

## Consultation Processes Undertaken by Monetary Regulatory Authorities Globally

---

In light of new regulations being implemented in the digital economy sphere, Consumer Unity & Trust Society (CUTS) International expresses its views on the best practices for consumer groups' consultation undertaken by the monetary regulators globally. They are intended to promote extensive stakeholder engagement and avoid unintended consequences upon the consumers.

The **International Monetary Fund (IMF)** brought out a Code of Good Practices on Transparency in Monetary and Financial Policies: Declaration of Principles<sup>1</sup>, which mentions specifically:

- 2.5 For proposed substantive technical changes to the structure of monetary regulations, there should be a presumption in favor of public consultations within an appropriate period.
- 6.4 For proposed substantive technical changes to the structure of financial regulations, there should be a presumption in favor of public consultations within an appropriate period.

The **Bank for International Settlements (BIS)** supports central banks' pursuit of monetary and financial stability through international cooperation and acts as bank of central banks. The Bank regularly arranges informal discussions among public and private sector representatives that focus on their shared interests in promoting a sound and well-functioning international financial system.<sup>2</sup>

In addition, for senior central bank officials, the Bank organises various meetings to which other financial authorities, and occasionally the private financial sector and the academic community are invited to contribute. The same is encouraged as a thumb-rule practice for other central banks.

The **Organisation for Economic Co-operation and Development (OECD)** sets out a framework for overhauling financial regulation. The OECD has established a set of key principles<sup>3</sup> to guide financial policymakers. They look to fundamental reform to achieve strong, resilient financial systems that play their part in driving economic growth. Among the issues they address are the need for increased transparency, more effective surveillance and greater accountability to the public.

---

<sup>1</sup> <https://www.imf.org/external/np/mae/mft/code/index.htm>

<sup>2</sup> [https://www.bis.org/about/other\\_consultations.htm](https://www.bis.org/about/other_consultations.htm)

<sup>3</sup> <https://www.oecd.org/daf/fin/financial-markets/44187223.pdf>

Public consultation is one of the key regulatory tools employed to improve transparency, efficiency and effectiveness of regulation besides other tools such as Regulatory Impact Analysis (RIA), regulatory alternatives and improved accountability arrangements. There are three related forms of interaction with interested public members: Notification, Consultation, and Participation. In practice, these three forms of interaction are often mingled with public consultation programmes, complementing and overlapping each other<sup>4</sup>

S. No.	Region/Regulatory Authority	Consultation Procedure
1.	<b>Australia – Reserve Bank of Australia (RBA)</b>	<ul style="list-style-type: none"> <li>- Approximately a <b>month period</b> is granted to the public/ consumers/ stakeholders to give comments on the proposed new policy or amendment to an existing one.</li> <li>- It is an open house offer for all consumer representative groups, industrial houses, government entities and other stakeholders.</li> </ul> <p>Source: <a href="https://www.rba.gov.au/publications/consultations/">https://www.rba.gov.au/publications/consultations/</a></p>
	<b>Australia – Australian Competition and Consumer Commission (ACCC)</b>	<ul style="list-style-type: none"> <li>- The National Consumer Congress is an annual event hosted by the ACCC that brings together consumer groups, community organisations and government to discuss key issues impacting consumers and develop strategies to improve consumer justice and welfare.</li> <li>- Over 250 people tuned in to participate in consumer-focused educational programming and discussions.</li> </ul> <p>Source: <a href="https://www.accc.gov.au/about-us/conferences-events/national-consumer-congress">https://www.accc.gov.au/about-us/conferences-events/national-consumer-congress</a></p>
2.	<b>USA – Federal Reserve System</b>	<ul style="list-style-type: none"> <li>- Approximately a <b>60-day period</b> after the draft policy is posted on Federal Register, the public/ consumers/ stakeholders are granted to give comments.</li> <li>- Public comments can be found, viewed and re-commented upon by other stakeholders.</li> </ul> <p>Source: <a href="https://www.regulations.gov/">https://www.regulations.gov/</a>; <a href="https://www.federalreserve.gov/newsevents/pressreleases/bcreg20210505a.htm">https://www.federalreserve.gov/newsevents/pressreleases/bcreg20210505a.htm</a></p>
3.	<b>UK – Bank of England</b>	<ul style="list-style-type: none"> <li>- Approximately a <b>45-day period</b> is granted to consumers/stakeholders to comment on the proposed policy or policy change.</li> <li>- The rulebook of the Bank states Consultation (Consultation papers are the formal document by which we set out draft proposals and invite comments on them from the public.</li> </ul>

<sup>4</sup> [Microsoft Word - Public Consultation1.doc \(oecd.org\)](#)

S. No.	Region/Regulatory Authority	Consultation Procedure
		<p>CPs usually deal with one discrete issue of significance. If there are some small and/or uncontroversial topics, they are dealt with in Occasional CPs instead.) as one of the types of policy publication.</p> <p>Source: <a href="https://www.bankofengland.co.uk/prudential-regulation/policy">https://www.bankofengland.co.uk/prudential-regulation/policy</a></p>
4.	<b>Canada – Bank of Canada</b>	<ul style="list-style-type: none"> <li>- Approximately a <b>45-day period</b> is granted to Canadians to submit nominations through the Bank of Canada’s submission form. Certain criteria are given for the nominees to match up for their nomination to be considered valid.</li> <li>- A summary of comments received against the consultation is also made public for everyone to view.</li> </ul> <p>Source: <a href="https://www.bankofcanada.ca/2020/11/summary-comments-fall-2020-debt-management-strategy-consultations/">https://www.bankofcanada.ca/2020/11/summary-comments-fall-2020-debt-management-strategy-consultations/</a></p>
	<b>Canada – Office of Consumer Affairs</b>	<ul style="list-style-type: none"> <li>- The government undertakes a consumer impact assessment with the motive to build an understanding of the nature of consumer demand in industry, insight into the effect the policy may have on consumer information, and knowledge as to how consumers may respond to complex products, services and transactions that the policy may help promote.</li> <li>- Public opinion research, surveys, or focus groups of individual consumers provide information to help them work through their assessment.</li> </ul> <p>Source: <a href="https://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/ca02567.html">https://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/ca02567.html</a></p>
5.	<b>South Africa – The South Africa Reserve Bank</b>	<ul style="list-style-type: none"> <li>- Approximately a <b>three month period</b> is granted to the public/stakeholders to give comments upon the proposed policy change.</li> <li>- The Financial Markets Liaison Group (FMLG) is a consultative forum and was established as a joint initiative between the South African Reserve Bank (SARB), the central bank, and key participants in the financial markets. The FMLG strives to facilitate an active dialogue between the SARB and market participants on topics of common interest and acts as a valuable platform to exchange views on market functioning.</li> </ul> <p>Source: <a href="https://www.resbank.co.za/en/home/what-we-do/financial-markets/committees-and-working-groups">https://www.resbank.co.za/en/home/what-we-do/financial-markets/committees-and-working-groups</a></p>

S. No.	Region/Regulatory Authority	Consultation Procedure
6.	<b>Sri Lanka – Central Bank of Sri Lanka</b>	<ul style="list-style-type: none"> <li>- Approximately a <b>two-month period</b> is granted to the public for consultations to provide comments on the open banking framework that the Bank had drafted.</li> <li>- The Monetary Policy Consultative Committee (MPCC) has been set up to obtain views of the stakeholders of the economy for monetary policy decision-making.</li> <li>- The committee consists of a cross-section of stakeholders, including eminent professionals, academics and the private sector personnel. The Central Bank benefits by its expertise and experience in its monetary policy decision-making process.</li> </ul> <p>Source: <a href="https://www.cbsl.gov.lk">https://www.cbsl.gov.lk</a>;  <a href="https://www.cbsl.gov.lk/en/monetary-policy/instruments-and-implementation/monetary-policy-committies">https://www.cbsl.gov.lk/en/monetary-policy/instruments-and-implementation/monetary-policy-committies</a></p>
7.	<b>Ireland – Central Bank of Ireland (CBI)</b>	<ul style="list-style-type: none"> <li>- In February 2021, CBI published its Consultation Paper 136 on enhancing its engagement with stakeholders (“CP136”).</li> <li>- In CP136 the CBI acknowledges the importance of stakeholder engagement in its ability to identify opportunities to enhance the performance of the financial system and identify any risks that may be developing. CP136 notes that the CBI is committed to enhancing its engagement and extending its reach to relevant stakeholders with whom it does not currently engage.</li> <li>- In CP136 the CBI outlines four proposals to build on existing engagement with relevant stakeholders and facilitate more significant discussion of cross-sector, strategic issues that affect the CBI’s oversight of the financial system.</li> <li>- The four Proposals are (i) enhanced engagement with civil society and with consumer representatives, (ii) industry engagement, (iii) financial system conference, and (iv) engagement with business representatives.</li> </ul> <p>Source: <a href="https://www.centralbank.ie/docs/default-source/publications/consultation-papers/cp136/cp136-enhancing-our-engagement-with-stakeholders.pdf?sfvrsn=4">https://www.centralbank.ie/docs/default-source/publications/consultation-papers/cp136/cp136-enhancing-our-engagement-with-stakeholders.pdf?sfvrsn=4</a></p>
8.	<b>New Zealand – Reserve Bank of New Zealand</b>	<ul style="list-style-type: none"> <li>- The Bank had published a report on ‘<i>Engaging with our stakeholders to promote understanding, accountability and dialogue</i>’ to reflect that the Reserve Bank engages widely</li> </ul>

S. No.	Region/Regulatory Authority	Consultation Procedure
		<p>with a diverse range of stakeholders, from governance relationships, financial institutions and markets, to the media, the general public and educators.</p> <ul style="list-style-type: none"> <li>- It believes that the success of their policies relies heavily on the behaviour of households, businesses and other stakeholders being consistent with those policy objectives.</li> <li>- To this end, the government had undertaken a survey to consult the stakeholders about the decision-making process. They found that the public seek frequent and open access and a deeper understanding of the rationale and background to decision making</li> <li>- To better connect with its general public audience, the Bank has developed a range of web content – explanatory videos and animations, author interviews and audio podcasts – and ventured into social media channels such as YouTube, Twitter, Facebook and SoundCloud.</li> </ul> <p>Source: <a href="https://www.rbnz.govt.nz/-/media/ReserveBank/Files/Publications/Speeches/2017/Engaging-with-our%20stakeholders.pdf?revision=01c75f97-36e7-45f5-8a8c-771c22cfcbe6">https://www.rbnz.govt.nz/-/media/ReserveBank/Files/Publications/Speeches/2017/Engaging-with-our%20stakeholders.pdf?revision=01c75f97-36e7-45f5-8a8c-771c22cfcbe6</a></p>
9.	<b>Pakistan – State Bank of Pakistan (SBP)</b>	<ul style="list-style-type: none"> <li>- SBP had developed a Gender Mainstreaming Policy “Banking on Equality: Reducing the Gender Gap in Financial Inclusion,” to promote women’s financial inclusion in Pakistan. Initial direct feedback was received from several relevant institutions. However, the process of wider stakeholders’ consultation on the Banking on Equality policy (BoE) commenced with a high-profile webinar held on December 21, 2020.</li> <li>- Governor SBP, Dr. Reza Baqir held 3 high-level focus group discussions with senior-level participation from the federal government (Ministry of Law and Justice, Ministry of Social Protection, SECP, NADRA, PTA, Ministry of Human Rights, etc.), corporate sector, <b>civil society groups, women champions and academia</b>, etc. In addition to the consultative group discussions, the policy has been widely shared and input has been received via social media.</li> </ul> <p>Source: <a href="https://www.sbp.org.pk/events/2021/BankingonEquality/index.asp">https://www.sbp.org.pk/events/2021/BankingonEquality/index.asp</a></p>

S. No.	Region/Regulatory Authority	Consultation Procedure
10.	<b>European Banking Authority (EBA)</b>	<ul style="list-style-type: none"> <li>- European Banking Authority (EBA) is an independent EU Authority that ensures an effective and consistent level of prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and ensure the banking sector's integrity, efficiency, and orderly functioning.</li> <li>- <u>Open public consultations</u> are conducted, where appropriate, on regulatory products (Technical Standards, Guidelines, etc.) to ensure stakeholders and all interested parties can provide inputs on future banking standards and Guidelines.</li> <li>- The <u>Authority also seeks comments and advice</u> from the Banking Stakeholders Group, a body established by the EBA Regulation, <u>to facilitate consultations with stakeholders</u></li> </ul> <p><i>Source: English / European Banking Authority (europa.eu)</i></p>
11.	<b>EU Regulatory Policies</b>	<ul style="list-style-type: none"> <li>- EU and its 28 member states exhibit a robust political commitment toward regulatory reform. All of the member states have <u>adopted</u> an explicit policy to promote the quality of regulations. <u>Stakeholder engagement</u> and RIA in the development of laws and regulations are almost universally adopted across the EU. Many member states' have significantly improved their practices over the last decade. ... EU members have heavily invested in tools to consult with citizens and businesses on draft laws and regulations.... (According to an evaluation report by OECD titled “Better Regulation Practices across the European Union” )</li> </ul> <p><i>Source: <a href="https://www.theregreview.org/2020/01/20/arndt-basacle-davidson-gerloff-schultz-oecd-evaluation-eu-regulatory-policies/">https://www.theregreview.org/2020/01/20/arndt-basacle-davidson-gerloff-schultz-oecd-evaluation-eu-regulatory-policies/</a></i></p>