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Models of protection consumers on financial servises market - European perspective

Introduction

Financial services have become one of the most interesting subjects of the consumer law. They constitute a driving force of the modern economy and form its economic basis. Their significance is constantly growing along with the ongoing commercialization of economies of states and international communities. Together with consumer selling, financial services (especially credit facilities) have paved the way for legal regulation of relations between professionals and individual clients.

Compared to other products, financial services are characterized by higher economic risk to be borne by consumers, and as such are extremely difficult to measure in terms of their transparency. Moreover, consumers of the financial services market lack proper knowledge about the stage preceding the contract conclusion (when the consumer must decide if he or she will use a financial service), about duration of the contractual obligation (whereby the consumer can react to events in due time and in a proper way), and even about the period after service consumption (deferred-in-time effects, concerning e.g. reaction to automatic extension of the contract). Even more so, these transactions bear higher economic risk for the consumer than other purchases on the market. At the same time, this risk is not proportionately spread between the contract parties, as one unsuccessful transaction for the customer may gravely destabilize his or her household budget, whereas the same failed transaction for the financial institution may result in a marginal decrease of its economic indices. An additional and a relatively new (or rather recently recognized) danger of financial services is connected with a possibility of accessing the services by means of electronic media. Hence, the problem arises about protection of consumer privacy and transaction security.

Consumer protection on financial market is particularly significant when matters get tough financial crisis triggered by financial institutions affected not only financial

sector, but most of all consumers. Main objectives of paper are: 1) identification and evaluation protecting consumer rights models existing in European market and 2) determine level of knowledge of rights by consumer. In paper authors presents results of empirical research that took place in selected European markets.

1. Consumer protection on market - historical background

In market economy the consumer should have the possibility of selecting the right product, as well as the form, place, and time of its purchase, and should have proper conditions for making the right decision (Schiffman and Kanuk, 2010). Such goals are achieved by means of various methods. This is why the importance of marketing for consumers should be considered in terms of both advantages and threats. The threats to consumer interests are usually connected with the following:

Reasons of threats to consumer interests

- lack of transparency in the market (many diverse products, introduction of new products, etc.);
- depersonalization of the market;
- selling products in large shopping facilities;
- using sophisticated methods to seduce buyers, e.g., by arousing emotional motives to purchase a product;
- artificially provoked needs, e.g., through promotional activity of enterprises;
- increasing prices through manipulating the assortment of goods and by means of a well-developed brokering network; and
- over-function of packing, which often causes an increase in prices and hasam ecological consequences, etc. (Niepokulczycka, 1998).

Highly developed countries have to face problems connected with the standard and quality of living of the whole society, limiting of competition, threats to the natural environment, and overly careless use of non-renewable sources of raw materials and energy. These are associated with marketing activities perceived as contradicting the original philosophy (Davies and Pardey, 1994). The complaints usually refer to quality, price, or consumer service; and they may, for instance, be related to the abuse of certain techniques and marketing instruments (Kaleta, 2006). Since most of the time the

decisions related to buying goods are subconscious, it is both advisable and necessary to protect consumer interests. Consumers do not have the possibility of carefully analysing every purchase, and so there are many ways of provoking consumer behavior based on subconscious reflexes (Bishop, 2010).

Spheres of threats operation

Consumer interests are threatened in many ways. Four spheres of operation of such threats are axioiogical, economic, qualitative, and commercial. The axioiogical sphere involves such activities of the producers as creating excessive needs, wrong needs, and the need for restitution. The economic sphere refers to threats caused by the purchase of goods ot reduced mass and/or at an increased price. The qualitative sphere refers to latent defects of goods, legal defects, and contents that are harmful substances and components. In the commercial sphere, the consumer may suffer losses due to mismanagement arising from style of living, habits, lack of planning, and so on (Vizer, 2010).

Reasons of countrywide interest threats

Some of the threats to consumer interests are observed throughout the whole country, while others refer only to certain social groups. The countrywide threats are caused by civilization processes, industrial and technological processes as well as organizational processes in the economy, and lack of appropriate laws for consumer protection.

Reasons of social groups interest threats

Threats to the interests of social groups are usually connected with solutions adopted in the economy to settle certain problems. The premises for consumer interest protection as well as the number of various types of threats justify the need for those interests to be protected.

Consumer interest protection

The term consumer interest protection is a descriptive term and is used to characterize a set of activities directed at the protection of consumers when their rights and interests are being threatened (Blackwell, Miniard and Engel, 2001). The descriptive nature of the term has, however, some significant consequences. The manner of perceiving that set of activities, which is crucial for consumer interests, varies depending on the field the author specializes in, on the perspective taken to observe phenomena, and on the current socio-economic

situation. The idea of consumer protection emerged in the 19th century when the market economy was born. The first activities aimed at the protection of buyers against exploitation and unfair trade practices were undertaken by the developing cooperative movement (Maliszewska-Nienartowicz, 2004). The consumer movement, as well as other social movements originated in the period of rapid industrialization in the second part of the 19th century, mainly in the U.S. The key event for the process was John F. Kennedy's address to the Congress on March 15, 1962, when four basic consumer rights were pronounced, the right to safety, the right to be informed, the right to choose, and the right to be heard. These rights were later developed by Consumers International until they became the basis for the Guidelines of the General Assembly of the UNO on consumer protection (adopted in 1985). The issue of consumer protection was also discussed in European Communities. The formation of community consumer protection was a multi-stage process (Kiezel, 2007).

Four basic cosumer rights according to J.F.Kennedy

What ought to be considered, then, is the scope of consumer interest protection. This protection covers the most precious things, such as life, health, material interest, and position in the market. The subjects of protection are the consumer and the institutions organizing activities in the area of consumer interest protection. The latter include the state, self-governing bodies, social organizations, and consumers themselves. The activity of all those groups of subjects acting in favor of consumer interest protection should form an overall system of protection.

Consumerism

An important term related to consumer protection is consumerism. It is an umbrella term for all the activities undertaken by state, social, and private institutions for the benefit of consumers. In a broader sense, consumerism is a movement designed to increase the rights of consumers in their relation with producers and providers of goods and services (Raymond, 2003). It is a mixture of people, ideas, and organizations representing groups and needs that were not represented before, trying to induce some changes or a reform of the existing rules. The movement defends basic consumer rights and these include (Doole, Lancaster and Lowe, 2005) the following:

Consumer rights defended by consumerism movement

■ The right to protection against products and services that are dangerous for health and life. No such products and services should be present on the market. For this purpose safety requirements need to be stipulated, and consumers need to be informed of the possible risks connected with the use of particular products or services. Consumers also need to be protected against accidents.

■ The right to protection of economic interests. This ought to provide consumer protection against the producers, brokers, or retailers abusing their position. It involves a ban on unfair competition and on imposing unfavorable terms of contracts, the idea of improving the quality of goods and services and caring for environmental protection.

■ The right to information and to consumer education. The consumer should have the actual possibility of making a conscious choice in the market. This requires reliable information on the characteristics of products and information on the prices of goods and the methods of their use. Another important issue is information on procedures of executing consumer rights.

■ The right to an effective system of pursuing claims. In the case of a complaint, the consumer should have access to professional aid.

■ The right to representation. Consumers have the right to present their opinion on all matters concerning their individual as well as collective interests, i.e., the interests of a consumer community. Voluntary consumer associations constitute such representation.

The basic objective of consumerism is to extend the rights and powers of buyers in their relationship with sellers of goods and service providers. Thus, consumerism motivates all subjects participating in economic life to be active in educating and informing consumer as well as in protecting consumer rights (Harris, 2010). What needs to be considered are the forms of protection and their instruments. The multiplicity of threats to consumer interests makes it difficult to apply a single method of protection. The forms of consumer protection include pro-consumer legislation and institutional forms. Those legal and extra-legal forms of protection are closely related and they intermingle. In the countries where a market economy is well developed, the

governments create a system of laws and institutions to protect consumer interests. These nicely supplement the basic and effective protection provided by the market mechanisms, competition, and business ethics.

Instruments of consumer protection

The instruments of consumer protection can be divided into three groups: state instruments, individual instruments, and mixed (Sawyer, 2010). The state instruments are activities of the state that, either directly or indirectly, protect the consumer without his/her active participation, e.g., obligatory standards of quality and safety, labelling food, anti-trust law, etc. The state acts on behalf of the consumer. Individual instruments are types of consumer behavior that protect him/her. Whether a consumer uses them or not depends entirely on him/her. They include all kinds of decisions made by the consumers, such as where to buy, for what price, how to use the product, how to treat a trademark, etc. Mixed instruments are the laws that vest in consumers the right to protect their interests, such as the part of the Civil Code that refers to warranty and others.

Consumers' responsibility for their owm protection

It is worth noting that it is the consumers who bear the greatest responsibility for their own protection. The state, on the other hand, should provide proper conditions by providing legal norms and regulations, education, and broad access to information. Economic processes undergo globalization and thus become more and more complex, technology changes rapidly, and economic pathology spreads. All these factors make state intervention on behalf of a consumer practically indispensable (Keay, 2010). Thus, consumer actions to protect their interests ought to be supported by the state.

Group of instruments of consumer protection

The protection instruments may also be divided into the following groups: legal, economic, psychological, and ethical. Legal instruments are the laws that objectively concern consumers, the goods they buy, or the entities offering those goods, and such enactments that do not directly refer to the consumer, but that provide the conditions for the proper functioning of the market (packages of laws protecting fair competition and anti-trust laws). Economic instruments are those that are

used by the consumers themselves as well as those that are used by the producers and vendors. This group of instruments includes some that are related to quality protection, such as trade-marks, quality standards, certificates, etc. Psychological and ethical instruments may also be of considerable importance, though their practical significance in present conditions is rather small (Wells and Prensky, 1996).

2. Models of consumer protection on European financial services market

Forming consumer rights sealed the development of institutional forms of consumer interest protection. Activities in this matter on financial services market are conducted, apart from consumer organizations, by specialized state bodies, self-governing bodies, social organizations, and others. Consumer rights on financial services market ought to be represented in every country by all economic entities and organizations. Institutional forms of consumer interest protection in European countries create a complex and coherent organizational system, which is gradually evolving along with economic development. What is characteristic of this system is the functioning of specialized institutions, situated high in the governmental hierarchy, that shape and execute consumer policy. The activities of such entities supplement those of regional and local governments; civil organizations, including consumer organizations; and cooperative organizations (Groom, 2010).

Models of institutional consumer protection systems in EU

Four models of institutional consumer protection systems are present in the European Union:

■ Ombudsman model - in which, the crucial role in consumer protection is that of a single-person institution, a consumer advocate or ombudsman. He/she is administration-independent, appointed for a fixed term, usually by the Parliament. A consumer advocate is usually vested with specified powers.

■ Administrative model - in which it is the administration that exercises the consumer policy. Consumer protection is usually performed by a single, specialized administrative body (usually situated in economic ministries), which usually has a well-developed structure throughout the country.

■ Court model - based on a highly advanced operation of courts, where common access and short procedures (the so called courts of petty matters, courts of small claims) guarantee quick compensation. This model also assumes the functioning of various public institutions executing and coordinating the consumer protection policy. The most characteristic feature for this model, however, is the presence of fast-operating courts, which only deal with deciding consumer litigation.

■ German model - in this model the consumer policy is executed by means of strong consumer organizations. Consumer organizations are state-independent citizen associations that deal with the protection of buyer rights. They are present on the local and national level, and they have a joint representation in community institutions, which allows them to act on particular issues arising between buyers and vendors. They also fight to bring about changes in legal regulations that favor producers and traders (Kiezel, 2007).

There are many countries in the European Union where institutional systems of consumer protection on financial services market are usually mixed, like Poland, Czech Republic or Hungary. However, the ombudsman model is dominant in Scandinavia; the administrative model, in France; and the court model is common in Anglo-Saxon countries.

3. Legal system of consumer protection on the EU financial services market

Consumer protection on the financial services market of European Union countries share considerable similarities, although these similarities mainly refer to general assumptions rather than to concrete institutional legal and judicial constructions. With respect to the latter, the differences are more visible, which is a result of differentiation of definite consumer legislations, as well as legal and traditional "culture" of particular countries. Some of them have directly implemented the Directive about unlawful contractual clauses in consumer contracts (Directive 13, 1993), into special laws and have extended its resolutions by various legal acts (e.g. Germany, Austria, France, Belgium). Other states have failed to develop laws which could ensure their consumers

special protection, whereas courts base their consumer jurisdiction mainly on regulations governing the whole civil law - civil code, etc. (e.g. Greece, Italy). In some other cases, one can observe a process of transition -often under influence of jurisdiction of domestic courts - from the first solution to the second one (Dziemaszkiewicz et al., 2005, p. 248). Quite logically, courts of countries with separate and well-developed consumer legislation have provided their individual consumers with wider protection on the financial services market than courts of countries which lack such legislation. This state of affairs results from the fact that separate acts of the consumer law were elaborated when the problem of consumer protection was recognized in the European law and when it was necessary to transfer this law into the domestic one. The traditional civil law in countries such as Italy or Spain have not guaranteed their consumer sufficient protection, and big financial institutions have won cases which, in the light of the Scandinavian or German law, would be considered grave breach of justice and fair trading committed by professionals.

Financial services

The jurisdiction of the European courts concerning contracts of consumer financial services is characterized by great abundance. In the light of the basic relevant legislation and Directive 13 (1993), financial services comprise all services of capital turnover or services connected therewith which are provided to individual customers. Basically, these contracts do not include services of "material" character or of goods provision, with an exception of contracts of safe deposit box rental services. Financial services comprise mainly services which are rendered by financial institutions and which mainly consist in managing capital turnover on behalf of customers, ensuring safety of customers' money, granting all kinds of credit facilities, etc. A similar activity conducted by other professional entities should be also regarded as a financial service. It should be emphasized that in the European law the approach to consumer credit facilities is very broad (economic approach), which means that the range of financial services reach far beyond banking services (in Poland there is a tendency for referring to the concepts as equivalents).

Consumer protection in Austrian law

Consequently, the Austrian law has a distinctively

pro-consumer character with respect to financial services. Interestingly, already in 1970s, when the consumer legislation was only in its infancy, Austrian courts tried to provide additional protection for individual customers by passing verdicts condemning "immoral" conduct of professionals. There is no doubt that their work influenced nature of the contemporary Austrian consumer law. Also, after elaboration of relevant laws, Austrian courts have fought the most frequent cases of abuse of positions held by financial institutions, such as exclusion or considerable limitation of their liability towards the customer, inclusion of the so-called clauses which are quite surprising and unexpected to he customer, imposing "constraints" on the customer by adding numerous and additional clauses to contracts. A similar scope of consumer protection on the financial services market can be observed in Belgium. However, in this country

Consumer protection in Belgium law

many lawsuits relating to violation of consumer rights concern disputes between customers and professionals over validity of various penalty clauses which, in case of contract breach, specify contractual fines and duties of the parties. Belgian courts have confirmed the principle that this type of contractual resolutions cannot constitute an excessive burden for the consumer. Interestingly, the courts have set forth rules of monitoring a permissible limit of a contractual penalty independently of the statutory interest amount. Such an approach is hardly flexible and confines consumer protection within one level, whilst determination of a permissible contractual penalty limit should be adapted to a definite situation. The Danish law, in turn, sets the consumer protection on a relatively high

Consumer protection in Danish law

level, thus preventing banks and other financial institutions from abusing their rights. The limitation of consumer rights is allowed only in exceptional situations which are clearly stipulated in a contract. Danish courts emphasize significance of trust placed by the consumer in a financial institution (Letowska, 2006).

Consumer protection in Finnish law

Whilst analyzing the Finnish legislation on consumer protection on the financial services market, one can observe that a great role in settling consumer matters has been assigned to the Consumer Spokesperson, an institution which is characteristic of all Scandinavian

countries. The spokesperson has wide competencies with respect to making preventive appeals of contractual clauses used in general contractual terms and conditions. In such cases the spokesperson can exercise his or her rights if a given clause is found out of compliance with the law or with the principle of honesty and fair trading. The Finnish jurisdiction itself deals mainly with disputes between customers and financial institutions over validity of guarantee clauses which put an unlimited burden on a guarantor for other people's financial commitments. The courts can adjudicate that, due to broad and common employment of the institution of spokesperson, consumers cannot be excused on account of a "surprising and unexpected" character of claims of financial institutions for customer default on guarantee obligations. However, judicial authorities strictly prohibit professionals to abuse their position while concluding multilateral financial transactions such as lease-sale contracts (ADNS, 2010).

Consumer protection in French law

The French legislation, on the one hand, strongly prohibits typical abuse, such as imposing an exclusive interpretation of contractual resolutions or depriving the customer of possibilities of defending his or her rights; on the other hand it emphasizes that consumer contracts come under rules of the civil code and, as such are governed by the principle of free establishment of rights and duties by both parties. Consequently, financial institutions cannot be imposed with additional contract-irrelevant obligations under the pretext of consumer protection. A similar concern for balance between the interest of consumers and that of financial institutions can be observed in the Greek legislation. Yet, it is noteworthy that in some verdicts Greek courts are lenient with big financial institutions. In case of any dispute, the most important are these verdicts which relate to matters concerning force of evidence of all kinds of bank accounts or issues connected with the proper informing of customers about their obligations (Letowska, 2005).

Consumer protection in Spanish law

The Spanish law presents a very complicated system, comprising numerous judicial decisions. The basic issues addressed by Spanish courts concern the possibility of exclusion and limitation of liability borne by a financial institution, as well as introduction of secondary modifications to contractual resolutions. The first type of clauses is

especially numerous, with Spanish financial institutions trying, on a mass scale, to exclude their liability for any damage suffered by the consumer. The courts strongly protest against this procedure. They also forcefully oppose the practice of including contractual clauses which enable financial institutions to make secondary modifications to contractual terms and resolutions. The courts are, however, very strict with customers who default on fulfilling contractual terms. Penalty clauses which burden customers with big fines are considered fair and are broadly used. The courts have even gone as far as to criticize the law - the Law on Consumer and User Protection - for being too general and allowing for infringement of professionals' interests. It is valuable in adding that, unlike the Belgian courts, the Spanish ones have come up with a different solution to the problem of penalty interest, according to which the permissible amount of penalty interest depends on a definite situation and is not limited in any way whatsoever (Federacja Konsumentow, 2010).

Consumer protection in Dutch law

With respect to consumer protection on the financial services market, the Dutch legislation is relatively liberal. Here, a great role is played by common courts whose responsibility is to investigate if a consumer right has been infringed or if a given clause is permissible or not. In this respect the court must examine the type and weight of guilt by analyzing the amount and type of money involved, the nature and content of the contract which contains the examined clause, the social status and mutual relations of contract parties, the position of the clause in the contract, and if, or to what extent, the parry bound by the clause was aware of its content and significance for itself (ADNS, 2010).

Consumer protection in Icelandic law

In Iceland the legal system of consumer protection is very rigorous. As a result, there is only one case of a judicial decision relating to infringement of consumer rights on the financial services market. This decision may exemplify how jurisdiction of a particular country can affect the practice of legal turnover. In order to avoid disputes connected with certain ambiguities in standard contract forms, Icelandic financial institutions have changed the manner of contract formulation - exactly in items which were found unclear or disputable by the court

Consumer protection in Luxebourgian law

(Letkowska, 2006).

In the Luxembourgian jurisdiction, two elements are worth special attention. First, courts of this country have provided a clear answer to the question whether, in the light of the consumer law, a given institution is professional if it concludes a contract for services with a definite employee - in such a situation the employee is fully protected by the consumer law. Second, Luxembourgian courts have formed a conclusion that contractual penalties stipulated in consumer contracts cannot be irreducible - contract parties are obliged to predict certain situations where claiming the contractual penalty can be unfair. This, of course, mainly refers to professionals (Federacja Konsumentow, 2010).

Consumer protection in German law

The German legislation attaches great significance to consumer protection on the financial services market. It should be emphasized that the German court jurisdiction also assumes a pro-consumer attitude endeavoring to implement all assumptions of Directive 13 (1993). However- following justifications of the financial services market - the excessive claims for consumer protection may disturb the stability of turnover and "stifle the business activity". Some issues are especially interesting. First, German courts have considerably extended the range of protection over individual consumers who act as a third party in consumer contracts, and who are bound with the professional by a certain accessory or similar obligation (this refers mainly to guarantors). Their rights must be protected in, at least, the same way as in the case of consumer rights, as it is easier to burden such consumers with additional obligations which are beyond their control. Besides, it is noteworthy that preparation of contract forms is very rigorous, especially with respect to their clarity and intelligibility, as well as to the duty of informing the customer about his or her contractual obligations, etc. The German jurisdiction has a tendency for checking on the accuracy of clause incorporation into contracts and for making the most adverse interpretation of standard clauses contained in contract specimens elaborated by financial institutions. Thanks to this technique, German courts can declare a given clause abusive with respect to consumer rights (their abusiveness being a result of the aforementioned interpretation), and consequently prevent its use by relevant laws

(ADNS, 2010).

Consumer protection in Polish law

In Poland, the legislation on consumer protection is subject to a specific consumer legal regime of financial services for banking activities, including bank accounts and consumer credit facilities, electronic payment instruments and insurance services. The development of an effective consumer protection system is strongly supported by state institutions, consumer organizations and industry sector institutions. Main organizations responsible for consumer protection are represented by The Office of Fair Trading and Consumer Protection, the Trade Inspection and regional (municipal) Consumer Spokespersons. The role of the latter is particularly significant, with almost 8% of cases of consumer rights infringement on the market of financial services, especially banking and insurance service (UOKiK, 2006). In Poland, apart from state institutions, the protection of consumer rights is provided by social organizations, including Consumer Federation, Society of Polish Consumers and Polish Society of Household Economics. These organizations provide support to consumers on the financial services market mainly through representing them in writing before financial institutions, providing written, direct, as well as phone counseling services, making phone interventions, preparing suits and directing cases to conciliatory courts. Special attention should be also paid to the activity of arbitration of industry sectors on the financial services market, as well as that of the Spokesperson for the Insured.

Bearing in mind the above-presented considerations, it should be underlined that according to EU standards contained in Directive 13 (1993), the consumer protection in particular EU Member States has been guaranteed on a high level. However, market specificity and market traditions of each country give rise to many differences in jurisdiction and in some institutional solutions. Nevertheless, it is worth emphasizing the fact that much is being done by EU officials to introduce new, more favorable and more consumer-friendly solutions into various areas of financial services, and Poland, as a full EU Member, is actively participating in elaboration and implementation thereof.

4. Level of consumer knowledge about rights on financial services market

In order to identify level of consumer knowledge about rights on financial services market in Europe as well as level of consumer satisfaction with protection system in their countries a survey was conducted with the use of a structured questionnaire. The questionnaire was designed with the use of a 5 degree scale which referred to level of knowledge and level of satisfaction of consumers, where 5 was the highest level of knowledge and the most satisfied consumer. After the questionnaire preparation, the measurements were submitted for evaluation by three experts - marketing and statistic professors - in terms of wording/meaning and consistency. The survey was conducted in period between October and December 2012 in five European countries, which represent different model of consumer protection: France, which represent administrative model, England - count model, Germany, Poland which represent mixed system based on ombudsman model, and finally Ukraine – non member state country. Research were carried out on a sample of respondents selected by means of a quota-sample method - assumed quotas included age and education (Smyczek, 2007) in all countries. A total of 600 questionnaires were distributed to respondents in each country. The usable response rate was between 64-78 per cent.

Results of research shows that in all tested countries level of knowledge about consumer rights is smaller that level of satisfaction from protecting system on this market. However, consumers represent court model declared very low knowledge about protecting system in their country. It is worth to mention also about administrative model which, in consumer opinion is the worst in Europe. The best model in consumer opinion is based on special organizations. This model also provide consumer higher level of knowledge about their rights on market. Mixed system, but based on ombudsman model, also was evaluate by consumer positively.

Table 1. Evaluation of consumer protection models on the European markets

Country / model of consumer protection	Level of knowledge	Level of satisfaction
England J court	**1.4**	**3-2**
France / administrative	**2-3**	**2.7**
Germany / organizations	**3-5**	**3-9**
Poland / mixed-ombudsman	**3.0**	**4.1**
Ukraine / non defined	**1.8**	**2.4**

5. Principle of good practices on the financial services market - case study of Poland

The Principle of Good Practices

The Principle of Good Practices constitutes the ethical code which came into force in 2005 and was developed by the Conference of Finance Companies in Poland. The Conference is an organization of employers from miscellaneous economic sectors, including banking, financial and credit brokerage, economic information management, receivables management, insurance, etc. The aim of the organization is to advocate competitiveness on the financial services market with simultaneous observance of consumer rights (Roter, 2006), as it is the consumer who is the main causative subject accepting and verifying the whole system of the market demand, especially its forms, prices, information, promotion, availability and offer complexity (Struzycki, 2005).

Goals of introduction of the Principles of Good Practice

By introducing the code - the Principles of Good Practice, the Conference wanted to achieve two goals. First, it intended to develop a code which, as an integral part of modern management, could contribute to fulfillment of European ethical standards, as well as to development of social responsibility, and could foster the perception of Poland as a reliable partner. Second, members of the Conference wanted to raise the awareness that each business association operating in Poland and following principles of the code of ethics acts as a lodestar leading other associations and companies towards a good economic practice. These intentions were significantly reinforced by the fact that members of the Conference represent a big share of the financial services market. The members concluded that the best code of ethics constitutes a combination of codes which include

the code of values, of conduct and norms to be observed by companies (Gasparski, 2004). It represents some kind of met-acode which can apply to members of the Conference, as well as to consumers. This code, in some way strikes a balance between different parties involved in the competitive processes.

The Principles of Good Practice is focused on the mission adopted by the Conference and its members. The aim of the mission is to set high standards of conduct in economic operations and in all relations with customers and trading partners, as well as to supervise financial institutions in terms of their compliance with the standards, so as to create and confirm that they deserve the opinion of public trust institutions.

Obligations of institutions belonging to the conference

With respect to customer service, these **institutions commit themselves to conduct their business activity** not only **in conformity with relevant laws,** but also **with due care and diligence, putting great emphasis on consumer protection** at each stage of the relation with the customer. Even more so, the institutions are **obliged to cooperate with one another** in order to reduce risk connected with activities of unfair and unreliable entities on the market (Roter, 2006).

Principles of Good Practice provisions

It is noteworthy that the Principle of Good Practice includes **information concerning sales of credit services, credit service complaints, customers' defaults on contract terms and customer complaints.** With respect to activities accompanying credit services, the Code of Good Practice stipulates, among others, that a financial institution does not sell a credit facility upon determining that the customer will be unable to meet his or her commitments. Moreover, in the case of an inculpable customer's default on timely fulfillment of financial commitments, and upon the customer's application, a financial institution offers a new schedule of debt repayment with respect to the customer's current financial condition. In addition, the code of ethics comprises such issues as rules of communication with debtors, debtor complaints, information and data protection, as well as unlawful and banned activities. With regard to rules of communication, there is an obligation to conduct all activities related to debtors in a manner that protects consumer rights and respects the law, good manners and debtors' relevant rights.

Communication with the debtor involves three communicative channels, including correspondence, phone contact and field vindication, each of which is supplied with thorough description of practices to follow. Also, a detailed catalog of banned and unlawful activities leaves no room for doubts about proper and lawful business practices in contacts with customers on the financial services market (Roter, 2006). In 2006 the Principles were amended and extended by other issues which previously, were not taken into consideration, including decent relations between employees, and between financial institutions and local, as well as natural environments.

It should be underlined that the Conference of Finance Companies is actively involved in promoting ethical behaviors inside financial institutions. To this end, it has organized an in-company program to certify internal audits, since each institution belonging to the Conference is committed to carry out the ethical audit once a year. A positive opinion about the audit is rewarded with a one-year-validity certificate. Another element of the program refers to constant monitoring of corporate compliance with relevant principles and rules. Within this element, directors of the Conference branches throughout Poland are involved in monitoring all issues related to respecting or violating ethical commitments under the code of ethics.

External popularization of the Principles of Good Practice

Another significant component of the ethical program refers to external popularization of the Principles of Good Practice, which is effected through meetings and presentations organized in e.g. the Polish Vindication Association, the Polish Association of Exchange Offices and Pawnshops and through electronic document presentations disseminated to all Consumer Spokespersons in Poland. The Conference is also an organizer of competitions for the best, doctoral, master or bachelor dissertations on business ethics.

Conclusions

To sum up, it should be emphasized that the system of consumer protection on the European financial services market is organized in a relatively decent way. Within the

last few years, the European Union has introduced many legislative changes which regulate the financial services market, whereas particular EU Member States have created various institutions of consumer protection. However, observing the dynamic development of the financial markets across Europe, and taking into consideration the phenomenon of inter-penetration of various European financial submarkets, it would be worth considering the possibility of setting up one institution responsible for complex consumer protection and consumer education on a broadly understood financial services market. It should be borne in mind, however, that any legal and institutional solutions can be applied to the extent determined by consumer awareness of their existence on the market.

Results of research shows that the best model of consumer protection on European financial services markets is in Germany. This model based on consumer organizations. Also Polish system which represent mixed model, but with very strong Scandinavian influence is evaluated very high. Those systems stimulate also consumers to increase knowledge about their rights on market and make more rational decisions.

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