

Factors of Financial Consumer Protection of Commercial Banks

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Abstract

In the wake of the financial crisis, the financial consumer protection debate has focused heavily on financial services, with a host of different and overlapping measures being discussed at both global and regional levels. Financial consumer protection helps financial institutions face many risks that arise in dealing with retail customers. Rapid increases in the use of financial services have pointed to the need for strengthened financial regulation and consumer education to protect and empower consumers. In the absence of strong financial consumer protection, the growth-enhancing benefits of expanded financial inclusion may be lost or severely undermined. Financial consumer protection is crucial one in the contemporary financial market. Financial consumers in the financial contribute vastly in developing the economy of a country. Effective financial consumer protection is to ensure the fair treatment of consumers at the time of obtaining financial products and services from the commercial banks. So, the objective of this study is to identify which factors influence the financial consumer protection of commercial banking sector and given suggestions to move ahead to ensure constant and protected financial services to consumers.

Keywords: Financial Consumer Protection, Consumers, Commercial Banks

Introduction

The 2007–2009 global financial crisis has highlighted the importance of financial consumer protection and financial

literacy for the long term stability of the financial sector (Rutledge, 2010). The High-level Principles on Financial Consumer Protection were endorsed by the G20 Finance Ministers and Central Bank Governors in 2011 (World Bank, 2014). The Group of Twenty (also known as G20) is a forum for the governments and central bank governors from 20 major countries. The members, shown highlighted on the map at right, include 19 individual countries – Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russian Federation, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States and the European Union (EU) with Spain Participating as a “Permanent Guest” and further short-term guests named annually by the group’s rotating chairperson. The principles of financial consumer protection are equitable and fair treatment, disclosure and transparency, financial education and awareness, behaviour and work ethic, protection against fraud, protection of privacy, complaints handling, competition, third parties and conflict of interest (Selvakumar, & Sathyalakshmi, 2015).

The World Bank is also supporting the international talk on financial consumer protection during development of Good Practices on the basis of country level experience and ongoing technical assistance. The World Bank’s Good Practices are based on deep country level reviews of consumer protection and financial literacy. The Good Practices for Financial Consumer Protection present a practical approach that regulators can use in their efforts to support consumer protection in financial services. Financial literacy is a significant part of financial consumer protection. Financial education cannot replacement for consumer protection regulation. On the other hand,

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financial education and consumer protection guideline are balancing and should be combined in a course of reform of financial consumer protection (World Bank, 2012).

Weakness in financial consumer protection and financial literacy affect both developed and developing countries (Rutledge, 2010). Financial consumer protection is essential in cases of low financial literacy, inadequate knowledge of complex structural financial products, increased households borrowing, unclear and correct information on market movements, low awareness and inadequate risk taking from the financial consumers. Financial education and financial consumer protection in such conditions contribute to restoring and increasing consumer confidence in the entire financial system with the aim of lowering risk exposure, consequently leading to financial stability (Leko et al.,).

But consumer protection does not stop with safety and soundness regulation. There are also measures that focus on the interface between service providers and consumers and the potential risk that the interests of the providers of financial services may not be sufficiently aligned with those of the consumers of the products. Various norms of behaviour work in this context to prevent fraud, malpractices and other forms of misconduct by which service providers put their own interests or those of affiliates ahead of consumers' or take unfair advantages of consumers' lack of sophistication, their limited access to market alternatives, and their limited economic resources (Lumpkin, 2010).

Statement of the Problem

In their day-to-day life, consumers avail financial services ranging from banking to insurance, non-banking finance, share market, investment funds, mutual funds, pension plans, micro-finance, commodity trading and various government funds like post office savings, bonds, etc. In the development of any nation or economy financial services play a key role. The growth of the financial sector largely depends upon the confidence users/consumers have in its fairness, transparency, accountability, responsiveness, accessibility, and adaptability (CUTS International, 2010).

The financial services like banks, building societies, pawn broking, pensions, insurance policies, and loans are

essentially driven by commercial intent and the actions in the issue of consumer protection should be taken care of by competitive market forces (Markom et al., 2015). Protection of the consumers is an issue of paramount consideration in the modern economic world order (Gangadhar et al., 2015). Financial consumer protection and financial education policies, in conjunction with the regulation of financial institutions and markets, help to ensure safe access to financial services and support financial stability and financial inclusion objectives. Financial consumer protection can contribute to improved efficiency, transparency, competition, and access to financial markets by reducing information asymmetries and power imbalances among providers and users of financial services (World Bank, 2014).

Financial consumer protection promotes the efficiency, transparency, and deepening of retail financial markets. Consumers who are empowered with information and basic rights and who are aware of their responsibilities provide an important source of market discipline to the financial system, encouraging financial institutions to compete by offering useful products and services. In turn, this promotes consumer trust and engagement with the formal financial services market. Financial consumer protection is needed to ensure that expanded financial inclusion results in equitable growth. Strong consumer protection helps to ensure that increased use of financial services benefits all consumers and does not create undue risk for households. Furthermore, weak financial consumer protection can cause the growth-promoting benefits of expanded access to consumer financial products and services either to be lost or else greatly diminished. Weak protection undermines consumers' confidence and public trust, thus discouraging households from purchasing financial products and services and increasing the likelihood that the products and services they purchase fails to meet their needs and objectives.

Consumer protection also improves governance of financial institutions. By strengthening transparency in the delivery of financial services and the accountability of financial institutions, consumer protection helps build demand for good governance and the strengthening of business standards in the financial system. The focus of financial consumer protection is on the relationship and interaction between a retail customer and a financial institution. When designing successful consumer

protection, it is important to distinguish between unsophisticated retail (and possibly even illiterate) consumers versus highly sophisticated corporate customers. Transactions between corporate customers and financial institutions are not subject to many of the problems that can potentially harm households and individuals. Thus, it is the retail market for financial services (sometimes called the business-to-consumer or “B2C” market) that is the focus of financial consumer protection (World Bank, 2012).

Review of Literature

There are limited numbers of studies relating to financial consumer protection. They are given below.

Consumer protection measures, such as disclosure requirements, rules, and regulations on financial transactions, and complaint mechanisms, can only be effective if consumers are educated about the products and their rights (Panganiban, 2007). Consumer protection and financial literacy set clear rules of engagement between financial firms and their retail customers and help narrow the knowledge gap between consumers and their financial institutions (World Bank, 2008). The issue of financial innovation and consumer protection is mostly about access and suitability (Lumpkin, 2010). Financial institutions that embrace transparency, redress, and financial education promote financial inclusion and expand the market (Alliance for Financial Inclusion, 2010).

Customer protection aspects deal with issues that could cause loss to the customer, compromise the security of financial and personal information, or delay or deny the contracted service (CGAP, 2010). The new regulatory requirements highlight the importance of protecting the interests of financial consumers through strengthened regulation of bank’s market activities as well as efficient and effective monitoring and alerts of risks in key areas (China Banking Regulatory Commission, 2010). Consumer Protection Code strikes a balance between the necessity for providing greater protection of those consumers who have found themselves in particularly difficult circumstances and the acknowledgment that the welfare of the vast majority of consumers is met by competition between financial institutions that is fair, open and transparent (The Competition Authority, 2011).

Financial consumer protection provides effective safeguards for financial consumers while empowering consumers to exercise their legal rights and fulfil their legal obligations (World Bank, 2011). Fairness, reliability, and transparency are the key principles between a financial services provider and a consumer (Bank of Uganda, 2011). New consumer protection challenges and opportunities will continue to arise in the near future as the banking industry continues to experience rapid technological change and innovation (Field Brief No.16, 2011).

Financial Consumer Protection is very essential one in all financial institutions. Besides, all banking institutions that provide financial services to consumers should be subject to a licensing and regulatory regime to ensure their financial safety and soundness and effective delivery of financial services (World Bank, 2012), establishing special resources and procedures to protect financial consumers (Association of Supervisors of Banks of the Americas, 2012). There is a positive justice to the consumers against the faulty banking services (Sharma, 2012). Financial consumer protection regulation reflects the relationship between financial institutions and their clients (Dias, 2013).

Consumer protection principle is inconsistently applied across the m-payments ecosystem in Canada (Trites et al., 2013). The financial service providers treat their customers fairly (Chakrabarty, 2013). Many of the most immediate consumer protection challenges, as well as efforts to protect consumers, occur at the industry level (Federal Ministry for Economic Cooperation and Development, 2013). Consumer groups pointed out that financial consumer protection had not yet received appropriate attention by regulators. FCPs are access, safety and resilience, fairness and integrity, performance and efficiency, redress and accountability and value for society (Wehinger, 2013), treating the bank customers fairly with the awakening of consumers on the issues of investor/consumer protection (Gousia, 2013). In order to ensure effective and proportionate financial consumer protection regimes, it is important that all stakeholders participate in the process, from policy makers to financial institutions to consumer advocates and other civil society actors (Malala, 2013).

The Consumer Financial Protection Bureau (CFPB) was created in the wake of the financial meltdown to stand up

for consumers and make sure they are treated fairly in the consumer financial marketplace (Consumer Financial Protection Bureau, 2014). The Consumer Financial Protection Act establishes the Bureau of Consumer Financial Protection within the Federal Reserve System with rulemaking, enforcement, and supervisory powers over many consumer financial products and services, as well as the entities that sell them (Carpenter, 2014). The purpose of the Bureau is to implement and enforce consumer financial law consistently to ensure that markets are fair, transparent, and competitive (Consumer Council of Fiji, 2011). Bureau has to act as a twenty first century regulator that would promote a well functioning market for consumer financial services and effective consumer protection (Kennedy et al., 2012). Disclosure is the key element of the modern approach to financial consumer protection (World Bank, 2014).

A consumer protection regime should have a balance of responsibilities between consumers and the banks so that requirements are fair to both (Canadian Bankers Association, 2014). Improved transparency and better informed transactions will lead to better solutions for consumers and greater market efficiency (Patrice Muller et al., 2014). Clear and effective by laws, rules, standards, and policies would enhance the financial consumer protection. Engagement mechanisms for financial consumer protection issues would certainly be beneficial (Canadian Payments Association, 2014).

Financial consumers want personalized value-add services to protect their identity and finances, reward them for their business, and help them to build wealth and manage their cash (Financial Consumer Survey, 2015). To safeguard the stability of the Islamic finance industry, consumer protection frameworks that cater to the specifics of Islamic financial products should be an integral part of regulatory frameworks (Lukonga, 2015). Banks and Alternative Payment Providers should encourage the consumers for protection and effective payment systems (The Clearing House, 2015).

For middle income countries, first can provide valuable cost sharing on the program. The objective is to help countries achieve concrete measurable improvements in consumer protection in financial services (World Bank). Factors of financial consumer protection do not have any significant influence on customer satisfaction

(Selvakumar, & Sathyalakshmi, 2015). There is no significant difference in the level of financial consumer protection on the basis of type of the bank (Selvakumar, & Sathyalakshmi, 2015). Through financial consumer protection, the treatment of consumer is fairly and that would lead to increase the satisfaction level of the consumers (Al Rajhi Bank). Consumer protection can have both direct and indirect effects on consumer welfare through the reactive behaviours of consumers and financial providers (Tapestry Networks). Consumer protection strategy "Getting it right for consumers" and 5Cs framework, i.e. consumer, culture, confidence, challenge and compliance, continue to provide a sound basis for our risk-based approach to delivering on our consumer protection objectives and the outcomes we strive to achieve (Central Bank of Ireland, 2016).

Many reviews are relating to working paper on financial consumer protection in world wide. Few research studies are carried out the financial consumer protection of financial institutions wise, i.e. banks, insurance companies, and so on. No one studied the financial consumer protection of banks in the world wide, especially in the India. Hence, the researcher has taken up this type of research study. The researcher has chosen the financial consumer protection of commercial banks in India. There is no possibility to study the entire India relating to financial consumer protection of commercial banks. So, the researcher has pinned on the limited area to study the financial consumer protection of commercial banks. In India, totally 30 states and 7 unions territories are there. That ways, the researcher has selected the Tamil Nadu state. Because, Tamil Nadu state is one of the developing states compared to other states in India. In Tamil Nadu, more numbers of financial institutions are there. In order to know the effectiveness of financial institutions, the researcher has selected this state. In Tamil Nadu, there are 32 districts. The researcher has chosen Virudhunagar district from among the 32 districts. This district is one of the industrial areas. This area contains more numbers of printing industries, match works, fireworks, textile mill industries, and so on. More numbers of transactions are done through financial institutions especially in banking sector. Virudhunagar district has eight talukas. The researcher has selected Srivilliputtur Taluk to identify the factors of financial consumer protection of commercial banks.

Objectives of the Study

The research objectives are listed given below:

- To analyze the socioeconomic profile of the respondents in the study area.
- To examine the banking profile of the customers.
- To identify the factors influencing of financial consumer protection of commercial banks.
- To offer suitable suggestions on the basis of findings.

Methodology

This study contains both primary and secondary data. Primary data are collected from the customers of commercial banks in Srivilliputtur Taluk through interview schedule. The population of the study is large in number. Hence, it is decided to use sampling method. The researcher has used purposive sampling method to select 50 sample customers of commercial banks in the study area. The secondary data were collected from various working papers on World bank, Organization for Economic Co-operation and Development, CUTS International and Financial Stability Board, and reports from various institutions and countries like FCP framework carried by G20, Canadian Payment Association and Saudi Arabia. Besides, some research articles are downloaded from Google Scholar, Mendeley, and Databases from university libraries.

In order to analyze the objectives of the study, the researcher has used statistical tools through SPSS (Statistical Packages for Social Sciences Research). They are

- Percentage Analysis and
- Factor Analysis

Results and Discussion

Socioeconomic Profile of the Respondents

In order to analyze the socioeconomic background of the sample respondents, the researcher has collected the data regarding socioeconomic profile of the sample respondents, because the socioeconomic plays a vital role in getting the banking services offered by the banks. So, the details are presented in Table 1.

Table 1: Socioeconomic Profile of the Respondents

S.No.	Particulars	No. of Respondents (Percentage)
Gender Wise Classification		
1	Male	38 (76.00)
2	Female	12 (24.00)
Total		50 (100.00)
Age wise classification		
1	18 to 28 Years	03 (06.00)
2	28 to 38 Years	12 (24.00)
3	38 to 48 Years	11 (22.00)
4	48 to 58 Years	15 (30.00)
5	58 Years and above	09 (18.00)
Total		50 (100.00)
Marital Status		
1	Married	45 (90.00)
2	Unmarried	05 (10.00)
Total		50 (100.00)
Educational Status		
1	Illiterate	01 (02.00)
2	Literate	49 (98.00)
Total		50 (100.00)
Educational Qualification		
1	Primary	01 (02.04)
2	Secondary	01 (02.04)
3	SSLC	03 (06.12)
4	Higher Secondary	07 (14.29)
5	PUC	02 (04.08)
6	Diploma/Certificate Courses	01 (02.04)
7	Undergraduate	13 (26.53)
8	Postgraduate	18 (36.73)
9	Ph.D	02 (04.08)
10	Professional Courses	01 (02.04)
Total		49 (100.00)
Employment Status		
1	Employed	47 (94.00)
2	Unemployed	03 (06.00)
Total		50 (100.00)
Occupation		
1	Businessman	08 (17.02)
2	Government Employee	16 (34.04)
3	Private Employee	12 (25.53)
4	Professionals	11 (23.40)
Total		47 (100.0)
Unemployment		
1	Student	01 (33.33)
2	Home Maker	01 (33.33)
3	Retired	01 (33.33)
Total		03 (100.0)
Monthly Total Income		
1	Up to Rs.10,000	08 (16.00)
2	Rs.10,000 to Rs.20,000	09 (18.00)
3	Rs.20,000 to Rs.30,000	10 (20.00)
4	Rs.30,000 to Rs.40,000	08 (16.00)
5	Rs.40,000 to Rs.50,000	05 (10.00)
6	Above Rs.50,000	10 (20.00)
Total		50 (100.00)

Source: Primary Data

Table 1 reveals the socioeconomic profile of the sample respondents. In gender-wise classification of the respondents, 36 (76.00 per cent) respondents are male; under the age wise classification, 15 (30.00 per cent) respondents are in the age category of 48 to 58 years; marital status wise, 45 (90.00 per cent) respondents are married; educational status, majority of the respondents are literate; 18 (36.73 per cent) respondents have completed postgraduate level of education; in case of employment status, majority of the respondents (94.00 per cent) are employed; 16 respondents are government employees; 3 respondents are unemployed category (student, homemaker and retired); monthly total income, 10 respondents (20.00 per cent) are come under the income category of Rs.20,000 to Rs.30,000 and Rs.40,000 to Rs.50,000.

Banking Profile of the Customers

The researcher has further gathered the data relating to banking profile of the customers. These data are useful to identify the customers in more accurately. Table 2 reveals the banking profile of the customers.

Table 2: Banking Profile of the Customers

S.No.	Particulars	No. of Respondents (Percentage)
Type of Bank		
1	Public Sector Bank	42 (84.00)
2	Private Sector Bank	08 (16.00)
Total		50 (100.00)
Kind of Account		
1	Saving Account	46 (50)
2	Current Account	04 (50)
3	Fixed Account	03 (50)
4	Recurring Deposits	02 (50)
Number of Bank Account		
1	One	31 (62.00)
2	Two	11 (22.00)
3	Three	05 (10.00)
4	Four	02 (04.00)
5	More than Four	01 (02.00)
Total		50 (100.00)
Average Balance		
1	Up to Rs.5,000	14 (28.00)
2	Rs.5,000 to Rs.10,000	07 (14.00)
3	Rs.10,000 to Rs.15,000	02 (04.00)
4	Rs.15,000 to Rs.20,000	03 (06.00)
5	Above Rs.20,000	24 (48.00)
Total		50 (100.00)
Number of years deal with Bank		
1	Less than 5 years	13 (26.00)
2	6 to 10 years	19 (38.00)
3	11 to 15 years	09 (18.00)
4	Above 15 years	09 (18.00)
Total		50 (100.00)

S.No.	Particulars	No. of Respondents (Percentage)
Frequency of using banking operations		
1	More Frequent	13 (26.00)
2	Frequent	21 (42.00)
3	Moderate	05 (10.00)
4	Rare	11 (22.00)
Total		50 (100.00)
Purpose of opening the bank account		
1	Savings purpose	19 (38.00)
2	Business purpose	09 (18.00)
3	Safety/Security purpose	02 (04.00)
4	To get loan	01 (02.00)
5	Salary purpose	17 (34.00)
6	To get government monetary benefits	01 (02.00)
7	For needy purpose	01 (02.00)
Total		50 (100.00)
Influence to open to bank account		
1	Self interest	35 (71.43)
2	Family members	03 (06.12)
3	Friends and Relatives	02 (04.08)
4	Co-workers	02 (04.08)
5	Bank employees	01 (02.04)
6	Government norms	01 (02.04)
7	Salary/Needy	05 (10.20)
Total		49 (100.0)
Factors to select the bank		
1	Need	20 (50)
2	Safety/Security	08 (50)
3	Convenient Location	10 (50)
4	Quick Processing	07 (50)
5	Facilities	07 (50)
6	Better customer service	06 (50)
7	Reasonable rate of interest	01 (50)
8	For salary	04 (50)
9	For others recommendations	01 (50)
Banking Services		
1	Deposit	30 (50)
2	Loans	07 (50)
3	Overdraft	01 (50)
4	General Credit Card/Kisan Credit Card Services	01 (50)
5	ATM Card Services	42 (50)
6	Debit Card Services	16 (50)
7	Locker Facility	04 (50)
8	Internet Banking	16 (50)
9	Mobile Banking	07 (50)
10	Cheque Book	21 (50)
11	Bill Payment Services	09 (50)
12	To get government monetary benefits	11 (50)
13	Cheque collection	01 (50)
14	Withdrawal	05 (50)

Source: Primary Data

Table 2 reveals that 42 respondents (84.00 per cent) have account in public sector bank; 46 respondents have saving bank account; 31 respondents (62.00 per cent) have one account in bank; 24 respondents (48.00 per cent) are earned the income of above Rs.20,000; 19 respondents (38.00 per cent) have the bank account from 6 to 10

years; 21 respondents (42.00 per cent) are frequently use the bank operations; 19 respondents (38.00 per cent) have the account for savings purpose; 35 respondents (71.43 per cent) have opined that self-interest factor to influence to open the bank account; 20 respondents have opined that need is the factor to select the bank account; 42 respondents have ATM card services.

Factors Influencing of Financial Consumer Protection of Commercial Banks: Application of Exploratory Factor Analysis

Factor analysis is a data-reduction technique in which multiple statements are combined together and converted

as component based on close relationship between them. In this study, the researcher has used 58 items to get data from the respondents based on the principles of financial consumer protection offered by Organization for Economic Co-operation and Development (Organization for Economic Co-operation and Development, 2011). In order to extract construct from the 58 statements, the researcher has applied the Exploratory Factor Analysis (EFA) with varimax rotation. As a result of the EFA, the statements are grouped into 7 components. Table 3 reveals the rotated component matrix for the factors identification of financial consumer protection of banks.

Table 3: Rotated Component Matrix for the Factors Identification of FCP of Banks

S.No	Statements	F1	F2	F3	F4	F5	F6	F7	h ²
1	Allow the customers act independently	0.782							0.941
2	Bank treat customers friendly and respect manner	0.779							0.899
3	Bank provides better customer service	0.763							0.918
4	Better employee morale	0.757							0.941
5	Bank quick respond to customers need	0.744							0.936
6	Bank works in a professional manner for the benefits of customers during their relationship	0.736							0.903
7	Bank is primarily responsible for the protection of the financial interests of the customers	0.730							0.911
8	Bank adopts appropriate control and protection mechanism	0.587							0.864
9	No bias among the customers to protect the data or information	0.570							0.908
10	Redressed within a stipulated time	0.525							0.871
11	Bank employees does not disclose/share of customers detail or information to others	0.516							0.870
12	Banks protect customers financial and personal data and information	0.514							0.884
13	Bank information is simple to understand and accurate		0.764						0.978
14	Bank information is easily accessible		0.756						0.966
15	Bank provides up to date information about products and services to consumers		0.731						0.946
16	Bank discloses the details of fees, pricing and any potential penalties that the consumer may incur		0.660						0.908
17	Bank speaks customer language		0.650						0.919
18	Provide full information to the public to take purchase decision		0.643						0.924
19	Bank provides all the information to customers whenever they asked during their relationship		0.633						0.947
20	Decisions are taken with open minded and transparent to all		0.624						0.937
21	All decisions are taken predetermined procedure		0.616						0.941
22	Bank made informed choices, know where to go for assistance when the customers need		0.591						0.804

S.No	Statements	F1	F2	F3	F4	F5	F6	F7	h ²
23	Bank communicates with customer in a clear manner		0.568						0.900
24	Bank develop customers' knowledge, skills and confidence to understand the financial risks and opportunities		0.564						0.817
25	Ensure e-security on customers data		0.515						0.756
26	Create the situation for healthy competition			0.773					0.945
27	Treat the competition as the factor to develop themselves			0.769					0.969
28	Bank encourage the customers to use more number of products and services			0.755					0.946
29	Create the customers to choose appropriate products and services			0.750					0.926
30	Apply ethical marketing practices			0.732					0.952
31	The feedback about redressal is received from the customer			0.642					0.873
32	Availability of policy and procedure for quick redressal			0.561					0.857
33	Easy accessibility of redressal to all the customers			0.555					0.871
34	Banks protect and monitor customer deposits and savings				0.787				0.927
35	Proper control systems to reduce fraud, embezzlement or misuse				0.722				0.926
36	Banks follow alerting system against the fraud				0.703				0.932
37	Bank employees respond the customers at the time of any errors and fraud occurrence				0.696				0.933
38	Banks take immediate action against the errors and fraud after customers complaints				0.648				0.892
39	Provide full information to the public to take purchase decision				0.521				0.924
40	Ensure honest in their all sphere of activities					0.883			0.915
41	Do the activities with the efforts what actually the activities need					0.870			0.927
42	Bank deals equitably, honestly and fairly at all stages of their relationship with consumers					0.857			0.968
43	Bank is taken care and special attention given to the needs of vulnerable persons and groups.					0.803			0.889
44	Have the administrative system for equitable and fair treatment					0.792			0.907
45	Bank should responsible and accountable for the actions of their authorized agents						0.970		0.984
46	Authorized agents responsible for upholding financial consumer protection						0.967		0.987
47	Bank have sufficient monitoring procedure to control their authorized agents						0.964		0.983
48	Authorized agents work in the best interest of their customers						0.956		0.978
49	Bank gives proper training to their authorized agents for betterment of service						0.955		0.979
50	All policies and procedures are in written form							0.702	0.952
51	Every transaction of bank supported by documents							0.698	0.944
52	Operational guidance was placed in the premises of the bank							0.692	0.945

Source: Computed Data

Table 3 shows the rotated component matrix for financial consumer protection of banks. Out of 58 statements, 52 statements are extracted from the factor analysis. All the 52 statements are loaded on the seven factors. The last column, Communalities (h^2), shows how much of

the variance in the variables has been accounted for by the extracted factors. For instance, over 98.7% of the variance in authorized agents work in the best interest of their customers for while 75.6% of the variance in ensures e-security on customers' data is accounted for.

The 7 components are renamed and treated as determining factors of this study. Table 4 reveals the factor names, variables under each factor, factor loadings, Eigen value and percentage of variance extracted. The 7 constructs

extracted from the EFA are named as Behaviour and Work Ethic, Disclosure and Transparency, Competition and Complaints Handling, Protection against Fraud, Equitable and Fair Treatment, Third Parties and Conflict of Interest.

Table 4: Factors of FCP of Commercial Banks

<i>Factors</i>	<i>Variables</i>	<i>Factor Loadings</i>	<i>Eigen Value</i>	<i>Percentage of Variance Explained</i>
Behaviour and Work Ethic	Allow the customers act independently	0.782	34.898	67.111
	Bank treat customers friendly and respect manner	0.779		
	Bank provides better customer service	0.763		
	Better employee morale	0.757		
	Bank quick respond to customers need	0.744		
	Bank works in a professional manner for the benefits of customers during their relationship	0.736		
	Bank is primarily responsible for the protection of the financial interests of the customers	0.730		
	Bank adopts appropriate control and protection mechanism	0.587		
	No bias among the customers to protect the data or information	0.570		
	Redressed within a stipulated time	0.525		
	Bank employees does not disclose/share of customers detail or information to others	0.516		
	Banks protect customers financial and personal data and information	0.514		
Disclosure and Transparency	Bank information is simple to understand and accurate	0.764	4.559	8.768
	Bank information is easily accessible	0.756		
	Bank provides up to date information about products and services to consumers	0.731		
	Bank discloses the details of fees, pricing and any potential penalties that the consumer may incur	0.660		
	Bank speaks customer language	0.650		
	Provide full information to the public to take purchase decision	0.643		
	Bank provides all the information to customers whenever they asked during their relationship	0.633		
	Decisions are taken with open minded and transparent to all	0.624		
	All decisions are taken predetermined procedure	0.616		
	Bank made informed choices, know where to go for assistance when the customers need	0.591		
	Bank communicates with customer in a clear manner	0.568		
	Bank develop customers' knowledge, skills and confidence to understand the financial risks and opportunities	0.564		
Ensure e-security on customers data	0.515			
Competition and Complaints Handling	Create the situation for healthy competition	0.773	2.705	5.203
	Treat the competition as the factor to develop themselves	0.769		
	Bank encourage the customers to use more number of products and services	0.755		
	Create the customers to choose appropriate products and services	0.750		
	Apply ethical marketing practices	0.732		
	The feedback about redressal is received from the customer	0.642		
	Availability of policy and procedure for quick redressal	0.561		
	Easy accessibility of redressal to all the customers	0.555		

Factors	Variables	Factor Loadings	Eigen Value	Percentage of Variance Explained
Protection against Fraud	Banks protect and monitor customer deposits and savings	0.787	1.826	3.511
	Proper control systems to reduce fraud, embezzlement or misuse	0.722		
	Banks follow alerting system against the fraud	0.703		
	Bank employees respond the customers at the time of any errors and fraud occurrence	0.696		
	Banks take immediate action against the errors and fraud after customers complaints	0.648		
	Provide full information to the public to take purchase decision	0.521		
Equitable and Fair Treatment	Ensure honest in their all sphere of activities	0.883	1.420	2.732
	Do the activities with the efforts what actually the activities need	0.870		
	Bank deals equitably, honestly and fairly at all stages of their relationship with consumers	0.857		
	Bank is taken care and special attention given to the needs of vulnerable persons and groups.	0.803		
	Have the administrative system for equitable and fair treatment	0.792		
Third Parties	Bank should responsible and accountable for the actions of their authorized agents	0.970	1.207	2.321
	Authorized agents responsible for upholding financial consumer protection	0.967		
	Bank have sufficient monitoring procedure to control their authorized agents	0.964		
	Authorized agents work in the best interest of their customers	0.956		
	Bank gives proper training to their authorized agents for betterment of service	0.955		
Conflict of Interest	All policies and procedures are in written form	0.702	1.133	2.178
	Every transaction of bank supported by documents	0.698		
	Operational guidance was placed in the premises of the bank	0.692		

Source: Computed Data

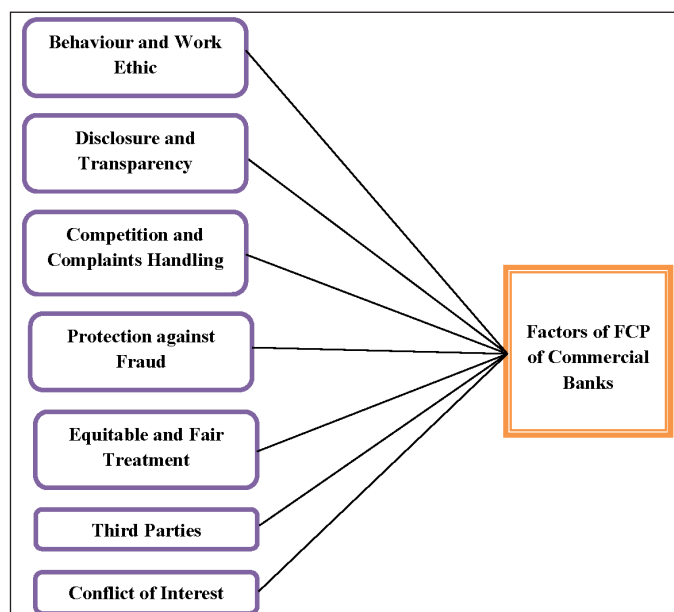


Fig. 1: Factors of FCP of Commercial Banks

From the results of EFA, seven factors are Behaviour and work ethic, Disclosure and transparency, Competition and

complaints handling, Protection against fraud, Equitable and fair treatment, Third parties, and Conflict of interest. These seven factors are most influencing the financial consumer protection of commercial banks in the study area. Fig. 1 represents the diagrammatic presentation of factors of financial consumer protection of commercial banks.

Suggestions

The researcher has some suggestions on the basis of findings of the study.

The researcher has used factor analysis to find out which factors are most influencing the financial consumer protection of commercial banks in the study area. The result reveals that behaviour and work ethic, disclosure and transparency, competition and complaints handling, protection against fraud, equitable and fair treatment, third parties, and conflict of interest are factors of financial consumer protection.

- Behaviour and work ethic is one of the most influencing factors the financial consumer protection of commercial banks in the study area. So, the researcher has suggested that the banks should maintain and concentrate more on this factor. Because, this factor has high loadings compared to other factors. Hence, the banks should definitely display good behaviour and deal professionally when providing financial products and services to existing and prospect consumers at all times. The attitude of the bank employees in a professional manner would induce the protection of financial interests of the customers in the study area.
- Disclosure and transparency is another influencing factor the FCP of commercial banks. So, the researcher has recommended that the banks should disclose all terms and conditions in clear and understandable language to the customers of the banks. This would increase the customers' confidence to use more numbers of banking products and services.
- The third factor is competition and complaints handling. The researcher has suggested that the banks should create the competition among the customers in the study area through effective complaints handling mechanisms. Effective redressal mechanism is essential part in financial consumer protection system. So, the banks should follow in appropriate manner.
- Protection against fraud is another necessary one. So, the researcher has suggested that banks have responsibility to protect the consumer data and maintain the confidentiality of the data. Hence, banks should provide safe and confidential environment in all of its delivery channels to ensure the confidentiality and privacy of consumer data. Moreover, banks should have sufficient procedures, system controls to protect consumer information and identify and resolve any causes of information security breaches, where they may occur in the future.
- The factor of equitable and fair treatment is influencing the FCP of commercial banks in the study area. Hence, the researcher has offered the suggestions that the banks should treat the customers at fairly during their relationship. Because, this is one of the integral parts of the culture of banks.
- A third party is one of the factors to induce the FCP. The researcher has recommended that the banks should inspect the activities of third parties. This is essential to protect and uphold the financial consumer protection in the study area.
- Conflict of interest is final factor to influence the FCP of commercial banks in the study area. So, the researcher has suggested that the banks should maintain proper and effective written policy in all times during their relationship for detect the conflicts.

Conclusion

The Central banks play a vital role to ensure the financial consumer protection. Financial consumer protection is not only about protecting consumers from bad decision, but also to make informed decision in a marketplace that is free of fraud and exploitation. Financial literacy and consumer protection framework create the foundation of the regulatory and supervisory framework for protecting the consumers and the financial inclusion effort by reaching the unbanked consumers. Financial education for consumers should focus on the appropriate use of financial products and services. Financial education strategies should include a role for both government and society. Building financial literacy requires a constant long-term effort. This study aim is to identify the factors of financial consumer protection of commercial banks. The researcher has applied the factor analysis to find out the factors of financial consumer protection in the study area. The result reveals that seven factors are identified from the factor analysis. The factors are behaviour and work ethic, disclosure and transparency, competition and complaints handling, protection against fraud, equitable and fair treatment, third parties, and conflict of interest. The researcher has offered some suggestions based on the findings of the study. The banks should follow the given suggestions would maintain the financial consumer protection of commercial banks in the study area.

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