

# S U M M A R Y

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## **The consumer protection on the financial market**

### **Report 2008:13**

Swedish consumers use financial products and services more and more. This makes everyday life easier and it provides an opportunity to manage risks and to make a good profit from savings. This development also benefits the society as a whole.

In order for consumers to want to use the financial system, it requires that they can assess risks and opportunities and that they can trust that firms comply with contractual agreements. One way to achieve this is through government supervision and regulation that promotes stable and serious firms that provide customers with good information. This is FI's main task in the consumer area. Another way is to guarantee that consumers have sufficient knowledge to evaluate different offers and firms on their own. This is also an area in which FI contributes by working to strengthen financial general knowledge.

FI assesses that the consumer's position on the financial market is good, despite the built-in conflicts of interest that exist between the financial companies and their customers and the vulnerable position that the consumer has by definition in the use of financial products.

Traditional pension insurance, saving in funds and liability insurance have the highest priority in FI's work within the consumer area.

- Traditional pension insurance is the largest savings form. At the same time, the customers have a particularly vulnerable position due to long terms of agreement, limited right of transfer and difficulties in gaining insight in yields, risk and fees.
- Saving in funds comprises just over 20 per cent of the households' savings and even if the problems of lock-in and transparency are not as problematic, the consumers have a vulnerable position here as well.
- The protection that consumers receive through others' liability insurances can be of significant importance for the financial situation of the person affected. This is the case e.g. in the event of income loss due to invalidity. At the same time, those entitled to indemnity are at the mercy of the companies' assessment and ability to pay benefits, companies that they have not chosen to be customers of.

In this report, we call attention as well to the ongoing need for more balanced information on the risks and opportunities of saving. This is illustrated, among other things, by the fact that the Swedish small savers, who were close to losing their savings in equity-linked bonds issued by the American investment bank Bear Stearns, were probably not aware that they had lent money to this bank.

Other important issues of principle that we point out in the report include that you as a customer cannot get definitive information on whether your savings are covered by the deposit guarantee or not, and the importance that consumers are not denied access to different types of account-based payment services such as bank giro, debit cards or Internet banking.