



Consumer Protection in the Saudi Banking Sector: Legal Remedies and Regulatory Gaps

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Abstract

Consumer protection in the financial sector has become increasingly significant in the Kingdom of Saudi Arabia as the state pursues economic diversification under Vision 2030. The Saudi Central Bank (SAMA) has taken a leading role in developing a legal and regulatory framework that seeks to safeguard consumers, ensure transparency, and strengthen trust in financial markets. In recent years, the complexity of financial products, the rise of digital banking, and the expansion of fintech have all amplified the need for robust consumer safeguards. This article provides an academic analysis of the consumer protection regime in the Saudi banking sector, examining legal instruments, remedies available to consumers, and regulatory gaps. While the Saudi framework reflects significant progress, challenges remain, including fragmented regulations, limited redress mechanisms, inconsistent enforcement, and the absence of a statutory financial ombudsman. The article situates Saudi reforms within the wider context of financial consumer protection scholarship and international best practices, offering recommendations to reinforce regulatory effectiveness, operational transparency, and long-term consumer confidence in the evolving financial landscape.

Keywords: APP fraud, Banking law, Consumer protection, Dispute resolution, Financial regulation, Open banking, Personal data protection, Responsible lending, SAMA, Saudi Arabia.

1. Introduction

The concept of consumer protection in financial services is closely tied to broader principles of fairness, transparency, accountability, and market stability. These principles are essential not only for safeguarding individual rights but also for maintaining systemic trust and economic continuity. In mature financial markets, consumer protection mechanisms have evolved over decades to include comprehensive legislation, independent oversight bodies, and accessible redress systems. In contrast, emerging markets such as the Kingdom of Saudi Arabia are rapidly building their consumer protection architecture, driven by modernization imperatives and global regulatory trends.

In the Saudi context, financial consumer protection serves dual functions: protecting individual consumers from unfair practices and enhancing the legitimacy of the financial system. The importance of these protections has become particularly pronounced as the Kingdom pushes forward with its **Vision 2030** strategic framework, which seeks to diversify the national economy and develop a thriving financial sector. Key pillars of Vision 2030—such as increasing private sector participation, enabling digital transformation, and boosting investor and consumer confidence—have placed new demands on regulators to ensure that financial institutions operate transparently and responsibly.

The Saudi Central Bank (SAMA), acting as both regulator and supervisor, has responded to these demands by issuing a range of policy instruments and regulatory frameworks. These include the Financial Consumer Protection Principles and Rules (FCPPR), the Responsible Lending Rules, and the adoption of frameworks for Open Banking and Personal Data Protection. However, the regulatory landscape remains fragmented, with overlapping mandates and a lack of centralized consumer oversight. Additionally, as financial technologies evolve and customer interactions shift to digital platforms, traditional legal protections may fall short in addressing emerging risks, such as data misuse, algorithmic bias, and digital fraud.

This article pursues three main objectives:

1. To map the current consumer protection framework in Saudi banking, including legal principles, institutional actors, and regulatory instruments;
2. To analyze the legal remedies and redress mechanisms available to consumers, evaluating their accessibility, timeliness, and effectiveness;

3. To critically assess key regulatory gaps and propose reforms aligned with international best practices, including the establishment of a financial ombudsman, harmonization of data protection rules, and enhanced fraud liability frameworks.

The methodology adopted combines doctrinal legal analysis, reviewing statutory laws, SAMA regulations, and judicial decisions, with a normative evaluation that assesses whether the current framework meets the standards of fairness, efficiency, and accessibility. Comparative insights from jurisdictions such as the UK, EU, US, and UAE are used to highlight both the strengths and shortcomings of the Saudi approach.

By identifying both regulatory progress and persisting vulnerabilities, this paper contributes to the growing body of financial law scholarship in the Arab world and offers concrete recommendations for enhancing consumer protection in line with Saudi Arabia's broader socio-economic goals.

2. Regulatory Framework for Consumer Protection in Saudi Banking

Saudi Arabia's regulatory framework for financial consumer protection has undergone a period of accelerated development, driven by both internal policy shifts and external benchmarking against global standards. Spearheaded by the Saudi Central Bank (SAMA), the regulatory model encompasses multiple legal instruments that collectively aim to promote fairness, transparency, accountability, and accessibility in the financial sector. However, the framework is not yet fully codified in a single statute, relying instead on a web of circulars, guidelines, and standalone laws. This section explores the core components of this evolving structure.

2.1. Financial Consumer Protection Principles and Rules (FCPPR)

The Financial Consumer Protection Principles and Rules (FCPPR), issued by SAMA in 2022, represent a pivotal shift toward institutionalizing consumer protection obligations within the banking sector. These rules codify international best practices and reflect core principles of the OECD, G20, and World Bank's guidance on financial consumer protection.

Key features of the FCPPR include:

- **Fair Treatment:** Financial institutions must treat customers fairly across the lifecycle of financial products and services, including pre-sale, sale, and post-sale phases.
- **Transparency and Disclosure:** Institutions are required to provide clear, accurate, and timely information regarding fees, risks, terms, and conditions.
- **Product Suitability:** Banks must assess the suitability of financial products for the individual consumer, considering financial needs, risk appetite, and financial literacy.
- **Complaint Resolution:** Banks must establish robust internal complaint-handling mechanisms, with defined timelines and escalation protocols.
- **Governance and Accountability:** Responsibility for compliance rests with senior management and boards of directors. Institutions must conduct regular audits and staff training on consumer rights.

The FCPPR apply to all financial institutions licensed by SAMA, including commercial banks, finance companies, and remittance providers. Their enforcement is monitored via SAMA inspections and periodic reporting obligations.

2.2. Responsible Lending Principles

The Responsible Lending Principles, introduced in 2018 and amended in 2020, form a core pillar of Saudi Arabia's consumer finance regulation. The principles are designed to curb predatory lending practices and ensure that consumers are not burdened with unsustainable debt.

Core provisions include:

- **Affordability Checks:** Lenders must assess a borrower's ability to repay by evaluating income, existing obligations, and essential living expenses.
- **Debt-to-Income Ratios:** Lenders must adhere to thresholds limiting monthly debt service payments to a percentage of a borrower's income.
- **Loan Structuring:** Loans must be structured with transparent terms, including interest rates, installment schedules, and early repayment conditions.
- **Risk-Based Pricing Disclosure:** Consumers must be informed if interest rates are determined by credit scoring or risk profiles.

These rules mirror global standards such as those issued by the European Banking Authority (EBA) and the Consumer Financial Protection Bureau (CFPB) in the United States. Violations can result in administrative sanctions, public warnings, and license revocation.

2.3. Disclosure and Transparency Requirements

Transparency is a foundational principle in Saudi banking regulation. SAMA mandates that financial institutions provide standardized and comparable disclosures to minimize information asymmetry, a key risk in retail finance markets.

Requirements include:

- **Standardized Disclosure Tables:** These must present the Annual Percentage Rate (APR) for loans and the Annual Effective Rate (AER) for savings in a format that enables comparisons across providers.
- **Key Facts Statements (KFS):** For every product, banks must provide a one-page KFS summarizing essential terms, rights, and obligations.
- **Real-time Digital Access:** Banks must provide digital access to account summaries, fee statements, and historical transaction data through secure channels.
- **Plain Language Standards:** Documents must be written in clear, non-technical Arabic (and English where applicable).

SAMA also publishes a Consumer Manual and a Banking Tariff Table to promote transparency at the industry level.

2.4. Marketing and Advertising Controls

SAMA views truthful and ethical marketing as a critical component of consumer trust. In 2023, it issued a comprehensive Advertising Governance Circular, which placed new obligations on all financial entities.

Key provisions include:

- **Pre-Approval of Campaigns:** Banks must internally vet all advertising campaigns for compliance before launch.
- **Prohibited Practices:** Misleading claims, fine-print exclusions, and bait-and-switch tactics are explicitly banned.
- **Third-Party Accountability:** Institutions are liable for the actions of marketing agents and influencers acting on their behalf.
- **Targeting Restrictions:** Products must not be aggressively marketed to vulnerable groups, including those with low income or poor credit histories.

These controls reflect global regulatory movements, such as the UK FCA's Consumer Duty and the Australian ASIC's Design and Distribution Obligations.

2.5. Payments and Open Banking Regulation

The transformation of the payment ecosystem in Saudi Arabia has prompted new legal instruments that broaden consumer protections beyond traditional banking. The Law of Payments and Payment Services (2023) and Open Banking Framework (2022–2024) are central to this effort.

2.5.1. Law of Payments and Payment Services (2023)

This law introduces safeguards for users of digital wallets, prepaid cards, and payment aggregators. Key features include:

- **Safeguarding of Funds:** Institutions must separate client funds from operational capital.
- **Dispute Resolution:** Consumers must have access to complaint and refund mechanisms.
- **Licensing Requirements:** All payment service providers (PSPs) must obtain SAMA authorization.

2.5.2. Open Banking Framework

Saudi Arabia's Open Banking initiative aligns with EU PSD2 standards, enabling consumers to share financial data with licensed third-party providers (TPPs) via secure APIs.

2.5.3. Core Protections Include

- **Explicit Consent:** Consumers must give informed, revocable consent for data sharing.
- **Access Rights:** Consumers can access all financial data shared with third parties.
- **Liability Allocation:** In case of unauthorized access, liability rules determine whether the bank, TPP, or consumer is responsible.

The phased rollout began in 2022 with Account Information Services (AIS) and will expand to Payment Initiation Services (PIS) by 2024.

2.6. Data Protection and Credit Information

Saudi Arabia's approach to financial data protection is anchored in two key laws: the Personal Data Protection Law (PDPL, 2023) and the Credit Information Law (2008).

2.6.1. Personal Data Protection Law (PDPL)

Modeled in part on the EU General Data Protection Regulation (GDPR), the PDPL grants consumers (data subjects) the right to:

- **Access:** Request and obtain their financial data from service providers.
- **Rectification:** Correct inaccurate or incomplete data.
- **Objection:** Prevent processing for certain purposes, including marketing.
- **Portability:** Transfer data between providers, although this remains limited in practice.
- **Erasure:** Request deletion where data is no longer needed or lawfully held.

While the Saudi Data and Artificial Intelligence Authority (SDAIA) oversees PDPL enforcement, SAMA plays a supervisory role for licensed financial institutions.

2.6.2. Credit Information Law (2008)

This law governs the operation of SIMAH, Saudi Arabia's national credit bureau. Key consumer rights include:

- **Right to Review:** Consumers can request a copy of their credit report.
- **Right to Challenge:** Erroneous entries must be investigated and corrected within 30 days.
- **Retention Limits:** Negative information cannot be stored indefinitely and must be removed after specified periods.

However, the absence of an independent data protection regulator has raised concerns about the consistency of enforcement across institutions.

3. Remedies and Redress Mechanisms

An effective financial consumer protection regime is incomplete without the provision of clear, accessible, and enforceable remedies. Such mechanisms must not only provide redress for individual grievances but also address

systemic shortcomings within financial institutions. In Saudi Arabia, the legal and regulatory framework for consumer redress adopts a tiered approach, commencing with internal complaint procedures, escalating through the centralized platform SAMA Cares, and culminating in adjudication by specialized Banking Dispute Resolution Committees.

Despite commendable regulatory efforts, several challenges remain in terms of procedural accessibility, consumer awareness, enforcement consistency, and public confidence. This section provides a detailed analysis of the structure, operational mechanisms, and effectiveness of Saudi Arabia's financial consumer redress system.

3.1. Internal Complaints Handling

Financial institutions licensed by the Saudi Central Bank (SAMA) are mandated to establish dedicated internal complaint handling units as a first line of defense in addressing consumer disputes. These units are critical in resolving grievances before resorting to external mechanisms.

Regulatory Requirements:

- **Timely Acknowledgment:** Complaints must be acknowledged within 24 hours of receipt via digital or written confirmation.
- **Resolution Timelines:** A conclusive response is required within five working days, barring exceptional cases requiring extended investigation.
- **Documentation and Recordkeeping:** Institutions must maintain detailed records of complaints and resolutions for a minimum of five years for regulatory inspection (SAMA, 2022).
- **Training and Oversight:** Personnel involved in customer service must receive ongoing training in consumer protection standards.
- **Accessibility:** Multiple submission channels are required, including mobile applications, online portals, telephone services, and physical branches.

Despite the existence of these regulatory provisions, practical implementation varies widely across institutions. Studies and consumer feedback indicate inconsistent resolution quality, limited follow-through, and a general lack of procedural transparency. In response, SAMA has introduced performance indicators and supervisory audits to monitor institutional compliance and encourage standardization across the banking sector.

3.2. Escalation through SAMA Cares

If the internal grievance process does not yield satisfactory outcomes, consumers may escalate their complaints to SAMA Cares, a centralized and technology-driven platform operated by SAMA. This service exemplifies a shift towards regulatory technology (regtech) in consumer protection.

3.2.1. Platform Features

- **Multichannel Access:** Available through web interfaces, mobile applications, and dedicated hotlines, facilitating user accessibility across demographics.
- **Case Management:** Consumers receive a tracking number for real-time monitoring and updates.
- **Resolution Benchmarks:** SAMA aims to resolve escalated complaints within 15 business days, subject to case complexity.
- **Analytical Tools:** Aggregate complaint data is analyzed to identify institutional trends, policy failures, or compliance issues (SAMA, 2023).
- **Language Accessibility:** Services are currently offered in Arabic and English, though calls for multilingual support are increasing due to the presence of non-Arabic-speaking residents.

SAMA Cares aligns with international examples such as the Financial Ombudsman Service in the UK and the Australian Financial Complaints Authority (AFCA), although it lacks legally binding authority. Its role is primarily advisory and mediatory, which may limit its effectiveness in disputes involving substantial financial harm or systemic violations.

3.3. Committees for Resolution of Banking and Financial Disputes

Established pursuant to Royal Decree No. M/51 (2005), the Committees for Resolution of Banking and Financial Disputes and Violations function as quasi-judicial entities under the supervision of the Ministry of Finance. They represent the apex institutional mechanism for resolving disputes that cannot be settled through internal or mediatory processes.

3.3.1. Institutional and Procedural Attributes

- **Expert Composition:** Each committee comprises legal and financial experts appointed to adjudicate disputes based on both statutory law and regulatory guidance.
- **Jurisdictional Scope:** The committees are empowered to hear disputes between consumers and financial institutions, as well as cases involving inaccuracies in credit reporting or violations of SAMA directives.
- **Remedial Authority:** Decisions may include:
 - Awarding monetary compensation or restitution
 - Ordering the rectification of erroneous credit data
 - Mandating contract modifications where terms are found to be unfair or misleading
 - Levying penalties against non-compliant institutions

3.3.2. Accessibility and Challenges

- **Procedural Formality:** While legal representation is not required, the procedural format may deter laypersons due to its complexity.
- **Timeframes:** Case resolution may extend over several months, especially where evidentiary issues or jurisdictional overlaps arise.

- **Public Awareness:** Surveys suggest that many consumers remain unaware of the existence or mandate of these committees, reflecting a broader issue of legal literacy.

When compared to international bodies such as India's Banking Ombudsman Scheme or Singapore's Financial Industry Disputes Resolution Centre (FIDReC), the Saudi model is more formalized, and consequently, potentially less accessible to low-income or vulnerable consumers.

3.4. Spectrum of Remedies

The redress mechanisms in Saudi Arabia offer a range of both monetary and non-monetary remedies, designed not only to compensate the aggrieved party but also to prompt institutional reform and risk mitigation.

3.4.1. Monetary Remedies

- **Refunds and Reversals:** Including overcharged fees, unauthorized transactions, and wrongful deductions.
- **Compensatory Payments:** For financial harm suffered due to administrative error, negligent advice, or fraud.

3.4.2. Non-Monetary Remedies

- **Credit Report Corrections:** Timely and verified updates to records held by SIMAH or other bureaus.
- **Account Reinstatement:** In situations involving erroneous closure or suspension of customer accounts.
- **Formal Apologies and Clarifications:** Particularly in cases involving reputational damage or privacy breaches.
- **Institutional Reform:** Following systemic failures, SAMA may mandate comprehensive changes in internal policies, audit practices, or risk management frameworks.

3.4.3. Supervisory Integration

Complaint data from internal mechanisms and SAMA Cares is fed into SAMA's risk-based supervision models. Persistent violations or recurring issues may trigger targeted supervisory interventions, such as capital surcharges, license reviews, or thematic inspections.

3.5. Gaps and Areas for Enhancement

While the existing framework provides a sound foundation, there remain significant regulatory and institutional gaps that limit the efficacy and inclusivity of Saudi Arabia's consumer redress mechanisms:

- **Absence of a Statutory Ombudsman:** Unlike many developed jurisdictions, Saudi Arabia has not yet established a fully independent, legally empowered financial ombudsman with the authority to issue binding decisions, especially for low-value claims.
- **Lack of Collective Redress Mechanisms:** There is no legal provision for class actions or representative complaints, limiting access to justice in cases of mass consumer harm.
- **Fraud Compensation Gap:** Victims of Authorized Push Payment (APP) fraud currently have no statutory right to reimbursement, in contrast to protections available under the UK's Contingent Reimbursement Model (CRM) Code.
- **Limited Legal Aid:** The absence of state-funded or subsidized legal assistance for financial disputes impedes access for economically disadvantaged consumers.

Closing these gaps would not only enhance procedural fairness and enforcement capacity but also contribute to greater consumer confidence in Saudi Arabia's financial system, supporting the broader objectives of Vision 2030.

4. Critical Challenges in Saudi Consumer Protection

Despite notable advances in the regulatory architecture of financial consumer protection in the Kingdom of Saudi Arabia, several substantive and procedural challenges continue to hinder the full realization of consumer rights. These challenges stem from both structural deficiencies and the evolving nature of financial technologies, which together create regulatory lag. This section critically evaluates four key areas where the Saudi consumer protection framework remains insufficiently developed: legal fragmentation, the absence of a statutory ombudsman, the treatment of Authorised Push Payment (APP) fraud, and deficiencies in the operationalization of consumer data rights under the Open Banking regime.

4.1. Legal and Regulatory Fragmentation

One of the principal impediments to effective consumer protection in Saudi Arabia is the fragmentation of applicable legal and regulatory instruments. Rather than being codified within a single legislative text, consumer protection rules are distributed across a broad range of SAMA circulars, administrative guidelines, sectoral laws, and royal decrees. For instance, provisions relevant to consumer rights can be found in the Financial Consumer Protection Principles and Rules (FCPPR, 2022), the Responsible Lending Principles (2020), the Credit Information Law (2008), and the Personal Data Protection Law (PDPL, 2023), among others.

4.1.1. Implications

This fragmentation results in significant interpretive complexity and undermines both consumer comprehension and institutional compliance. Financial institutions face difficulties in aligning internal compliance programs with disparate and, at times, overlapping regulatory obligations. From the consumer's perspective, the absence of a coherent legal code hinders accessibility and understanding of their rights, ultimately eroding trust in the financial system.

4.1.2. Comparative Context

Jurisdictions such as the European Union and the United Kingdom have addressed similar challenges by developing comprehensive legislative frameworks (e.g., the Consumer Credit Directive, the FCA Handbook) that centralize consumer protections within unified legal instruments. Saudi Arabia would benefit from adopting a codified Financial Consumer Protection Law, consolidating key obligations, rights, and enforcement mechanisms into a single, accessible statute.

4.2. Absence of a Statutory Financial Ombudsman

Another critical institutional gap is the lack of a statutory financial ombudsman empowered to adjudicate consumer complaints in a cost-effective, informal, and binding manner. Currently, consumer disputes that cannot be resolved internally or via the SAMA Cares platform are referred to the Committees for Resolution of Banking and Financial Disputes and Violations, which function as quasi-judicial bodies.

4.2.1. Limitations of the Existing Model

While these committees offer expertise in financial and legal matters, they are formal in structure, time-consuming in procedure, and potentially intimidating to unrepresented consumers. Furthermore, procedural safeguards—such as free access, expedited timelines, and simplified evidentiary standards—that characterize ombudsman models in other jurisdictions are largely absent.

4.2.2. International Best Practice

In the United Kingdom, the Financial Ombudsman Service (FOS) operates under a statutory mandate and provides binding decisions for disputes up to a certain monetary threshold. Similarly, Australia's AFCA and Singapore's FIDReC offer low-cost, rapid adjudication for banking and finance complaints. The absence of an analogous institution in Saudi Arabia constitutes a significant barrier to justice, particularly for economically vulnerable or legally inexperienced consumers.

Establishing an independent financial ombudsman—either under SAMA or as a separate statutory authority—would align the Kingdom with global best practices and operationalize the principle of access to justice in the financial sector.

4.3. Authorised Push Payment (APP) Fraud and the Absence of Reimbursement Rights

With the proliferation of digital payment systems and mobile banking applications, Saudi consumers are increasingly vulnerable to Authorised Push Payment (APP) fraud, whereby victims are manipulated into authorizing payments to fraudulent recipients. Despite its growing prevalence, the legal and regulatory framework in Saudi Arabia remains silent on consumer reimbursement rights in cases of APP fraud.

4.3.1. Current Position

Banks are required to implement fraud prevention measures such as Know Your Customer (KYC) protocols, two-factor authentication, and transaction monitoring. However, where these measures fail and the consumer is deceived into authorizing a transaction, there is no legal obligation on the part of the financial institution to offer compensation.

4.3.2. Normative Concerns

This regulatory silence places an unjust burden on consumers and contravenes the principle of equitable risk-sharing between financial institutions and their clients. Victims often experience financial harm without access to redress, exacerbating public distrust in digital financial services.

4.3.3. Comparative Developments

In the United Kingdom, the Contingent Reimbursement Model (CRM) Code establishes criteria under which banks must reimburse victims of APP fraud, particularly where the bank failed to warn the customer or implement adequate fraud detection measures. The Singapore Monetary Authority similarly imposes liability on financial institutions under certain failure scenarios.

In the Saudi context, a formal reimbursement framework should be introduced, possibly through amendments to existing banking regulations or the enactment of a dedicated statute. Such a framework should include:

- A shared liability model;
- Confirmation-of-payee systems;
- Independent dispute resolution procedures;
- Compensation caps based on transaction size.

4.4. Open Banking and Incomplete Consent Lifecycle Management

Saudi Arabia's adoption of Open Banking, governed by the Open Banking Framework (2022–2024), represents a paradigm shift in how consumer data is managed and shared. While this initiative is commendable for promoting innovation and competition, it also raises complex challenges in relation to data governance and consumer consent.

4.4.1. Gaps in Consent Lifecycle

Current regulatory provisions require consumers to give informed and explicit consent before financial institutions or third-party providers (TPPs) may access their data. However, operational mechanisms for revoking, limiting, or auditing such consent are either underdeveloped or inconsistently implemented.

- Revocation Complexity: Consumers lack clear, user-friendly mechanisms to withdraw consent once granted.

- Lack of Granularity: Current systems often provide binary consent options (all or nothing), undermining consumer autonomy.
- Insufficient Transparency: Few platforms offer real-time visibility into which parties have access to consumer data and for what purpose.

4.5. Regulatory Disjunction

Moreover, the absence of legal harmonization between the Open Banking Framework and the Personal Data Protection Law (PDPL, 2023) creates jurisdictional ambiguities, particularly concerning enforcement authority, consumer redress, and institutional liability in cases of data misuse.

4.5.1. Global Benchmarks

Under the European Union's General Data Protection Regulation (GDPR), combined with the Second Payment Services Directive (PSD2), consumers enjoy robust control over data access, revocation, and portability. Saudi Arabia could emulate these protections by:

- Requiring TPPs to implement consent dashboards;
- Mandating API-based revocation mechanisms;
- Establishing an inter-agency working group between SAMA and the Saudi Data and AI Authority (SDAIA) to coordinate enforcement and oversight.

5. Discussion

Saudi Arabia's framework for consumer protection in the banking sector is emblematic of a jurisdiction in transition from a rule-based supervisory model to a more integrated, consumer-oriented regulatory regime. This transformation reflects a broader global trend in which financial regulators are expected not only to preserve financial stability but also to proactively safeguard consumer interests, particularly as the financial landscape becomes increasingly digitized, diversified, and data-driven.

5.1. Balancing Regulatory Oversight and Market Innovation

The adoption of key instruments such as the Financial Consumer Protection Principles and Rules (FCPPR) and the Personal Data Protection Law (PDPL) represents a significant milestone in aligning Saudi Arabia with international frameworks, including the OECD's G20 High-Level Principles on Financial Consumer Protection and the European Union's GDPR-PSD2 integration model. These legal instruments promote fairness, transparency, and data sovereignty—core tenets of contemporary financial regulation.

However, this regulatory advancement exists in tension with the market-driven imperatives of Vision 2030, which seeks to position Saudi Arabia as a leading global hub for fintech, open banking, and digital transformation. The rapid liberalization and digitalization of financial services necessitate a parallel evolution in the regulatory capacity of oversight bodies. In the absence of institutional maturity, regulatory overextension can lead to underenforcement or policy incoherence—risks currently evident in the Kingdom's fragmented legal architecture and incomplete consumer redress infrastructure.

5.2. The “Developing Regulator” Paradigm

From a theoretical standpoint, Saudi Arabia can be situated within the “developing regulator” paradigm, as outlined in global financial regulatory literature. This model describes jurisdictions that engage in proactive legal reform—often by emulating international best practices—but face challenges in institutional enforcement, procedural harmonization, and stakeholder coordination.

5.2.1. Key Characteristics Evident in Saudi Arabia

- Normative Alignment Without Procedural Depth: While principles of fairness, consumer autonomy, and transparency are codified, enforcement mechanisms such as an independent financial ombudsman, statutory class actions, or binding fraud reimbursement rights remain absent.
- Institutional Fragmentation: Oversight responsibilities are distributed across SAMA, the Ministry of Commerce, SDAIA, and other bodies without a centralized supervisory authority for financial consumer protection.
- Reactive, Not Preventive, Enforcement: Most consumer redress is ex post, addressing grievances after harm occurs. There is limited deployment of regulatory impact assessments, stress testing for consumer outcomes, or preemptive compliance audits.

This condition creates regulatory asymmetries where legal rights may exist on paper but remain unenforceable or inaccessible in practice. The consumer experience, therefore, becomes contingent on the operational culture and risk appetite of individual institutions rather than on a unified, predictable enforcement framework.

5.3. Institutional Gaps and Consumer Confidence

The absence of a statutory financial ombudsman, as previously discussed, deprives consumers of a low-cost, accessible, and independent dispute resolution mechanism, which is critical in enhancing public trust in financial institutions. Comparative studies show that jurisdictions with well-functioning ombudsman services (e.g., UK, Australia, Canada) enjoy higher complaint resolution rates, better consumer satisfaction, and fewer litigation bottlenecks.

Similarly, the lack of a codified liability-sharing framework for APP fraud erodes consumer confidence in digital financial platforms. As financial crimes become more technologically sophisticated, regulatory protections must evolve from product-centric oversight to transactional and behavioural risk supervision. This shift requires not only legal reform but also advanced infrastructure, cross-institutional coordination, and public-private partnerships in cybersecurity.

5.4. Normative Implications Under Vision 2030

Vision 2030 positions the financial sector as a central pillar of national economic diversification. One of the programme's core objectives is to raise the financial sector's contribution to GDP, enhance financial inclusion, and promote fintech innovation. In this context, consumer protection assumes a dual normative function:

1. Microeconomic Role: Safeguarding individual rights, promoting financial literacy, and providing equitable access to dispute resolution.
2. Macroeconomic Role: Enhancing systemic trust, reducing reputational and legal risks, and fostering sustainable market growth.

Effective consumer protection frameworks do not merely serve distributive justice or ethical ends; they are functional enablers of regulatory legitimacy, financial deepening, and macroprudential stability.

5.5. The Path Forward

To transition from a developing to a mature regulatory environment, Saudi Arabia must:

- Consolidate fragmented consumer regulations into a unified code;
- Establish a statutory, independent financial ombudsman with binding authority;
- Implement structured reimbursement models for digital fraud victims;
- Integrate behavioural economics and data analytics into supervisory models;
- Enhance inter-agency coordination, particularly between SAMA, SDAIA, and the Ministry of Commerce, to ensure holistic oversight.

In doing so, the Kingdom will not only strengthen consumer confidence but also signal regulatory credibility to international investors and partners—an outcome aligned with both national priorities and global standards

6. Policy Recommendations

In light of the regulatory gaps, institutional limitations, and implementation challenges identified in this study, a dual-pronged reform strategy is required—one that targets both regulatory authorities and financial institutions. The following policy recommendations are intended to operationalize a more consumer-centric, transparent, and accountable financial system in Saudi Arabia. Each recommendation is grounded in comparative regulatory analysis and aligned with the objectives of Vision 2030.

6.1. Recommendations for Regulators

6.1.1. Consolidate Consumer Protection Rules into a Unified Legal Framework

Saudi Arabia's current regulatory architecture is fragmented across multiple circulars, laws, and administrative guidelines. A comprehensive Consumer Financial Protection Code should be drafted and enacted, integrating principles from existing instruments such as:

- The Financial Consumer Protection Principles and Rules (FCPPR)
- Responsible Lending Principles
- Personal Data Protection Law (PDPL)
- Credit Information Law
- Open Banking Framework

Justification: Codification would reduce legal ambiguity, simplify compliance, and improve consumer awareness of their rights. It would also facilitate international benchmarking and regulatory impact assessments.

6.1.2. Establish a Statutory Financial Ombudsman

An independent, statutory financial ombudsman should be created to adjudicate low-value consumer complaints through informal, expedited, and binding processes. The ombudsman should:

- Operate independently from financial institutions
- Offer services free of charge to consumers
- Have authority to issue binding decisions up to a specific financial threshold

Justification: This model is widely adopted in jurisdictions such as the UK, Australia, and Canada, where it has demonstrably increased access to justice and consumer satisfaction.

6.1.3. Introduce a Statutory APP Fraud Reimbursement Scheme

Saudi Arabia should adopt a Contingent Reimbursement Model (CRM) for Authorised Push Payment (APP) fraud, establishing:

- Liability-sharing arrangements between sending and receiving institutions
- Criteria for consumer eligibility for reimbursement
- Requirements for fraud-prevention controls (e.g., confirmation-of-payee)

Justification: This reform is essential for enhancing trust in digital payment systems and aligns with practices introduced in the UK and Singapore. Without it, consumer risk perception may hinder fintech adoption.

6.1.4. Standardize Digital Disclosure Formats

Regulators should develop standard templates for digital product disclosures, including:

- Key Facts Statements (KFS) for all financial products
- Real-time fee calculators and APR/AER comparison tools
- Multi-language support (Arabic, English, and others as needed)

Justification: Standardized formats promote transparency, reduce information asymmetry, and facilitate informed decision-making, particularly for digitally active consumers.

6.1.5. Operationalize Consent Lifecycle Management in Open Banking

The Open Banking Framework must be supplemented by clear and enforceable rules on:

- Consent granularity (type and scope of data)
- Consent revocation mechanisms
- Real-time consumer dashboards for access tracking
- Audit trails for shared data

Justification: Harmonizing the PDPL with Open Banking rules ensures data autonomy, addresses cybersecurity concerns, and fosters confidence in third-party providers.

6.2. Recommendations for Banks and Financial Institutions

6.2.1. Enhance First-Contact Resolution in Complaint Handling

Banks should improve internal complaint resolution procedures by:

- Empowering frontline staff with decision-making authority
- Implementing AI chatbots for low-risk queries and complaints
- Setting internal KPIs for resolution timelines and customer satisfaction

Justification: Prompt resolution reduces escalation to regulators and strengthens customer retention. Internationally, banks with strong first-contact resolution show lower litigation risk and higher trust indices.

6.2.2. Adopt APP Fraud Mitigation Tools

Banks should proactively implement technological solutions including:

- Confirmation-of-Payee (CoP): Verifies recipient account name during transfer
- Transaction Velocity Monitoring: Detects abnormal usage patterns
- Fraud Alerts and Transaction Freezes: Temporarily block suspicious activity

Justification: These tools, required under the UK's CRM Code and Singapore MAS guidelines, materially reduce consumer fraud exposure and improve bank reputations for digital safety.

6.2.3. Publish Key Facts Statements (KFS) for All Products

Banks should create one-page standardized disclosures for all retail banking products that summarize:

- Fees and charges
- Contract duration and penalties
- Key risks and customer obligations
- Rights of cancellation or withdrawal

Justification: KFS documents are essential for product comparability and are a core requirement under the EU Consumer Credit Directive and the UK FCA guidelines.

6.2.4. Integrate PDPL Rights into Customer Dashboards

Banks should offer privacy-enhancing features in consumer-facing platforms, including:

- Real-time data access and correction interfaces
- Options for restricting data processing and sharing
- Logs of third-party data requests and approvals

Justification: Operationalizing data rights under the PDPL strengthens consumer autonomy and ensures legal compliance. It also enhances transparency and consumer satisfaction.

7. Conclusion

Over the past decade, the Kingdom of Saudi Arabia has undertaken a comprehensive transformation of its financial regulatory environment, with consumer protection emerging as a strategic priority. Through the enactment of key regulatory instruments such as the Financial Consumer Protection Principles and Rules (FCPPR), the Responsible Lending Principles, and the Personal Data Protection Law (PDPL), the Saudi Central Bank (SAMA) has demonstrated a clear commitment to modernizing the country's financial ecosystem in accordance with global norms.

These reforms have helped institutionalize principles of fair treatment, transparency, responsible lending, data autonomy, and market integrity—all of which are essential components of a resilient and inclusive financial system. The regulatory framework increasingly reflects the G20 High-Level Principles on Financial Consumer Protection, aligning the Kingdom with international standards endorsed by the OECD, World Bank, and Financial Stability Board (FSB).

However, the system remains incomplete and asymmetrical. While the regulatory foundation is strong, significant operational and institutional gaps persist. Chief among these are:

- The absence of a statutory, independent financial ombudsman, which limits consumer access to cost-effective and expedited dispute resolution;
- A lack of legal entitlements to reimbursement for victims of Authorised Push Payment (APP) fraud, which exposes consumers to undue financial risk and undermines confidence in digital payment systems;
- Fragmentation of consumer protection rules across multiple laws, circulars, and regulatory instruments, creating ambiguity and compliance burdens for both institutions and consumers.

Addressing these deficiencies is not merely a matter of administrative efficiency—it is essential to safeguard systemic trust, promote market discipline, and foster a culture of consumer-centric banking. Legal consolidation into a unified Consumer Financial Protection Code would ensure clarity and accessibility, while the establishment of an ombudsman and statutory fraud compensation framework would significantly enhance procedural justice and deterrence.

Moreover, these reforms are directly aligned with the ambitions of Vision 2030, which identifies the financial sector as a key enabler of economic diversification, innovation, and private sector empowerment. A robust consumer protection regime will serve as a cornerstone of financial inclusion, a catalyst for fintech development, and a buffer against reputational and operational risks.

In sum, Saudi Arabia has laid the legal and regulatory groundwork for a progressive, rights-based consumer protection regime. The challenge ahead lies in translating this regulatory vision into enforceable, accessible, and consumer-friendly mechanisms. With targeted reforms and continued institutional investment, the Kingdom is well positioned to emerge as a regional leader in financial consumer protection and regulatory innovation.

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