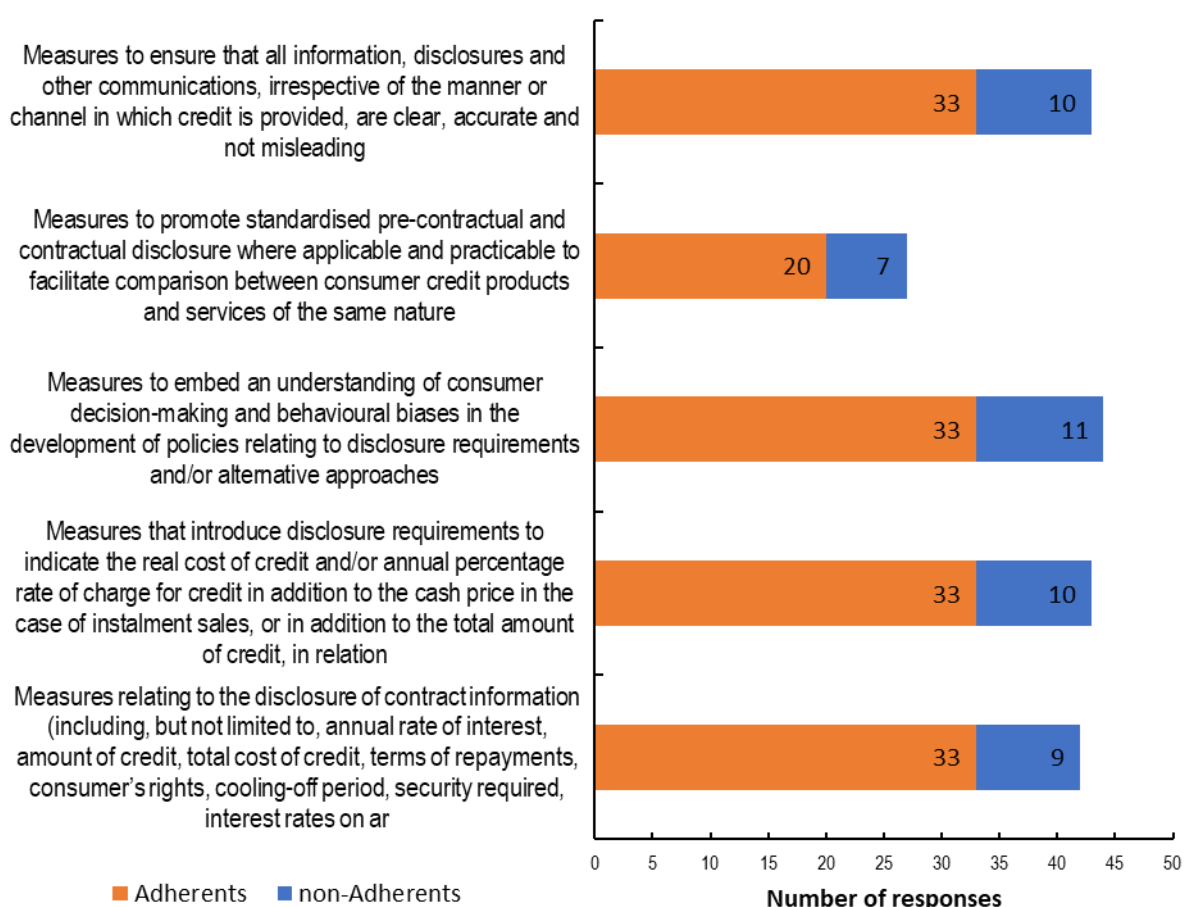
#### **2.1.4. Disclosure and transparency**

57. The fourth provision of the Recommendation (provision IV) recommends that Adherents to ensure consumers are provided with adequate information irrespective of whether they are dealing with a credit provider or credit intermediary, on key features of the consumer credit offered or provided, in particular highlighting the fees, charges, penalties and risks. To this end, the Recommendations outlines key actions Adherents should follow, especially (a) require that all information, disclosures and other communications is clear, accurate and not misleading, and is sufficient at all stages, (b) promote standardised pre-contractual and contractual disclosure for facilitated comparison of credit products, (c) embed an understanding of consumer decision-making and behavioural biases in disclosure policies, (d) introduce discloser requirements to indicate the real cost of credit and repayment terms, as well as (e) disclosure requirement of key contract details such as interest rates, total costs, consumer rights and complaint

mechanisms, details for goods related credit contracts and credit cards, including liability limits for unauthorised use, etc.

58. The responses to the Questionnaire show that responding Adherents stated they implemented most elements of this provision (see Figure 2.10). For instance, 33 responding Adherents out of 36 reported to have measures in place to embed an understanding of consumer decision-making and behavioural biases in the development of policies relating to disclosure requirements and/or alternative approaches. The element of this provision that was least implemented related to measures to promote standardised pre-contractual and contractual disclosure to facilitate comparison between consumer credit products and services (20 responding Adherents).

**Figure 2.10. Disclosure and Transparency (provision IV)**



Note: Question 1.4.1: "If you have selected Fully Implemented or Partially Implemented, does the implementation include any of the elements listed below?"

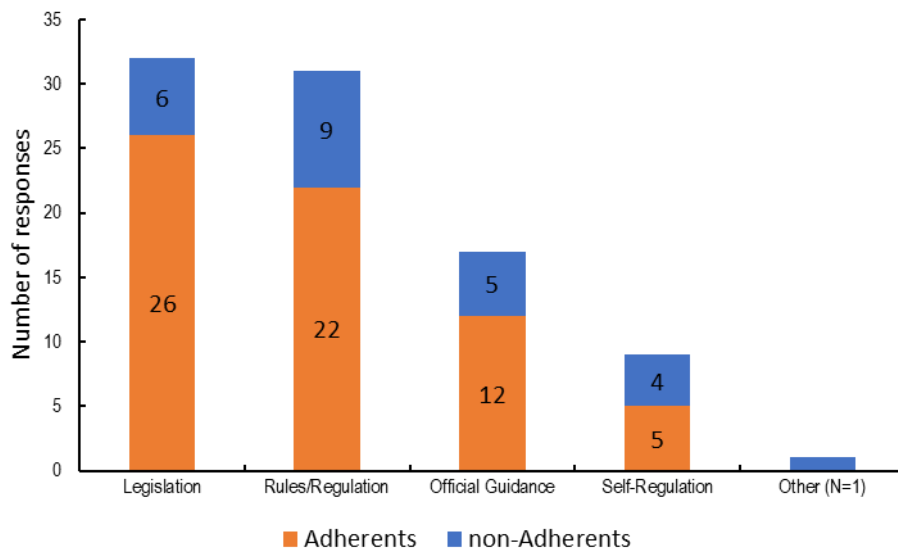
Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

59. Figure 2.11 illustrates the means of implementation. Most responding Adherents stated that this provision is typically implemented via legislation (26 responding Adherents) and rules or regulations (22). Examples of implementation of measures to

promote standardised pre-contractual and contractual disclosure include the Central Bank of **Brazil**'s requirements for consumer credit providers to provide standardised information provided to consumers. Moreover, **France**, like other EU countries, has in place requirements for consumer credit providers to provide pre-contractual information on a durable medium in the form of the European standardised information sheet, which is an EU standard enabling borrowers to compare different credit offers available on the market, assess their implications and to make an informed decision on whether to conclude a credit agreement.

60. Among non-Adherents, the National Bank of **Rwanda** has measures in place relating to the disclosure of contract information (including, but not limited to, annual rate of interest, amount of credit, total cost of credit, terms of repayments, consumer's rights, cooling-off period, collateral required, interest rates on arrears, consequences of default and default charges, availability of complaints handling and redress mechanisms, details of the relevant oversight body).

**Figure 2.11. Means of implementation (provision IV)**



Note: Question 1.4.2: “If you have selected Fully Implemented, please indicate the means of implementation (tick all that apply)?”

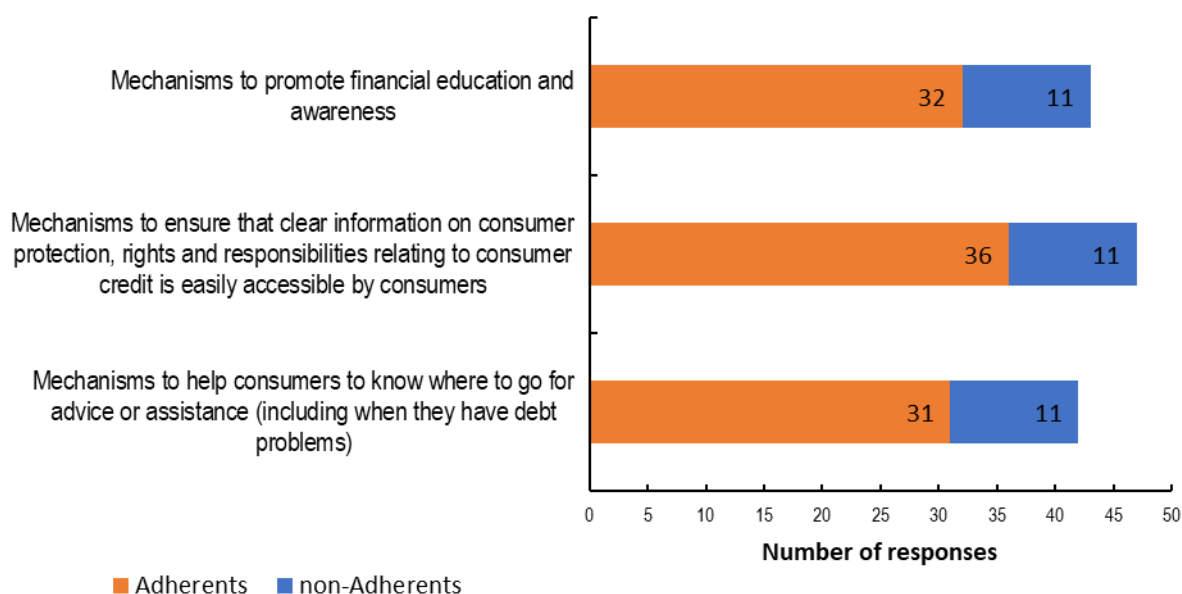
Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

**2.1.5. Financial Education and Awareness**

61. The fifth provision of the Recommendation (provision V) recommends that Adherents should ensure the promotion of financial education and awareness and that clear information on consumer protection, rights and responsibilities relating to credit is easily accessible by consumers. The Recommendation further states that Adherents should develop appropriate mechanisms to help consumers, especially vulnerable ones, develop the knowledge, skills and confidence to make informed choices, know where to go for advice or assistance (including when they have debt problems), and take effective action to improve their own financial well-being.

62. Responding Adherents typically implemented most elements of this provision. For example, all responding Adherents (36 out of 36) stated they have mechanisms in place to ensure that clear information on consumer protection, rights and responsibilities relating to consumer credit is easily accessible by consumers. Moreover, 32 responding Adherents stated they have mechanisms in place to promote financial education and awareness and 31 stated that they have mechanisms to help consumers know where to go for advice or assistance (including when they have debt problems).

**Figure 2.12. Financial Education and Awareness (provision V)**



Note: Question 1.5.1: “If you have selected Fully Implemented or Partially Implemented, does the implementation include any of the elements listed below?”

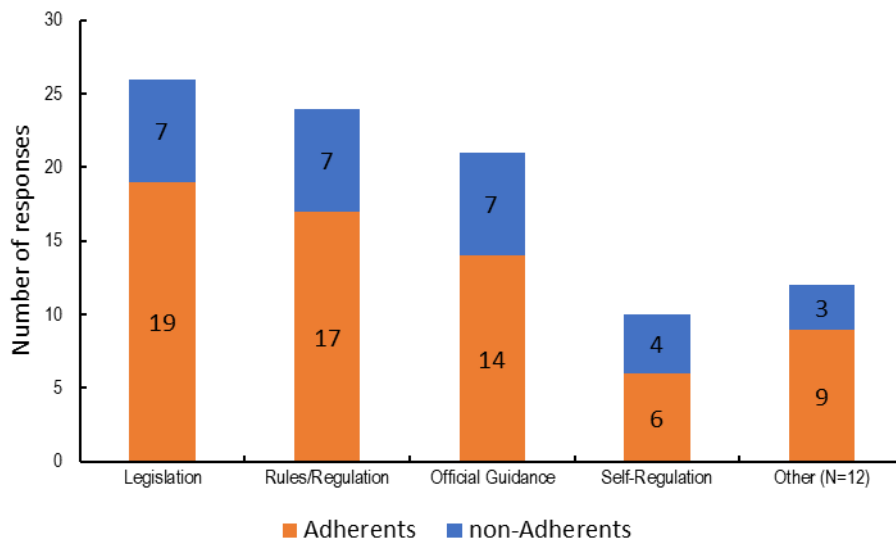
Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

63. As illustrated by Figure 2.13, means of implementation of provision V on financial education and awareness often include means other than legislation, regulation, guidance and self-regulation, such as national strategies for financial education and educational and awareness campaigns. For example, despite not falling directly under the mandate of the *Autoriteit Financiële Markten* (AFM), the AFM in the **Netherlands** works to promote the communication and information transmission of clear, correct and not-misleading financial information. As well as distributing warning messages to be displayed when a consumer interacts with a credit product to raise financial awareness. Different public entities in **Costa Rica** have also worked to campaign for financial awareness, as a part of their “National Strategy for Financial Education” and their “Financial Education Guide”. **Luxembourg** has adopted innovative strategies to promote financial education, with the *Commission de Surveillance du Secteur Financier* launching the first digital platform in November 2019. These digital applications are meant to raise awareness among people of all ages facing everyday financial issues, providing its users with basic financial information to help them analyse and understand their financial situation and make financially sound decisions accordingly. Finally, the Bank of **Latvia** has established a working group on financial education that includes relevant public authorities and other organisations. The working group promotes financial education and awareness and

supports appropriate mechanisms to help consumers (especially consumers who may be vulnerable) to develop the knowledge, skills and confidence to make informed choices.

64. Among non-Adherents, **Peru** has issued a National Financial Inclusion Strategy and includes several actions in its Multisectoral Strategic Plan to raise financial awareness, not only through educational campaigns, but by developing and executing specialised programmes with different target populations. These include financial education programmes directed to school students and young adults, general programmes for working adults and for microentrepreneurs; as well as programmes directed to women, rural population and the elderly. These programmes cover topics such as budgeting and loans. Finally, the *Bangko Sentral ng Pilipinas*, **Philippines'** central bank, continuously promotes awareness and information about financial education topics such as managing debt and financial consumer's rights and responsibilities in dealing with financial service providers.

**Figure 2.13. Means of implementation (provision V)**



Note: Question 1.5.2: “If you have selected Fully Implemented, please indicate the means of implementation (tick all that apply)?”

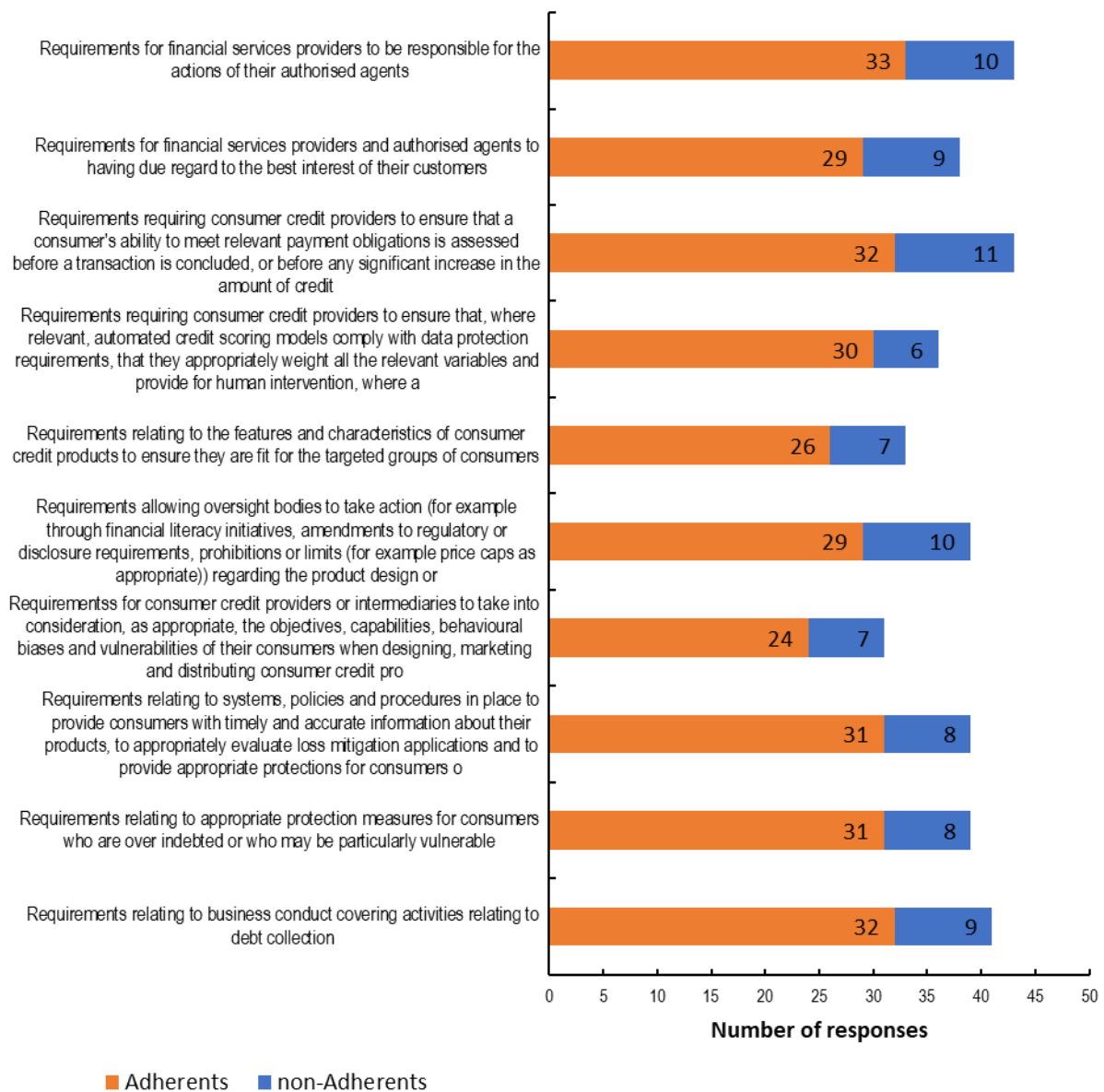
Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

### **2.1.6. Responsible Business Conduct**

65. The sixth provision of the Recommendation (provision VI) recommends that Adherents should take measures to promote responsible conduct by credit providers and credit intermediaries having due regard to the best interest of their customers, and prohibit practices that may be misleading or abusive; ensuring credit providers are responsible and accountable for the actions of their authorised agents. In this vein, the Recommendation outlines measures that the Adherent could establish, including but not limited to: (a) requirements related to responsible lending to reduce the likelihood of repayment problems and resulting over-indebtedness issues, including through fair credit scoring, (b) requirements relating to the features and characteristics of consumer credit products, including ensuring they are suitable and protect vulnerable consumers, and (c) requirements relating to the treatment of consumers who may be vulnerable or experiencing financial difficulty, including in relation to fair debt collection practices.

66. Responding Adherents generally have implemented most elements of this provision (Figure 2.14). Elements that fewer responding Adherents have implemented include requirements for consumer credit providers or intermediaries to take into consideration, as appropriate, the objectives, capabilities, behavioural biases and vulnerabilities of their consumers when designing, marketing and distributing consumer credit products (24 responding Adherents out of 36), requirements relating to the features and characteristics of consumer credit products to ensure they are fit for the targeted groups of consumers (26 responding Adherents) and requirements obligating consumer credit providers to ensure that automated credit scoring models comply with data protection requirements, that they appropriately weight all the relevant variables and provide for human intervention, where appropriate, to mitigate against irresponsible or inappropriate lending outcomes or automatic refusals (30 responding Adherents).

**Figure 2.14. Responsible Business Conduct (provision VI)**



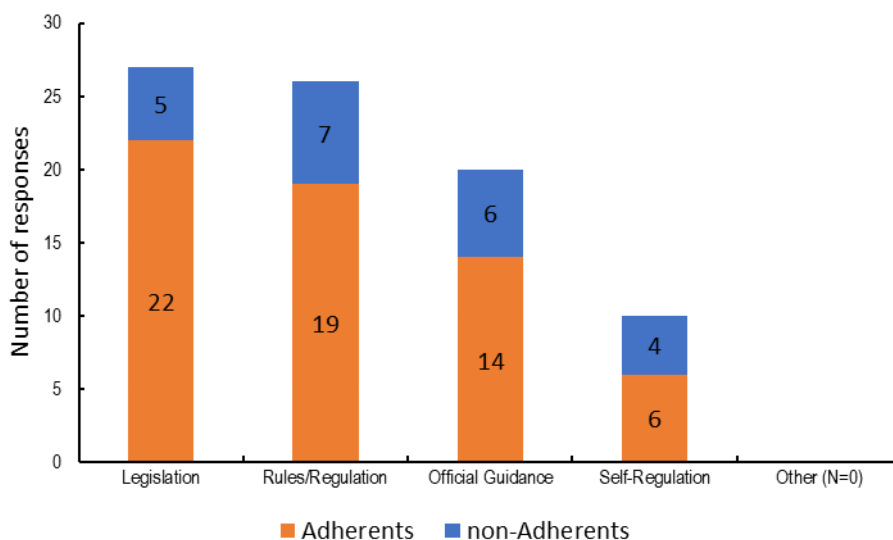
Note: Question 1.6.1: “If you have selected Fully Implemented or Partially Implemented, does the implementation include any of the elements listed below?”

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

67. Figure 2.15 illustrates that most responding Adherents stated that this provision is typically implemented via legislation (22 responding Adherents) and rules or regulations (19). Fewer responding Adherents selected official guidance (14) and self-regulation (6). Examples of implementation include **Portugal**, where the Legal Framework of Credit Institutions and Financial Companies states that credit institutions shall act with diligence, neutrality, loyalty, discretion, and scrupulous regard for the interests of their customers, and requires that the remuneration and assessment policies for employees that have direct contact with customers when marketing credit products do not jeopardise their ability to act in the best interest of their customers. **Slovenia** has modelled their business conduct regulations after the EU Consumer Credit Directive, the Consumer Rights Directive, Distance Marketing of financial services Directive and the CPC Regulation for cross border infringements. These regulations built responsible business conduct into Slovenian law, to ensure that businesses adopt responsible lending practices that prioritise the needs of consumers.

68. Regarding debt collection practices, **Greece** has in place rules on how debt collection companies can interact with consumers, stating, for example, when and how often consumers can be contacted by debt collection companies. Moreover, the **Australian** Securities and Investment Commission (ASIC) published (jointly with the Australian Competition and Consumer Commission) guidelines on debt collection to aid creditors, collectors and debtors to understand their rights and obligations, and to ensure that debt collection activity is consistent with consumer protection laws. In **Italy**, creditors and credit intermediaries shall provide adequate information so that consumers are able to assess whether the credit agreement proposed is suitable for their needs and financial situation. In this regard, pre-contractual information shall disclose the salient features of the contract, and the specific effects it may have on the consumer, including the consequences of missed payments. Finally, many jurisdictions have in place caps on a cap on lending interest rates on consumer credit. For example, **Portugal** has in place a cap on lending interest rates on consumer credit contracts since 2010 (Banco de Portugal, 2024<sup>[18]</sup>).

69. As part of the discussion held during the WPFCEI meeting on 17-18 October 2024, WPFCEI Delegates described recent developments in consumer credit markets in the respective jurisdictions and some WPFCEI Delegates shared their experiences and practices to promote affordable lending, especially for consumers in vulnerable circumstances, including the cap on lending interest rates.

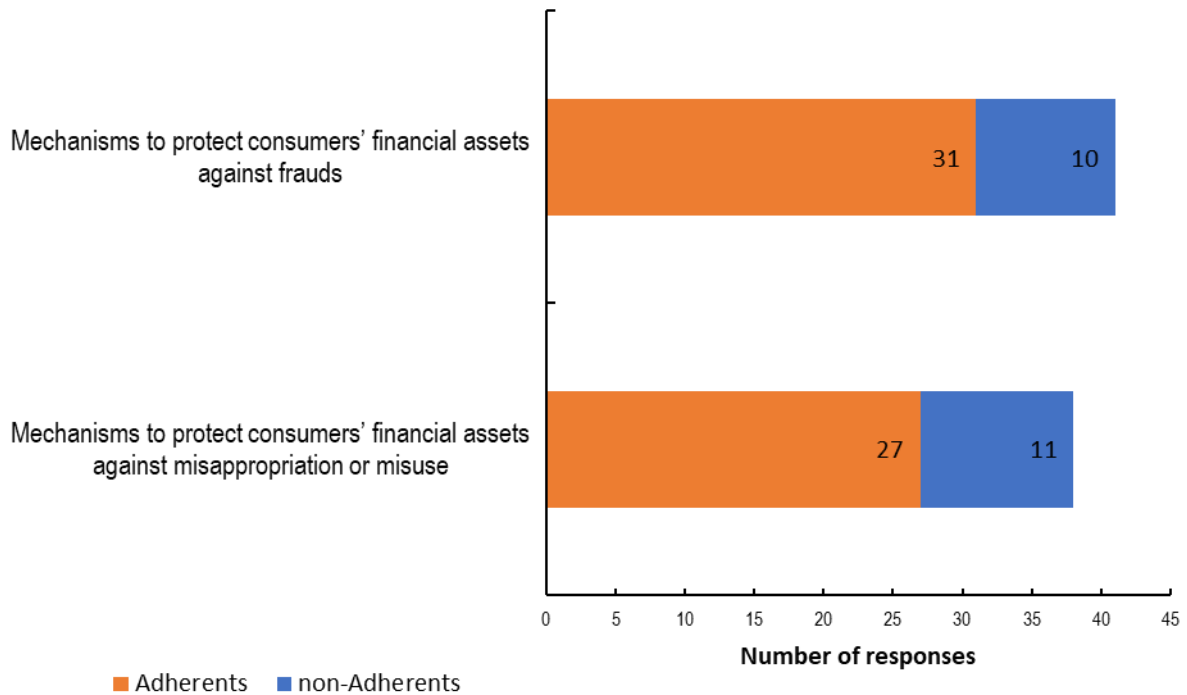
**Figure 2.15. Means of implementation (provision VI)**

Note: Question 1.1.2: “If you have selected Fully Implemented, please indicate the means of implementation (tick all that apply)?”

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

### ***2.1.7. Protection of Consumer Assets against Fraud and Misuse***

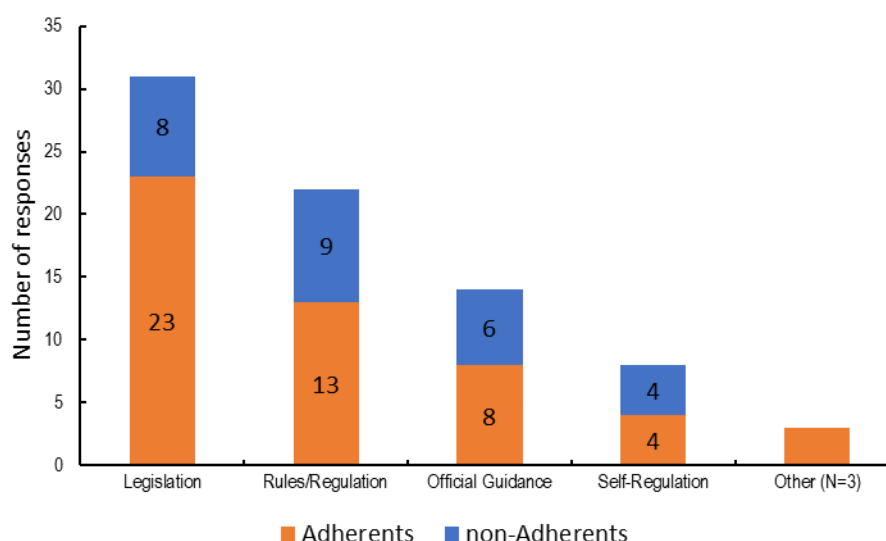
70. The seventh provision of the Recommendations (provision VII) recommends that Adherents should take appropriate measures to protect consumers’ assets against fraud, misappropriation, and other types of misuse. Most responding Adherents stated they implemented this provision. As showcased in Figure 2.16, 31 responding Adherents out of 36 stated that they have mechanisms to protect consumers’ financial assets against frauds in consumer credit markets and 27 responding Adherents stated that they have mechanisms to protect consumers’ financial assets against misappropriation or misuse.

**Figure 2.16. Protection of Consumer Assets against Fraud and Misuse (provision VII)**

Note: Question 1.7.1: “If you have selected Fully Implemented or Partially Implemented, does the implementation include any of the elements listed below?”

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

71. Figure 2.17 illustrates that most responding Adherents stated that this provision is typically implemented via legislation (23 responding Adherents) and rules or regulations (13). Fewer responding Adherents selected official guidance (8) and self-regulation (4). Examples of implementation include **Japan**, where, in order to protect customers' assets from frauds, the Money Lending Business Act provides for the investigation of repayment capacity, the prohibition on excessive loans, and the posting of the conditions of a loan. Moreover, the industry association has in place rules concerning the prevention on excessive loans and rules concerning advertising and solicitation. Similarly, **Israel's** Payment Services Law sets out the cases of misuse in which consumers are eligible for reimbursement. Moreover, Israel's relevant authorities have pursued public information campaigns on fraud and complementary training at bank branches regarding the increasing digital fraud.

**Figure 2.17. Means of implementation (provision VII)**

Note: Question 1.7.2: “If you have selected Fully Implemented, please indicate the means of implementation (tick all that apply)?”

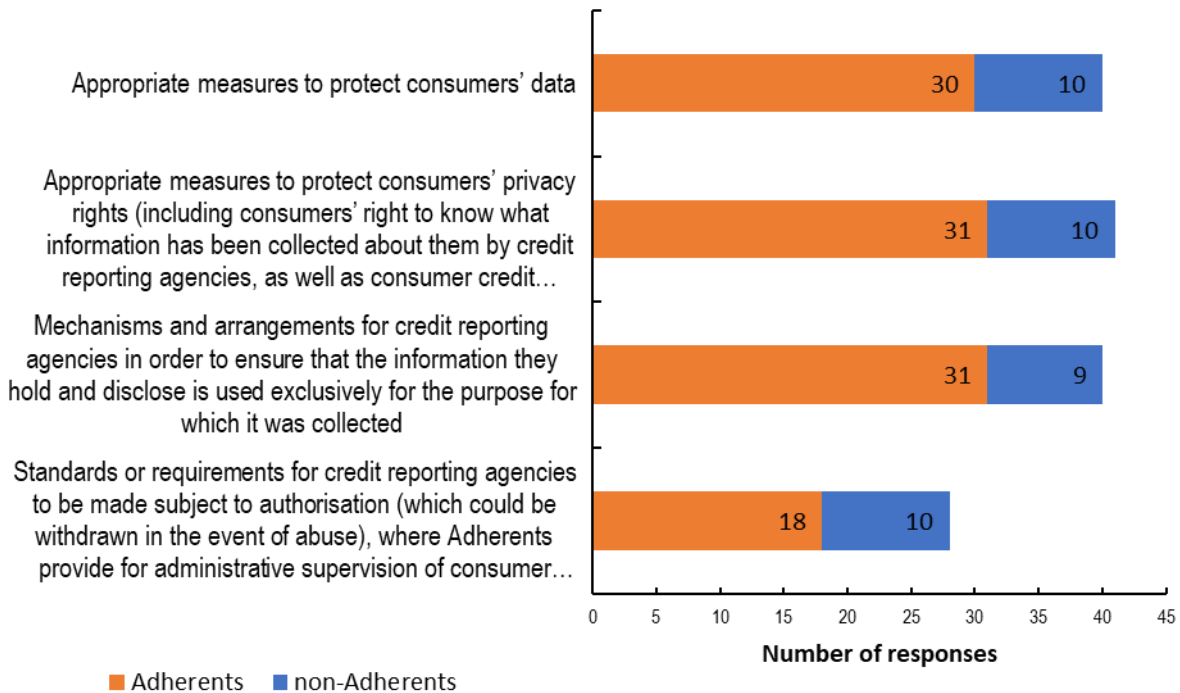
Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

### 2.1.8. Protection of Consumer Data and Privacy

72. The eighth provision of the Recommendation (provision VIII) recommends that Adherents take appropriate measures to protect consumers’ data and privacy rights, including consumers’ right to know, access, challenge and correct information collected about them by credit reporting agencies and credit providers and intermediaries. Measures that should be taken by Adherents include (a) implementing appropriate oversight arrangements of credit reporting agencies to ensure the information they hold and disclose is used exclusively for its intended purpose and (b) requiring credit reporting agencies to obtain authorisation which can be withdrawn in cases of abuse, where Adherents provide for administrative supervision of consumer credit transactions.

73. Responding Adherents typically have implemented most elements of the provision. Notably, Figure 2.18 shows that 31 responding Adherents out of 36 stated they have measures in place to protect consumers’ privacy rights, including consumers’ right to know what information has been collected about them by credit reporting agencies, as well as consumer credit providers and credit intermediaries, to access it, challenge it and to have it corrected if erroneous. At the same time, only 18 responding Adherents stated that they have requirements for credit reporting agencies to be made subject to authorisation (which could be withdrawn in the event of abuse), where jurisdictions provide for administrative supervision of consumer credit transactions.

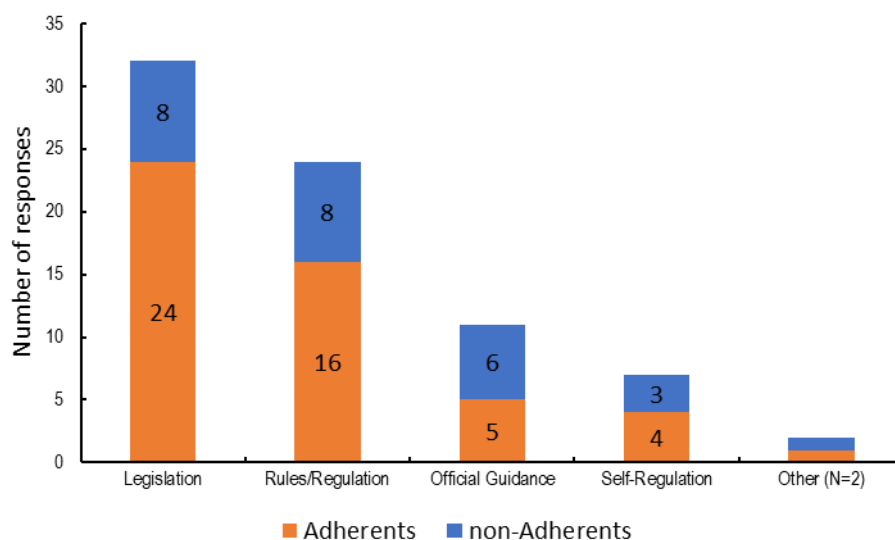
**Figure 2.18. Protection of Consumer Data and Privacy (provision VIII)**



Note: Question 1.8.1: "If you have selected Fully Implemented or Partially Implemented, does the implementation include any of the elements listed below?"

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

74. Figure 2.19 illustrates that most responding Adherents stated that this provision is typically implemented via legislation (24 responding Adherents) and rules or regulations (16). Fewer responding Adherents selected official guidance (5) and self-regulation (4). Examples of implementation include **Norway's** Credit Information Act which sets the rules and guidelines for credit assessments and processing of personal data for credit reporting agencies. To ensure compliance with these regulations, the Norwegian Data Protection Authority (NDPA) supervises data and privacy compliance. Moreover, **Québec's** *Autorité des marchés financiers* (AMF) has in place the Sound Commercial Practices Guideline that cover the protection of personal information. In the **Slovak Republic**, for the purpose of providing consumer loans, credit providers are obliged to provide data on consumer loans to at least one electronic register of data on consumer loans. The operator of the register is obliged to provide the credit provider with data from the register (to the extent stipulated by Act no. 129/2010 Coll.) to assess the consumer's ability to repay the loan. The consumer has the right to object to the correctness of the data in the register or the correctness of the entry of data in the register.

**Figure 2.19. Means of implementation (provision VIII)**

Note: Question 1.8.2: “If you have selected Fully Implemented, please indicate the means of implementation (tick all that apply)?”

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

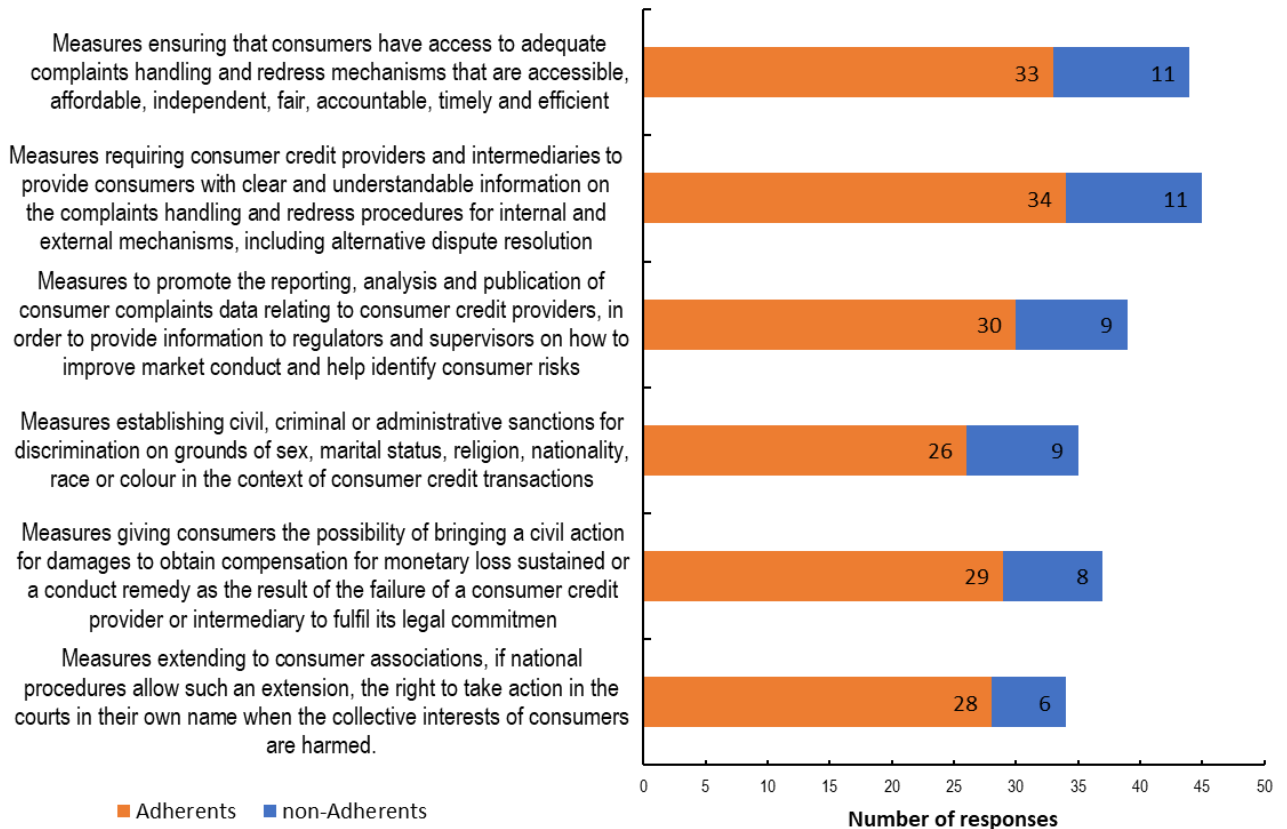
### 2.1.9. Complaints Handling and Redress

75. The ninth provision of the Recommendation (provision IX) recommends that Adherents take measures to ensure that consumers have access to adequate complaints handling and redress mechanisms that are accessible, affordable, independent, fair, accountable, timely and efficient; and that do not impose unreasonable cost, delays or burden on consumers. To this end, the Recommendation states that Adherents should (a) require clear and understandable information on complaints handling and redress procedures for internal and external mechanisms, including alternative dispute resolution schemes, from credit providers and intermediaries, (b) promote reporting, analysis and publication of customer complaints data to provide regulators and supervisors with information on how to improve market conduct and help identify consumer risks, regulatory gaps, systemic irregularities in the market and to assess the effectiveness of regulatory measures and compliance with laws and regulations, (c) establish civil, criminal or administrative sanctions for discrimination and infringements of relevant regulations, (d) allow consumers to seek damages through civil action to obtain compensation for monetary loss sustained or a conduct remedy as the result of the failure of a credit provider or credit intermediary to fulfil its legal commitments, (e) extend to consumer associations the right to take collection action in the courts in their own name when collective interests of consumers are harmed, and (f) consider whether it would be possible to introduce injunction procedures if not already available and enable consumers or consumer association to have recourse to it.

76. Nearly all responding Adherents (34 out of 36) stated that they have measures in place requiring consumer credit providers and intermediaries to provide consumers with clear information on complaints handling and redress, and 33 responding Adherents stated they have measures in place to ensure consumers have access to adequate complaints handling and redress mechanisms. As Figure 2.20 shows, among the elements of this provision that were least implemented, only 26 responding Adherents stated that they have measures establishing civil, criminal or administrative sanctions for discrimination on

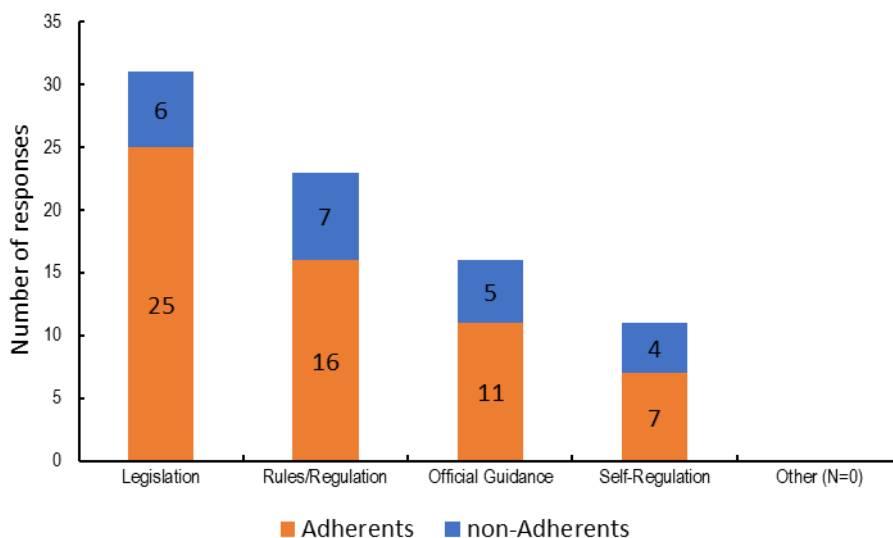
grounds of sex, marital status, religion, nationality, race or colour in the context of consumer credit transactions.

**Figure 2.20. Complaint Handling and Redress (provision IX)**



Note: Question 1.9.1: “If you have selected Fully Implemented or Partially Implemented, does the implementation include any of the elements listed below?”  
 Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

77. Figure 2.21 illustrates that most responding Adherents stated that this provision is typically implemented via legislation (25 responding Adherents) and rules or regulations (16). Fewer responding Adherents selected official guidance (11) and self-regulation (7). Examples of implementation include **Lithuania’s** Law on Consumer Credit which sets the requirements on how to handle complaints related to consumer credits, which dictates that the credit provider must assess the complaint and provide a detailed response within 15 workdays free of charge. The Central Bank of Lithuania also has a complaint handling procedure that lays out the process of complaint handling and the rights and possibilities consumers have relating to complaint handling to settle disputes out-of-court. In **Germany** alternative dispute resolution schemes are provided by the financial oversight body (BaFin) and the national central bank (Bundesbank). In addition, there are several registered private entities in the German financial sector, e.g. provided by insurers or different banking associations.

**Figure 2.21. Means of implementation (provision IX)**

Note: Question 1.9.2: “If you have selected Fully Implemented, please indicate the means of implementation (tick all that apply)?”

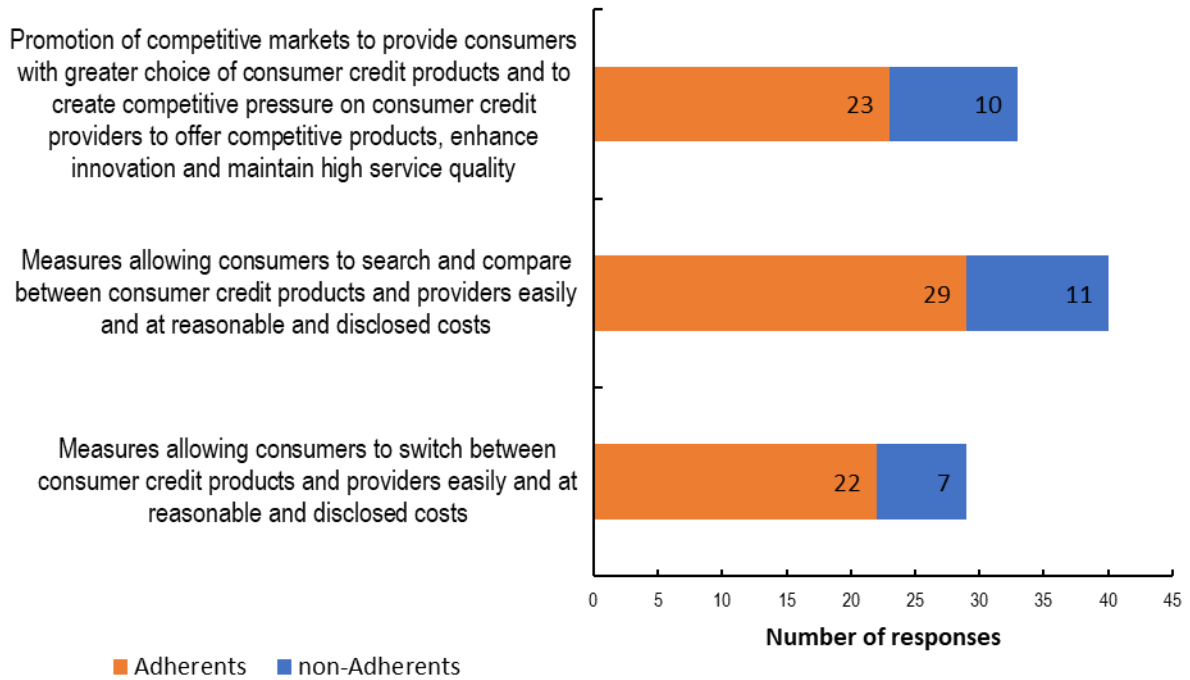
Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

### 2.1.10. Competition

78. The last provision of the Recommendation (provision X) recommends that Adherence promote competitive credit markets to provide consumers with greater choice of consumer credit products and to create competitive pressure on credit providers to offer competitive products, enhance innovation and maintain high service quality. Consumers should be able to search, compare and, where appropriate, switch between consumer credit products and providers easily and at reasonable and disclosed costs.

79. Based on the responses to the Questionnaire, 29 responding Adherents out of 36 have measures in place to allow consumers to search and compare between consumer credit products and providers easily and at reasonable and disclosed costs, 23 responding Adherents have mechanisms in place to promote competitive markets to provide consumers with greater choice of consumer credit products and to create competitive pressure on consumer credit providers to offer competitive products, enhance innovation and maintain high service quality and 22 responding Adherents have measures in place allowing consumers to switch between consumer credit products and providers easily and at reasonable and disclosed costs (Figure 2.22).

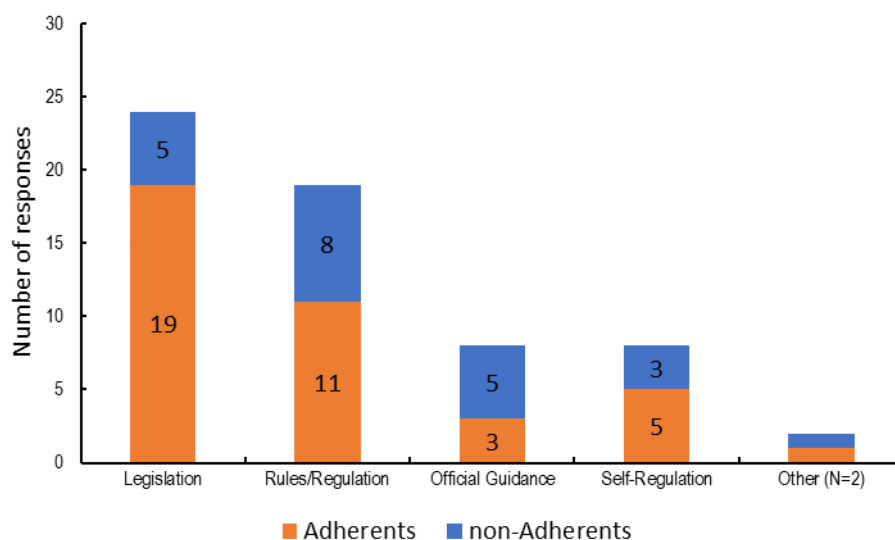
**Figure 2.22. Competition (provision X)**



Note: Question 1.10.1: “If you have selected Fully Implemented or Partially Implemented, does the implementation include any of the elements listed below?”

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

80. Figure 2.23 illustrates that most responding Adherents stated that this provision is typically implemented via legislation (19 responding Adherents) and rules or regulations (11). Fewer responding Adherents selected self-regulation (5) and official guidance (3). Examples of implementation include requirements related to the early repayment of consumer credit products and price comparison websites to provide consumers with the possibility to search and compare products (e.g., **Czechia**).

**Figure 2.23. Means of implementation (provision X)**

Note: Question 1.10.2: “If you have selected Fully Implemented, please indicate the means of implementation (tick all that apply)?”

Source: OECD 2024 Questionnaire on the Review of the Credit Recommendation

### ***2.1.11. Nature of the consumer protection laws and regulations relating to consumer credit***

81. The Questionnaire also asked a question relating to the nature of the financial consumer protection framework in consumer credit markets in the respective jurisdictions and whether the framework is based on principles, rules or a mixture of both. The majority of responding Adherents (27 out of 36) stated that the financial consumer protection framework in their consumer credit markets is based on a mixture of principles and rules. Eight responding Adherents said that their framework is based solely on rules and one stated that it is based solely on principles.

### ***2.1.12. Definition of consumer***

82. Finally, the Questionnaire asked questions relating to the definition of “consumer” in the context of consumer credit policy and whether it includes private individuals, small businesses and other entities. This is important to understand how the Recommendation has been implemented. Eleven (11) responding Adherents out of 36 stated that the definition of consumer, in the context of consumer credit policy, included small businesses. These are typically defined by responding Adherents based on either revenues or turnover under a certain amount or fewer than a certain number of employees. Finally, some responding Adherents do not define small businesses for the purpose of policies and regulation in consumer credit markets.

## **2.2. Conclusions and key takeaways from the implementation of the Recommendation**

83. Overall results of the review show that the Recommendation has been widely implemented across Adherents. Out of the 36 Adherents that responded to the Questionnaire, 13 stated that they have *Fully Implemented* each provision of the Recommendation, and other 14 stated they have *Fully Implemented* the majority of the

provisions of the Recommendation. Finally, nine responding Adherents stated that they have *Fully Implemented* five or less provisions of the Recommendation.

84. The content of the Recommendation is also followed and taken into account by responding non-Adherents, as four (out of the 11 responding non-Adherents) stated they fully align with all the provisions of the Recommendation, and other five stated they fully align with the majority of provisions.

85. The provisions that were less implemented by responding Adherents are provision VI about responsible business conduct and provision X about competition. Where responding Adherents have selected that an element of the Recommendation is either *Partially implemented* or *Not implemented*, the Questionnaire asked for a brief explanation of gaps, impediments or challenges to full implementation. Responding Adherents generally identified two main reasons as gaps or impediments to full implementation or alignment with. First, overarching legislation have not yet been developed into more specific requirements as recommended across the provisions of the Recommendation. Second, new legislations and requirements have been proposed or developed by some responding Adherents but are yet to be implemented.

### 3. Dissemination

86. The Recommendation invites the Secretary-General and Adherents to disseminate this Recommendation. This section describes the role of the Secretariat in disseminating the Recommendation, for example by organising discussions at the WPFCEI meetings. This section also describes the dissemination efforts of responding Adherents and non-Adherents, including the number of jurisdictions that referenced the Recommendation in domestic legislation, that translated the Recommendation in their domestic official language and the actions taken to disseminate the Recommendation since its adoption.

87. The WPFCEI held several discussions of key issues in consumer credit markets and related policy, regulatory and supervisory approaches, such as the roundtable discussion held in March 2024 [[DAF/CMF/FCP\(2024\)4](#)]. Such discussions held by the WPFCEI are also a mean to disseminate the Recommendation towards non-Adherents, as participants in WPFCEI meetings include G20 countries and FSB Members that are not currently Adherents to the Recommendation.

88. In terms of dissemination efforts, five responding Adherents stated that they disseminated the Recommendation among relevant stakeholders. Actions taken by responding Adherents to disseminate the Recommendation include publishing the text of the Recommendation on the websites of relevant public authorities, sharing the Recommendation with relevant stakeholders, including public authorities, consumer associations and industry in relevant events or by including a reference to the Recommendation in relevant publications.

89. Moreover, one responding Adherent have translated the Recommendation into their domestic language.<sup>3</sup> Other Adherents, as well as non-Adherents broadly, are encouraged to translate the Recommendation into their domestic languages. Translations will be made available on the [online Compendium of OECD Legal Instruments](#), and can be featured on the website of the WPFCEI. Moreover, one responding Adherent referenced the Recommendation in developing their domestic legislation.

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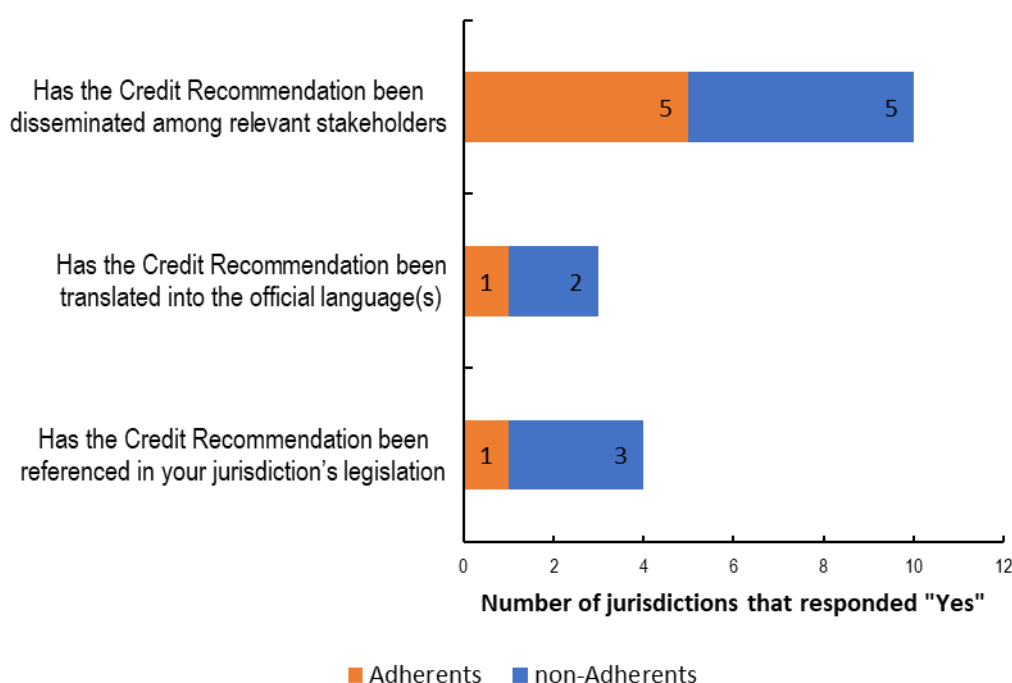
<sup>3</sup> The official languages of the Recommendation are English and French.

90. Finally, dissemination towards non-Adherents, for example via discussions held at the WPFCEI meetings, has been fruitful. Eleven non-Adherents responded to the Questionnaire. Of these, five non-Adherents have disseminated the Recommendation among relevant stakeholders, two have translated the Recommendation into their official language, and three have referenced it in their domestic legislation.

91. This demonstrates that many non-Adherents already align with the Recommendation and confirms the global value of the Recommendation in increasing protection for consumers in the consumer credit markets also in non-Adherents' jurisdictions. The Secretariat can engage with these jurisdictions further in due course to encourage them to adhere to the Recommendation.

92. See Figure 3.1 for a summary of the responses about the dissemination of the Recommendation.

**Figure 3.1. Dissemination**



Note: Questions 2.1, 2.2.1, 2.2., 2.3 and 2.3.1.

Source: OECD 2024 Questionnaire on the Review of the Recommendation

## 4. Summary and conclusions

93. This section sets out the conclusions arising from the review of the implementation, dissemination, and continued relevance of the Recommendation, as well as proposed next steps.

### 4.1. Implementation

94. Overall results of the review of the implementation of the Recommendation show that it has been widely implemented across Adherents. Out of the 36 Adherents that

responded to the Questionnaire, 13 stated that they have *Fully Implemented* all provisions of the Recommendation, and another 14 stated they have *Fully Implemented* the majority of the provisions of the Recommendation. Finally, nine responding Adherents stated that they have *Fully Implemented* some of the provisions of the Recommendation.

95. Where responding Adherents reported that certain provisions were either *Partially Implemented* or *Not Implemented*, jurisdictions generally identified two main reasons as gaps or impediments to full implementation, namely, first, that overarching legislation have not yet been developed into more specific requirements and, second, new legislations and requirements have been proposed or developed by some responding Adherents but have yet to be implemented.

## 4.2. Dissemination

96. Responses to the Questionnaire show that several responding Adherents made an effort to disseminate the Recommendation with relevant stakeholders within their individual work. Five responding Adherents stated that they published the text of the Recommendation on the websites of relevant public authorities and shared the Recommendation with relevant stakeholders, including public authorities, consumer associations and industry, either in meetings or online. Moreover, two responding Adherents stated they referenced the Recommendation in their domestic legislation and one Adherent have translated the Recommendation into their domestic language.

97. Moreover, dissemination towards non-Adherents has been fruitful as eleven non-Adherents responded to the Questionnaire. Some of these non-Adherents disseminated the Recommendation among national stakeholders, translated the Recommendation in their domestic language and referenced the Recommendation in their domestic legislation. This confirms the importance of the Recommendation and demonstrates that many non-Adherents already use it. The Secretariat can engage with these jurisdictions further in due course to encourage them to adhere to the Recommendation.

98. Adherents are encouraged to increase their effort to raise the visibility of the Recommendation, for example by translating the Recommendation in their own domestic language. Links to such translations would be added on the webpage of the Recommendation on the online compendium of OECD Legal Instruments, and could also be compiled into a central repository of unofficial translations accessible on the website of the WPFCEI. Adherents are also encouraged to share the Recommendation among national stakeholders and reference it in their domestic legislation.

## 4.3. Continued relevance

99. The Questionnaire included a question on the continued relevance of the Recommendation. This is important to ensure that the Recommendation continues to reflect best practice approaches in consumer credit markets and to encourage non-Adherents to adhere to the Recommendation. Responses to the Questionnaire show that nearly all Adherents that responded to the Questionnaire (34 of 36 Adherents) stated that the Recommendation continues to be relevant. These results are broadly in line with the responses provided by non-Adherents.

100. Importantly, responding Adherents and non-Adherents identified recent developments and emerging trends in several policy areas that could be addressed in a revision of the Recommendation. The next section describes such developments and emerging trends.

### 4.3.1. Recent developments and emerging trends in consumer credit markets

101. While the Recommendation is considered by most to still be relevant, responding Adherents and non-Adherents identified a number of recent developments and emerging trends that warrant a revision of the Recommendation (see section 1.2). Based on the responses to the Questionnaire the policy areas that could be addressed in the context of the Recommendation through a revision are:

- Use of AI and algorithms in lending decision (which may lead to lack of transparency and accountability and unfair and discriminatory outcomes). Jurisdictions have witnessed an increase of the use of AI and algorithms in lending decisions. While these tools may help lenders to process a larger amount of data and allow a more accurate assessment of consumers creditworthiness, AI and algorithms also represent risks to consumers, as they may perpetuate biases present in historical data, may lack of transparency and explainability, and may erode trust in financial services institutions.
- New or emerging forms of credit and credit-like products. New forms of credit or credit-like products (such as Buy Now Pay Later products, Wage Advance products, peer-to-peer lending, equity sharing mortgages, etc...) have become widely used in many jurisdictions. While such products may facilitate access to credit for some consumers, they also represent risks, as they may fall outside the existing policy frameworks that cover traditional forms of credit.
- Enhanced protection or measures relating to consumers experiencing vulnerability, financial hardship, or over-indebtedness. Amidst the rising costs of living, consumers have been experiencing increasing financial hardship in recent years. Several jurisdictions observed increases in defaults for credit consumption loans, increased over-indebtedness and more consumers experiencing severe financial difficulties, including consumers using illegal consumer credit products. See also (OECD, 2024<sup>[19]</sup>) for an analysis of risks facing financial consumers globally, including in consumer credit markets, and (OECD, forthcoming<sup>[20]</sup>) for a discussion of financial vulnerability and measures to support consumers in financial hardship and over indebtedness.
- Quality of consumer credit products, to promote consumer credit products that are designed to meet the interests and objectives of consumers.<sup>4</sup> Several jurisdictions introduced requirements about governance and oversight of consumer credit products, and require firms to have processes in place to ensure that their products meet the needs of consumers and relevant suitability requirements.
- Access to consumer credit products to promote inclusive consumer credit markets.<sup>5</sup> Access to consumer credit products is essential for consumers to manage their personal finances and jurisdictions have worked to promote access to consumer credit products through financial inclusion strategies and policies facilitating the digital transition.
- Debt collection practices. As the cost-of-living crisis has put many consumers under financial stress, regulators have witnessed instances of debt collectors further distressing consumers experiencing vulnerability.

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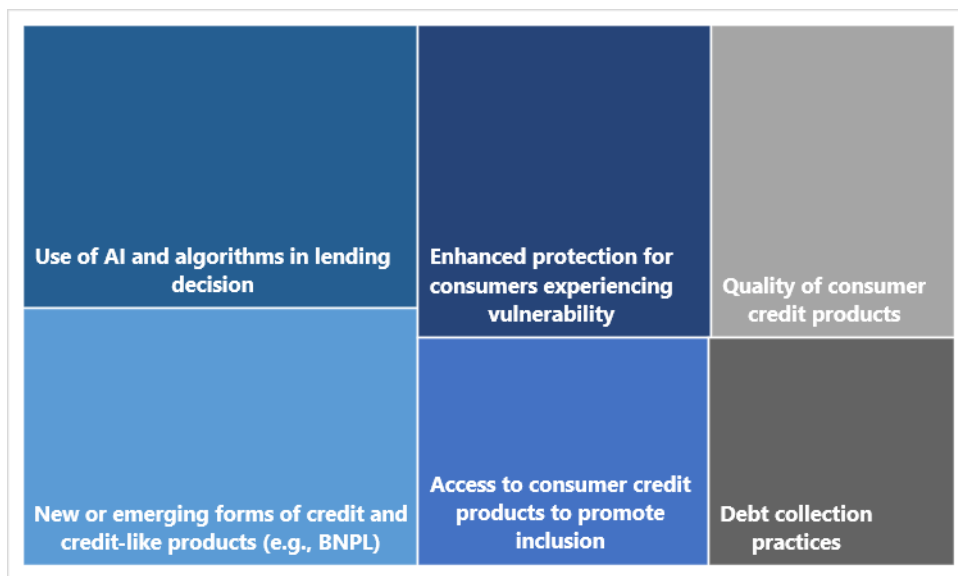
<sup>4</sup> Reflecting the new Principle 8 of the High-Level Principles on Quality Financial Products (including suitability and affordability)

<sup>5</sup> Reflecting the new Principle 3 of the High-Level Principles on Access and Inclusion

102. Delegates also mentioned the importance of competition in consumer credit markets in delivering good outcomes for consumers.

103. The Questionnaire asked jurisdictions whether any of the above topics should be addressed in the context of the Recommendation and included in a possible revised Recommendation. Figure 4.1 shows the policy areas identified include the increasing use of AI and algorithms in lending decisions (22 responding Adherents supported the inclusion of this topic in the revision of the Recommendation), the emergence of new forms of credit and credit-like products (20 responding Adherents), the enhanced protections for consumers experiencing vulnerability (18), quality consumer credit products (15), access to consumer credit products (13) and debt collection practices (11).

**Figure 4.1. Policy areas that could be addressed through a revision of the Recommendation**



Note: Question text: “The following topics have been identified as possible areas of interest. Do you think any of the following topics should be addressed in the context of the Credit Recommendation? Please tick all that apply and briefly explain why in the space to the right.”

Source: OECD 2024 Questionnaire on the Review of the Recommendation

104. The Questionnaire asked whether the developments and emerging trends described above warrant a revision of the Recommendation. Responses to the Questionnaire show that a large majority, i.e., three-quarters of Adherents that responded to this question, are supportive of a revision of the Recommendation (22 out of 29)<sup>6</sup>. During the WPFCEI meeting on 17-18 October 2024, Adherents confirmed their support for addressing these policy areas through a revision of the Recommendation.

#### 4.4. Next Steps

105. In order to further support implementation, dissemination and relevance of the Recommendation, Adherents could take steps to address the challenges to implementation identified in the Report, for example by developing and implementing requirements relating to the provisions that are not yet fully implemented, for example those provisions

<sup>6</sup> Seven Adherents that responded to the Questionnaire did not provide a response to this question.

regarding responsible business conduct and competition. Adherents are also encouraged to continue disseminating the Recommendation, including through sharing the Recommendation with relevant stakeholders, referencing it in the national legislation and translating it in their official language.

106. Further, the CMF, through the WPFCEI, could support Adherents in addressing the challenges identified in the Report to the implementation of the Recommendation, notably by reflecting on the development of guidance to further support the implementation of the Recommendation, in particular those provisions regarding responsible business conduct and competition.

107. Although the Recommendation remains relevant, several areas could be further explored and integrated into it. Accordingly, the CMF, through the WPFCEI, will develop a draft revised Recommendation for adoption by the Council, in light of the recent developments and emerging trends in consumer credit markets, and thus ensure the Recommendation remains fit for purpose, especially in light of best practices across Adherents. To that effect, an informal expert group will be set up to review the Recommendation and provide inputs to develop a proposal for the Council to revise the Recommendation.

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