

## Banking and Finance News

# SEDECO Resolution No. 705/2023: Greater clarity and transparency in credit transactions

The Secretariat for Consumer and User Defense (SEDECO) issued Resolution No. 705/2023 on May 31, 2023, with the purpose of regulating Law No. 6366/2019, which amends Law No. 1334/98 "On Consumer and User Defense", providing greater clarity and transparency in the information on credit operations (the "Resolution").

The Resolution provides that all transactions made between final consumers and suppliers of goods or services must comply, without exception, with the requirements set forth in Articles 4°, 6°, 10°, 15° and 29° of Law No. 1334/98 "On Consumer and User Defense", as amended by Law No. 6366/2019.

Article 4° defines the terms consumer and user, supplier, products, services, advertiser, acts of consumption, sustainable consumption, adhesion contract, collective interests and Total Cost of Credit (CTC).

Article 6° establishes the basic consumer rights, which include free choice, protection of life, health and safety, adequate education and disclosure, clear information on products and services, protection against misleading advertising and abusive commercial practices, repair of damages, formation of consumer associations, adequate provision of public services, compliance with advertised conditions, information on early cancellation of credit and knowledge of the CTC.

Article 10° specifies that the prices of products or services, including taxes, must be precisely indicated in the offer. In installment financing, information on the cost of financing based on CTC must be included.

Article 15° establishes the information that the service provider must provide in a clear and precise manner, such as the name and address of the supplier, description of the service, quality, materials used, price, term of validity, health and safety risks, contractual guarantee and the CTC.

Finally, Article 29° establishes the elements that must be included in credit operations, including the cash price, interest, surcharges, number of payments, total amount to be paid, rights and obligations in case of default, and CTC.



It is important to note that this regulation does not apply to financial entities regulated by the Central Bank of Paraguay (BCP) and the entities supervised by the National Institute of Cooperatives (INCOOP).

In addition, it provides that suppliers of goods and services, at the time of entering into adhesion contracts with consumers or users, must deliver a document containing all relevant information about the goods or services purchased. This information includes the total price already charged, the total cost to cancel the contract before the agreed expiration date, the value of the service, the CTC, and other details necessary for the consumer or user to fully understand the credit.

The Resolution also establishes that all information related to the CTC, issued by the suppliers, must be printed on sheets with logo and letterhead, signed by the person in charge and stamped by the supplier issuing the documentation, under penalty of nullity and subject to the penalties established in the regulations in force.

In case of non-compliance, the sanctions set forth in Decree No. 21004/03, which regulates the Sole Administrative Procedure for Summary Proceedings in Consumer and User Defense Matters and current or future resolutions, shall be applied.

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