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Final

ARMENIA

***Guidelines for Collaboration between
Non-Government Organizations
and the Central Bank of Armenia
in the Area of Consumer Protection
and Financial Literacy:
Main Findings & Recommendations***

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CONTENTS

Glossary	3
Acknowledgments	4
Preface	5
Executive Summary	6
The Role of Non-Governmental Organizations in Consumer Protection and Financial Education	7
The areas for development of the non-governmental organizations	9
Strengthening the NGOs' understanding of the financial market.....	11
Involving the NGOs in the regulatory development process	12
NGOs as a strategic delivery channel for financial education	15
Annex 1: The Legislative Process in Armenia	17
Annex 2: Content of a Consumer Protection Workshop for the NGOs	19

GLOSSARY

AMD	Armenian Drams
ATM	Automatic Teller Machine
CBA	Central Bank of Armenia
CPMC	Consumer Protection and Market Conduct
EU	European Union
FSM	Financial System Mediator
FX	Foreign Exchange
MTPL	Motor third party liability
NGO	Non-governmental organization

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PREFACE

This report draws on the Diagnostic Review of Consumer Protection and Financial Literacy for Armenia publicly released by the World Bank in July 2012¹. The Review assessed the institutional, legal and regulatory framework for consumer protection in the banking, non-bank credit institutions, insurance, and securities sectors; and provided recommendations on ways to improve consumer protection and financial literacy in Armenia.

One of the key findings of the diagnostic review was the relative weakness of the Armenian non-governmental sector in serving as an effective counterpart to the Central Bank of Armenia (CBA), the integrated regulator and supervisor of the financial sector in Armenia, as well as an efficient delivery channel for financial education of the Armenian public.

The purposes of this report therefore are: (1) to propose ways for strengthening the understanding of the financial system in Armenia by the NGOs, (2) to draft guidelines of engagement between the CBA and the Armenian NGOs, and (3) to draft content of a training program for Armenian NGOs on financial sector issues. To prepare the report, meetings were held with officials of the CBA and several Armenian NGOs.

¹ Available at www.worldbank.org/consumerprotection

EXECUTIVE SUMMARY

1. **NGOs may play an important role in the strengthening of consumer protection and financial education in a country.** As NGOs work directly with financial consumers, they are well positioned to collect information on issues consumers deal with in their interactions with financial services providers, advocate for consumer interests during the regulatory process, and monitor existing business practices.

2. **NGOs may also be an effective delivery channel for financial education.** As there is already established trust between the NGOs and their target audience, adding financial education messages to their communication and assistance is likely to be well received by target groups. NGOs may also be able to effectively tweak the general financial education messages to make them more relevant to their target groups.

3. **One of the key findings of the consumer protection and financial literacy diagnostic review for Armenia was the relative weakness of the Armenian non-governmental sector in actively participating in the development of the Armenian financial sector.** While there are several commendable financial education programs conducted by the NGOs, there is a lack of feedback loop and coordination with other financial education initiatives. Moreover, there is only one consumer protection NGO that has historically been active in the area of consumer protection in financial services – and the NGO is currently undergoing a restructuring that limits its effectiveness.

4. **Therefore, efforts should be taken to strengthen the NGOs and their understanding of the financial market.** The CBA and financial associations should prepare education programs for the NGOs to train them not only in understanding personal finance and consumer rights in this area, but also in collecting market intelligence and providing relevant feedback to the CBA and the steering committee on financial education.

5. **Armenian NGOs should also be proactively involved in the process of drafting regulations from its beginning.** To facilitate their involvement, they should be actively invited into the consultative process, and the process should be flexible enough to allow more practical (and less legalistic) inputs from many non-financial specialists that may be working with NGOs.

6. **Finally, the ability of the NGOs to deliver financial awareness and financial education messages needs to be supported.** When developing the National Strategy for Financial Education and designing delivery channels, the NGOs should be integrated into the process as they could effectively reach specific groups that would be hard to reach through conventional means.

THE ROLE OF NON-GOVERNMENTAL ORGANIZATIONS IN CONSUMER PROTECTION AND FINANCIAL EDUCATION

7. **At its heart, the need for consumer protection arises from an *imbalance of power, information and resources* between consumers and their financial service providers, placing consumers at a disadvantage.** Consumer protection aims to address this market failure. Financial institutions know their products and services well, but individual retail consumers may find it difficult or costly to obtain sufficient information on their financial purchases. In addition, even when all relevant information is obtained, this might be difficult to process, understand and assess, especially in countries like Armenia where consumers have limited knowledge and experience using financial services.

8. **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, and to disclose information more transparently. In turn, this promotes consumer trust and engagement with the formal financial services market. Increased consumer trust as well as financial sector deepening and competitiveness are key elements for financial sector development in Armenia.

9. **While the financial decisions are made by the individual customers, they need a basic enabling and supporting framework developed by the government, especially in developing markets.** The government should be tasked primarily with (1) developing rules that create a level-playing field, (2) providing effective supervision of the existing rules and the prosecution of unfair and abusive business practices, and (3) establishing a framework for financial education.

10. **However, it is important that the consumers' perspective be taken into account when the CBA develops such a framework.** When developing new legislation, both government authorities and financial associations have a strong voice and can effectively participate in the regulatory dialogue. On the other hand, consumers only seldom deal with proposed financial sector legislation even if it may have significant impact on their consumer rights. NGOs representing consumers could play an important role in the process of development of the laws and regulations for the financial market, by providing a counterbalance for the interests of financial institutions and ensuring the voice of consumers is heard as well.

11. **The NGOs could find ways to coordinate their efforts in the financial sector and become an effective counterbalance to the financial industry.** There is some experience in Armenia when NGOs in one sector coordinate their activities and communicate with the

government in a unified way². Such a coordination mechanism should ensure the opinions of consumers are properly articulated and effectively communicated to the CBA.

12. Consumers lack the resources to be properly represented in public discussions regarding laws and regulations for the financial market. International best practice recommends that all draft laws and regulations are published and the stakeholders are invited to present their comments and recommendations³. Financial sector associations and financial institutions are usually well equipped and have adequate resources to participate in the consultative process as well as propose (and lobby for) changes of the drafts by having first-hand experience of the regulatory impact and employing staff with deep understanding of financial services. The consumers as the other side of the financial services relationship should have a similarly strong voice but they usually lack the understanding and ability to assess the regulatory impact on their situation as well as the resources to counterbalance the financial sector in the regulatory dialogue.

13. Proper representation of the consumers is important. However, the voice of consumers needs to be voiced to support the balanced approach of market conduct regulation and ensure the laws and regulations protect consumers without unnecessary burden on the financial institutions or the regulator. Non-governmental organizations should thus be more active in the participation in the regulatory discussions. To improve their participation, the consultative process should be designed to take into account the capacities and abilities of the Armenian non-governmental sector and the NGOs should be supported by the state authorities to participate in the development of the regulatory environment.

14. Customers in developing markets also need more hands-on guidance and support to be aware of, understand and exercise their rights as financial consumers, which can be provided by NGOs. The NGOs could play a significant role in protecting consumers and thus partly redressing the imbalance between consumers and their financial service providers. The NGOs could not only promote the role of the Financial System Mediator in dealing with grievances, but also directly advise and support individuals striving to protect their rights through communication with the financial institutions, through the Financial System Mediator or through the courts. The NGOs could quickly develop effective know-how for dealing with the most often repeated abuses of the stronger position of financial institutions and leverage this economy of scale in balancing the relationship between financial institutions and their clients.

² One of the examples being the Federation of Agricultural Associations that represents the agricultural associations before the government, comments on laws related to agriculture, develops education programs for members and in 2011 even established a council to facilitate a thorough discussion of the government's agricultural initiatives.

³ For a brief description of the legislative process in Armenia, please see Annex 1 to this report.

15. Well functioning NGOs have a close relationship with and deep understanding of their target group. They could thus become an important stakeholder in the development of the Armenian financial sector and provide feedback for preparation of financial education activities as well as for developing the regulatory system. They could also assist the market conduct supervisors of the CBA and collect market intelligence, especially from hard-to-reach regions and population groups. The close relationship with their target audiences also enables the NGOs to provide trusted counseling to their target groups, including counseling in the area of personal finances.

16. NGOs may be an effective delivery channel for financial education, since one of the key conditions for successful financial education programs is the trustworthiness of the messenger. Financial education programs (especially those targeted at adults) are particularly effective when delivered in a teachable moment and by a trusted individual or organization that has an existing relationship with the receivers of the financial education programs. For these reasons, NGOs could be one of the more effective delivery channels, especially if they also provide other advice to a specific group of individuals (e. g. farmers, young mothers, pensioners). These individuals who have already dealt with the NGO in other areas (and found the NGO relevant for their needs) are likely to be more attentive to financial education messages delivered by this NGO (ideally in the context of its other work) than if the messages were delivered by an entity with no pre-existing relationship.

THE AREAS FOR DEVELOPMENT OF THE NON-GOVERNMENTAL ORGANIZATIONS

17. Programs for the support of the development and capacity building of the NGOs should be targeted and in line with the needs of the Armenian public. The CBA, possibly in cooperation with other state bodies, should primarily focus on the areas identified below where it could extend its assistance to the NGOs. The support programs should also be in line with the other activities led by the CBA or other governmental authorities, including the development of the National Strategy of Financial Education and the introduction of the pension reform.

18. First of all, basic understanding of financial services and household financial management by the NGOs should be strengthened. The NGOs may become an effective partner in developing and deepening the Armenian financial sector only if they properly understand consumer rights in the financial sector, elementary household financial planning and budgeting concepts, the functioning of the financial market, the key mechanics of various financial products, and the regulatory and supervisory system of Armenia. Therefore, the first

priority should be the education of the NGOs, based on the experience of the CBA and the Financial System Mediator with the most common issues consumers of financial services deal with and complain about. The capacity strengthening programs should be tailored to the groups of people the individual NGOs focus on to make the development programs as effective as possible and ensure the NGOs will pass information relevant to their target group.

19. Secondly, NGOs should be involved in the process of drafting regulations from the beginning. The rules for the involvement of the NGOs should not only provide enough opportunity for them to voice the interests of consumers, but also be flexible enough to allow for more practical (and less legalistic) inputs that many non-financial specialists may provide.

20. Thirdly, the ability of the NGOs to deliver financial awareness and financial education messages should be supported. When developing the National Strategy for Financial Education and designing delivery channels, the NGOs should be integrated into the process as they could reach specific groups that would be hard to reach through conventional means. NGOs, especially those working with disadvantaged population groups, often have a deep relationship already established with the target population and using them as a delivery channel should make the audience more receptive to the message. Attention should be also paid to what financial education and financial awareness messages are provided by the NGOs to help them in their counseling role for their target groups.

21. Long-term strengthening of the NGOs should be considered. While the three areas described above may be implemented in relatively short term, the CBA should also prepare a long-term strategy of support of NGOs in the area of financial services. This long-term strategy should include support in project management and funding support for projects that help the CBA reach its consumer protection goals.

22. The CBA could consider a possibility to fund the best ideas of the NGOs. The CBA should look for ways to entice the Armenian NGOs to focus more on financial services as part of their work with their target audiences. One of the options that could be considered is the commitment of the CBA to fund the best proposals for improving the knowledge of the Armenian public (or specific target groups) of financial issues. The program should be in line with the National Strategy of Financial Education and the CBA should set minimum standards on which NGOs may receive the funding (e.g. years of operation, proven track record, etc.).

23. The financial sector associations should be more active in supporting the NGOs as well. Many financial institutions operate NGO support programs (either through financial donations or through provision of its experts to participate in the projects) as part of their Corporate Social Responsibility (CSR) programs. The financial associations could consider establishing a coordinating committee where financial institutions could share lessons learned

from their CSR programs and thus improve the effectiveness of these programs for the benefit of the Armenian population. Some financial associations could also use this coordinating mechanism and pool resources to finance an operation beneficial to the whole sector⁴.

Strengthening the NGOs' understanding of the financial market

24. NGOs need to strengthen their knowledge of the financial sector to be an effective partner. For NGOs to be able to effectively assist their target groups on financial services issues, they need to strengthen their understanding of how the financial systems function and how financial products and services can benefit their target groups.

25. The CBA is the best placed institution to support the development of NGOs. The CBA as the regulator of the Armenian financial sector and as the leading institution for the development of the national strategy for financial education has the best overall understanding of both the current state and the plans for development of the financial sector in Armenia.

26. However, industry-financed programs should be supported as well. Industry associations could also develop training programs focused on specific issues in their sector to strengthen the understanding of the NGOs and thus their ability to discuss financial sector issues with their target groups.

27. Important lessons could also be offered by the Financial System Mediator. The Mediator deals with consumer complaints and this work allows the Mediator to understand the weaknesses and misunderstandings the Armenian population experiences when dealing with financial services. The Mediator should share this experience with the relevant NGOs and could also assist the NGOs in including personal finance-related messages into their work to strengthen the understanding of the Armenian public of their rights.

28. Determination of how specific NGOs could contribute to the effective implementation of the financial education strategy should be the first step. The Steering Committee should analyze which NGOs could become involved in delivering financial education messages and how they could be included into the financial education delivery mechanisms.

⁴ For example, in the Czech Republic, all retail banks jointly finance a network of debt counseling centers (operated as a purpose-established NGO) with contributions based on the market share of each bank.

29. Defining the educational needs of the NGOs should follow. Either the CBA or the Steering Committee for the National Strategy for Financial Education in cooperation with the selected NGOs should analyze what financial sector issues the NGOs come across in their work and what they would consider as the most beneficial education and support activities for themselves to better understand financial services and be more efficient in covering this area of interest.

30. Elementary consumer protection workshops could be offered to the NGOs by the CBA in cooperation with the Mediator. The CBA and the Mediator could build on their current financial education activities and provide basic introductory consumer protection workshops to the NGOs to explain the functioning of financial institutions and consumer rights. A draft outline of such a workshop is included as Annex 2 of this report.

31. Financial associations should participate in the education of the NGOs and in strengthening their counseling capabilities. Financial associations should be invited to develop their own education programs for the NGOs based on the NGOs' needs. However, it is important that the content of these programs is coordinated both among financial sector associations and with the CBA and/or the Steering Committee for the National Strategy for Financial Education to ensure both the consistency of educational messages and the most effective utilization of the resources of all participants.

32. The CBA and the Mediator should regularly inform NGOs about unfair and aggressive business practices and actions consumers may take. This "warning system" will help the NGOs understand what is a fair market practice and what is already an unfair or aggressive business practice, making the NGOs more effective in counseling their target groups about financial services.

33. The NGOs should develop robust information collection mechanisms. They should be able to collect the information about advertising and business practices of financial service providers, analyze that information and provide it to the CBA. This information collection and analysis capability should be supported by the CBA to make the information provided by the NGOs to the CBA as relevant as possible.

Involving the NGOs in the regulatory development process

34. NGOs should be kept informed about consumer-related issues through an accessible and understandable communication from the CBA. As NGOs that are not specialized in financial services (but whose target groups might be affected by the proposed financial sector legislation) would not be able to thoroughly analyze draft laws and regulations, the CBA could publish the list of key impacts of the proposed legislation on consumers ("consumer

impact digest") to guide the attention of the NGOs to the main consumer-related issues. This guidance should be available publicly along with the draft of the new laws and regulations for any interested party.

35. The CBA should utilize the feedback provided by the NGOs about the effectiveness of the regulations and business practices in the field when planning new regulatory work. Many NGOs routinely discuss personal finances during other work with their target groups and should be aware of unfair and aggressive business practices that may be happening in the areas they serve. The CBA will benefit from such a feedback and consider it when planning its regulatory and supervisory work.

36. Consumer impact digests of the draft laws should be published along with the draft laws. The draft laws are currently published at the LexBox website (www.lexbox.am) that is operated by the CBA and includes existing Armenian and international financial sector legislation⁵. Publishing the consumer impact digest together with the legal drafts should help the NGOs decide to which laws they should pay special attention and which are not relevant to their target groups.

37. The consultative process officially allows for public comments but many stakeholders are not aware of the possibility. When any new draft of a law is published at LexBox by the CBA, any interested party is invited to submit their comments electronically. However, there are strict deadlines for comments (usually 14 days) and many potential stakeholders are not even aware of the publication of the draft.

38. Public outreach from the CBA should try to actively bring the NGOs into the process. The CBA could compile a list of Armenian NGOs that might be interested in commenting on proposed legislation and inform them about new laws and regulations posted for discussion (just as it sends an email announcement about newly published drafts at LexBox to financial associations). The email announcement to NGOs should include the "consumer impact digest" so that the NGOs are aware of financial sector issues to be discussed and on the potential impact the newly proposed rules may have on their target groups.

39. Sufficient time for analysis and submission of comments needs to be provided. As noted earlier, the NGOs have a more restricted capacity than financial associations or financial institutions. Some NGOs also use a consultative approach to their policy decisions

⁵ The website includes existing Armenian laws as well as Georgian, Russian, Turkish and European Union financial sector primary and secondary legal acts, policy papers and official publications, primarily in Armenian and English with some legal acts available also in Russian. The draft Armenian laws are available in Armenian only at http://lexbox.am/index.php?page=Drafts_eng&hl=en_US

and this may mean they would need longer timeframe to analyze and respond to the proposed drafts of laws and regulations. Therefore, deadlines for receiving comments should thus be defined extensively enough to allow the NGOs to provide relevant comments.

40. Accountability of the consultative process could be further strengthened. When financial associations submit comments, these are published and the CBA informs the stakeholders whether their comments were accepted, partially accepted, explained, or rejected. If possible, the CBA also explains (either publicly or in a meeting with the stakeholder) why some of the comments were not accepted. The same practice could also be applied to the NGOs and the communication with the CBA could be an ideal "teachable moment" for the NGOs to improve their understanding of the financial sector.

41. Take into account the more practical approach of the NGOs. Most NGOs usually look at retail financial products from a practical perspective of the groups they work with. Therefore, unlike financial associations and financial institutions that are likely to comment on the wording of the legal drafts, the NGOs may take a more practical approach and focus their attention on outcomes of the proposed legislation rather than on exact wording.

42. Define publicly the key outcomes and quantified effects of the new legislation. When publishing the drafts of the new laws and regulations, the regulator should publish not only the text but should make the consultation process more accessible by also publishing the list of key outcomes and benefits (and costs) the new rules are expected to bring in the form of the "consumer impact digest". If possible, the impact should be quantified with the methodology for quantification published.

43. For major reforms, involve NGOs from the planning stage. When planning major financial sector reforms (pension reform, new forms of compulsory insurance, etc.), a working group including relevant NGOs should be formed to discuss the proposal from an early stage to support the understanding of the government's goals and objectives.

44. Support cooperation of the NGOs with law schools in Armenia. As the NGOs may lack the capability to comment in detail about financial sector laws that may impact their target groups, they could overcome this constraint by forming a partnership with law faculties of Armenian universities. The law students could help analyze the laws for the NGOs and formulate the NGOs' positions or proposed changes to the presented drafts. This cooperation could benefit not only the NGOs but also the students as they would get a hands-on experience with the drafting of laws and regulations in Armenia.

NGOs as a strategic delivery channel for financial education

45. NGOs should be kept informed about the new developments in the area of financial education. As the national strategy for financial education takes shape, members of the Steering Group could conduct an interactive seminar for the NGOs to inform them about the financial education plans and seek their input for the strategy before its approval.

46. Long-term communication strategy should be developed by the NGOs. If the NGOs want to assist their target groups to deal with financial capability, they should design a long-term strategy, starting from the basic issues of budgeting and financial planning. The strategy should also ensure that most attention is given to the concepts of responsible approach to personal finances and the knowledge of specific products is developed only as an addition to understanding the principles. The strategy developed by an NGO should be consistent with the National Strategy for Financial Education (once this has been developed).

47. Various ways of NGO involvement within the framework of the National Strategy for Financial Education could be used. The NGOs could implement their own specific projects but they could also partner with other institutions (both from the financial sector and outside of it), distribute materials, organize workshops or connect authorities with local communities.

48. Financial education messages should be incorporated into the regular work of the NGOs. Rather than developing stand-alone programs (unless requested by the target audience), it may be more effective if the financial education messages are intertwined with the core work of the NGOs. The audiences may accept the messages more easily if there is a direct connection with their key area of interest.

49. NGOs capacity to collect and analyze feedback from the population should be strengthened. As NGOs work with their target groups, they will often come across their experience with financial services. The NGOs should be trained to collect and analyze this information^{6,7} and provide it regularly to the CBA and the Steering Group for the National

⁶ For example, Junior Achievement operates a network of 3,000 extensively and continually trained teachers that deliver financial education. Once a month every one of these teachers comes to a regional office of Junior Achievement to report what he has done and what issues he has encountered in delivering financial education. Should the Junior Achievement be able to analyze this information (and entice the teachers to collect more information about the financial services-related issues in their communities) and pass it on, the CBA and the Steering Committee for the National Strategy for Financial Education would gain an effective market intelligence tool.

Strategy for Financial Education. Both the market conduct team of the CBA and the Steering Group should use this feedback to inform their work and guide its focus on potentially problematic areas some groups of the Armenian population may deal with.

50. The upcoming pension reform could be an ideal tool to integrate various NGOs into the delivery channel for financial education. The Pension System Information Center, that is responsible for the development and execution of the pension reform communication strategy, should use the expected public interest in the pension reform to develop a network of NGOs to support it and to deliver pension reform messages⁸.

51. While direct grants are an option, strengthening the ability of the NGOs to conduct long-term projects is preferable. The Pension System Information Center could provide selected NGOs with direct grants to fund some of their programs, ideally in cooperation with the CBA's fund for good ideas, should the CBA decide to establish its own NGO support program (or should the Steering Committee for the National Strategy for Financial Education decide to support specific projects). However, it might help the Armenian NGO sector more if the Pension System Information Center teaches the NGOs how to develop viable proposals and how to work with third-party donors to implement them.

⁷ Similarly, the Consumer Protection NGO conducted a six-month initiative in 2010 to raise the awareness of consumers about their rights in the area of financial services and in the process collected financial sector-related issues from consumers in the regions.

⁸ The Pension System Information Center, the CBA and the Junior Achievement NGO signed a Memorandum of Understanding under which the Pension Center will train the network of 3,000 teachers Junior Achievement uses to deliver financial education in schools.

ANNEX 1: THE LEGISLATIVE PROCESS IN ARMENIA

The following briefly describes how laws and regulations are drafted by the Central Bank of Armenia and how the approval process is designed.

1. **Concept paper developed:** a concept of the new law is prepared describing the elementary directions to be taken and examining the relevant EU rules from relevant directives to the case law to ensure compliance with the EU legislation.
2. **Drafting of the law or regulation:** after approval of the concept by the CBA Board a lead department is selected to draft the law and then submit it to intrabank input and comments.
3. **Approval by the advisory committee:** after the comments from other CBA departments are dealt with (accepted, explained or rejected) the draft is submitted to the CBA Advisory Committee for approval. The draft law is also usually sent to relevant financial associations for comments. Exceptions apply when the draft contains too many undecided conceptual issues that need Board approval.
4. **Approval by the CBA Board:** the CBA Board deals with comments that have not been settled previously (or with comments from the financial industry if sought beforehand) and approves the draft. Only after the Board's approval the draft can be shared with government stakeholders.
5. **Draft sent to stakeholders for comments:** the approved draft is sent by the legal department to ministries (several ministries conduct regulatory impact assessments) and financial associations (if it had not been sent to financial associations before Board approval).
6. **Comments listed in a comprehensive table with feedback:** all official comments from ministries listed in a summary table, indicating whether the comment was accepted, explained or rejected. There is usually also a separate table showing comments of financial associations.
7. **Verification by the ministry of justice:** the whole package (the draft law, regulatory impact assessments and official comments received) is submitted to the ministry of justice that verifies the law is in line with the constitutional order of Armenia and with other laws.

8. **Submission to the government:** the law is usually first discussed at the Financial & Economic Committee and after any clarification requested is included onto the government's agenda, including any comments to be discussed at the government level.
9. **Submission to the parliament:** after approval by the government, the law is submitted to the parliament. The draft is firstly reviewed by permanent parliamentary committees. The law undergoes three readings, changes to the law may be introduced in the second reading.
10. **Signature by the president:** after the approval in the third or second reading, the law is presented to the president for his signature.
11. **Official publication:** the law must be published in the official journal within 10 days after the signature by the president.
12. **Entering into force:** the law enters into force either on the day of publication or any later date indicated in the law.

Note: CBA Regulations undergo the same process in parts 1-6, after CBA Board approval the regulations are sent to the Ministry of Justice for registration.

ANNEX 2: CONTENT OF A CONSUMER PROTECTION WORKSHOP FOR THE NGOS

The consumer protection workshop for the NGOs should have several goals:

- explain the role of various stakeholders (financial institutions, associations, the credit bureau, the CBA, the Mediator, police and courts, NGOs, media)
- explain the types and usage of key financial products
- explain the risks consumers face (foreign exchange, floating interest rate, change of personal circumstances and overindebtedness, bankruptcy of the institution, etc.)
- point out the typical issues consumers may face and provide advice on how to protect one's rights
- provide elementary rules of financial planning the NGOs may pass on to their target groups

With regard to the **roles of various stakeholders**, the workshop should inform the NGOs about the following:

- basic consumer rights in the area of financial services
- the role of the CBA as the integrated regulator and supervisor of the Armenian financial market
- the process of developing the regulatory framework and the points where the NGOs may influence the laws and regulations
- the role of the Financial System Mediator in dealing with consumer complaints and the ways to approach the Mediator
- ways of communicating with the CBA, the Financial System Mediator and financial associations about the concerns of the NGOs and their target groups
- the role of financial associations

- the credit bureau, the way it works with the credit history and how the consumer may challenge his credit history records
- the role of the police in reporting abusive or illegal behavior in the area of financial services and the role of courts in civil and criminal proceedings related to financial services
- the role of the media

With regard to the **types and usage of key financial products**, the workshop should inform the NGOs about the following:

- the functioning of financial institutions
- understanding the risk vs. reward balance
- elementary functions of various financial products (what need is each product suitable to address, what are the rights and obligations connected with each product)
- main profit drivers for each type of financial products

With regard to the **risks consumers face**, the workshop should inform the NGOs about the following:

- systemic risk connected with a failure of a major part of a financial sector or a systemically important financial institution
- credit risk of each financial institution
- foreign exchange risk when the currency of income and currencies of financial products used do not match

With regard to the **typical issues consumers may face and possible ways of protection**, the workshop should inform the NGOs about the following:

- typical complaints the CBA receives and how it advises consumers to deal with the issues

- typical complaints the Financial System Mediator receives and how it advises consumers to deal with the issues
- typical complaints the financial institutions receive and how the CBA advises consumers to deal with the issues (based on the required reporting of complaints received by the financial institutions to the CBA as proposed by the CPFL diagnostic review)

With regard to the **basic rules of financial planning**, the workshop should inform the NGOs about the following:

- elementary rules of keeping track of income and expenses
- developing an emergency reserve for unexpected expenses
- planning major expenses ahead and understanding how to cover these expenses
- dealing with long-term financial goals (buying a house, preparing for a pension, providing for children's education, etc.)