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LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

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7 October 2010

The Rt. Honourable Stephen Harper
Office of the Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2

Dear Prime Minister Harper,

Re: G20 summit Seoul, South Korea: measures to support financial consumer protection.

The Public Interest Advocacy Centre (PIAC), as a member of Consumers International (CI), is joining consumer organisations around the world in calling for the G20 to take urgent action to protect consumers of financial services, through:

The establishment of an Experts Group on Consumer Financial Protection with representation from financial consumer protection agencies, independent consumer organisations, and other experts in the fair treatment of consumers of financial services representing the interests of consumers from both developed and developing nations.

The Experts Group on Consumer Financial Protection should be charged to report to the G20 summit in 2011 with recommendations supporting effective financial consumer protection around the world. In particular, the Experts Group should create and recommend adoption by national governments of minimum standards relating to:

- Fair contract terms and charges for financial products and services.
- Information design and disclosure on financial products.
- The governance and functions of national financial consumer protection bodies.

The Experts Group on Consumer Financial Protection should also make recommendations for:

- The promotion of effective competition in markets for financial consumer services.
- The development of a permanent organisation for international standard-setting and coordination with regard to financial consumer protection.

The consumer banking sector is complex, rapidly changing and carries significant risks for individual consumers and the wider economy. The financial crisis has already demonstrated how ineffective regulation of financial consumer lending practices contributed to the creation and worsening of a crisis that rapidly spread from country to country, threatening livelihoods, savings and social stability. Although Canada may have escaped the worst of the financial crisis, PIAC does not believe this was through adequate consumer protection measures but rather was a product of fortunate circumstances such as a comparatively low exposure to mortgage-backed securities and a

Each year the global economy creates an estimated 150 million new consumers of financial services. Most are in developing countries, where consumer protection and financial literacy are still in their infancy. In a world where banks are highly interdependent, a banking crisis anywhere in the world will further undermine consumer confidence and could have unpredictable international consequences.

In Canada this Fall, the federal government has begun the process of renewal by mandating the Task Force for the Payments System Review with reform of payments in Canada (and in which PIAC is actively participating along with other Canadian consumer groups), as well as consultations on the scheduled 5 year review of the financial institutions. These initiatives present an ideal opportunity to advance a coordinated consumer protection reform effort in this sector in Canada, in addition to the requested measures on the international stage. PIAC is willing and able to assist in such discussions.

The global dimension of financial services and the increasing interdependence of financial markets, as well as the common challenge of effectively regulating complex and fast-moving markets in financial consumer services, adds to the urgency for better regulation of such practices.

International co-operation on financial consumer protection has the potential to deliver substantial savings for national agencies through the co-ordination of research, the development of standards and guidelines, the sharing of best practice and the avoidance of costly crises.

At the G20 Summit in Pittsburgh in September, 2009, the Leaders' Statement declared, "[O]ur work is not done. Far more needs to be done to protect consumers, depositors and investors against abusive market practices, promote high quality standards and help to ensure the world does not face a crisis of the scope we have seen." PIAC believes the establishment of the above Experts Group would be an important step towards achieving that goal.

Please raise this issue with your G20 counterparts and support the establishment of an Experts Group on Financial Consumer Protection at the G20 summit in Seoul.

We would welcome the opportunity to discuss this further with you or an appropriate minister.

Thank you for your consideration of this important matter. We look forward to your response.

Yours sincerely,



Michael Janigan
Executive Director
Public Interest Advocacy Centre

Copied to: The Honourable James M. Flaherty, Minister of Finance
 Mr. Mark J. Carney, Governor of the Bank of Canada
 Ms. Ursula Menke, Commissioner of the Financial Consumer
 Agency of Canada



The Public Interest Advocacy Centre (PIAC) is a member of Consumers International, the international federation of independent consumer organisations that is co-ordinating an international campaign calling for all consumers to have access to a stable, fair and competitive market in financial services.