

Key facts statements for credit: Do they work? The experience of Armenia

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Abstract

Rapidly developing digital credit products and aggressive credit sales have impelled financial authorities to help financial consumers make more informed and effective credit decisions. One of the tools many countries are using is Key Facts Statements (KFSs), which aim to improve financial decisions in the pre-contract stage of the credit process and to promote healthy competition among financial institutions.

However, many authorities want to know: do Key Facts Statements work?

This research shows that a KFS can have a significant positive effect on consumer credit choice and comprehension if the timing, content, design and delivery methods are appropriate and effective.

The study combines qualitative analyses from three experiments in Armenia and presents insights from international experience. The findings show both positive and negative effects of implementing credit KFSs and policy recommendations are made based on these findings.

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