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Review Article

Financial literacy education as a legal precondition for valid consent in credit information sharing: lessons from Uganda – a narrative review.

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Abstract

Credit information sharing has become central to modern credit markets, reducing information asymmetry and supporting responsible lending. In Uganda, the Financial Institutions Act, the Financial Institutions (Credit Referencing Bureau) Regulations 2022, and the Data Protection and Privacy Act 2019 establish a framework that distinguishes mandatory reporting from disclosures that depend on customer consent. This narrative review examines whether financial literacy education should function as a legal precondition for valid consent to discretionary credit-information sharing. Legal materials, policy documents, and scholarly literature published primarily between 2011 and 2024 were identified through doctrinal examination of primary Ugandan statutes and regulations, supplemented by secondary sources on financial literacy, consumer protection, and international credit-reporting standards. Sources were selected for relevance to consent, data protection, credit reference bureaus, and financial capability in Uganda and comparative jurisdictions; English-language materials predominated. The review finds that formal execution of a consent waiver or signature does not necessarily establish informed consent, particularly where financial literacy remains limited. Uganda's Contracts Act and Data Protection and Privacy Act already require free and informed consent, yet the credit-information regime does not adequately operationalise consumer understanding. The article develops the doctrine of "financially informed consent" and proposes a proportionate, transaction-specific model of standardised disclosure, short credit-information education, and reasonable confirmation of understanding. Implications include stronger alignment of credit-reference regulation with data-protection and consumer-protection objectives, improved exercise of data-subject rights, and reduced secondary information asymmetry between consumers and credit-reporting systems. Financial literacy is advanced not as a barrier to credit access but as a procedural safeguard supporting the legal quality of consent.

Keywords: *financial literacy; informed consent; credit information sharing; credit reference bureaus; data protection; consumer protection; Uganda; financial consumer law; privacy; contractual consent; narrative review.*
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1. Introduction

1.1 Rationale and Background

Credit markets depend upon information. A lender ordinarily seeks sufficient information about a prospective borrower to determine whether credit should be extended, on what terms, and subject to what risk controls. Credit information sharing addresses this information problem by enabling lenders and other authorised users to access information concerning a borrower's credit history and financial behaviour. In principle, such systems can reduce information asymmetry, improve risk assessment and expand access to credit. The World Bank's General Principles for Credit Reporting recognise that credit reporting systems can support expanded access and coverage while promoting fair and efficient credit markets.

The development of credit reference bureaus (CRBs) in Uganda reflects this international trend. Section 77 of the Financial Institutions Act provides for the establishment of credit reference bureaus and regulates the disclosure of specified customer information. Importantly, the Act distinguishes between categories of information that financial institutions are required to report and other information that may not be disclosed without the customer's consent. It also recognises the customer's right to know what information is held about him or her by a credit reference bureau.

Uganda has subsequently strengthened its credit-information architecture through the Financial Institutions

(Credit Referencing Bureau) Regulations, 2022. The Regulations require, among other things, evidence that relevant credit information has been obtained and that a duly executed consent waiver exists for specified disclosures of positive information. They also impose requirements concerning the accuracy and reliability of information submitted to credit reference bureaus.

The emergence of this regulatory architecture, however, creates a deeper legal question: what does it mean for a borrower to give valid consent to the disclosure and processing of credit information? A signature on a loan application or consent form may demonstrate formal assent, but it does not necessarily establish that the consumer understood what was being authorised. A borrower may sign a clause authorising a financial institution to collect, process and disclose credit information without understanding what constitutes credit information, which institutions may receive it, how long the information may remain available, how adverse information can affect future borrowing, or what rights the borrower has to inspect and challenge inaccurate information.

This problem becomes particularly important in jurisdictions where levels of financial literacy vary significantly. The Bank of Uganda defines financial literacy as the knowledge, skills and confidence required to manage money effectively and to make informed financial decisions. Uganda's financial-capability evidence has also identified low financial literacy as a continuing constraint to financial inclusion. The IMF reported that Uganda's 2020 Financial Capability Survey found only about half of the adult population to be financially capable or financially literate.

The central argument of this narrative review is therefore that formal consent and informed consent should not automatically be treated as synonymous in credit-information sharing. The review proposes the concept of financially informed consent. Under this approach, consent to discretionary credit-information sharing should be regarded as legally meaningful only where the consumer has been provided with sufficiently comprehensible information and has acquired the minimum knowledge necessary to understand the consequences of the consent being given. The argument does not suggest that every borrower should undergo an elaborate examination before obtaining credit. Nor does it suggest that financial illiteracy should deprive individuals of access to financial services. Rather, it proposes a proportionate legal model under which financial education, standardised disclosure and consumer comprehension operate together to strengthen the quality of consent.

1.2 Objectives

This narrative review has four objectives:

1. To examine the legal meaning of consent in Uganda's credit-information-sharing framework.
2. To assess the relationship between financial literacy and informed consent in credit information sharing.
3. To identify weaknesses in Uganda's existing legal framework concerning consumer understanding of credit-information disclosure.
4. To propose a legal framework under which financial-literacy education can strengthen the validity and enforceability of consent to credit-information sharing.

1.3 Research Questions

The review is guided by the following questions:

1. What constitutes valid consent to credit information sharing under Ugandan law?
2. To what extent does financial literacy influence the quality of consumer consent?
3. Does Uganda's existing credit-information framework adequately protect consumers who lack sufficient knowledge of credit reporting?
4. Should financial-literacy education be incorporated as a legal precondition for informed consent to discretionary credit-information sharing?
5. What legal and regulatory reforms could strengthen informed consent without unnecessarily restricting access to credit?

2. Methods

2.1 Research Selection and Sources

This narrative review adopts a doctrinal legal research methodology, supplemented by comparative and policy analysis. Primary legal materials examined include the Constitution of the Republic of Uganda (1995, as amended), the Contracts Act 2010, the Financial Institutions Act 2004 (particularly section 77), the Data Protection and Privacy Act 2019, the Financial Institutions (Credit Referencing Bureau) Regulations 2022, and relevant consumer-protection instruments issued by the Bank of Uganda.

Secondary materials include scholarly literature on financial literacy, financial consumer protection, credit reporting, information asymmetry and informed consent, together with policy and institutional reports from the Bank of Uganda, the International Monetary Fund, the World Bank, the OECD and related bodies. Comparative materials from the European Union (notably the General Data Protection Regulation) and international credit-reporting principles were used to contextualise the Ugandan framework.

Publication years considered for secondary sources and policy documents primarily span 2011 to 2024, reflecting the period during which Uganda's modern credit-reference architecture and data-protection regime matured and during which major international standards on credit reporting and financial consumer protection were articulated or updated. Primary statutes and regulations are treated according to their current force; historical versions are referenced only where necessary for doctrinal development. English-language materials predominate, consistent with the official language of legislation and most scholarly and institutional publications relevant to Uganda's formal financial sector. Both published and publicly available official documents (statutes, regulations, strategy papers and institutional reports) were included; unpublished internal working papers were not systematically searched.

Sources were selected for direct relevance to (i) the legal meaning of consent under Ugandan contract and data-protection law, (ii) the architecture and operation of credit reference bureaus in Uganda, (iii) the relationship between financial literacy or financial capability and consumer decision-making, and (iv) international principles governing credit reporting and financial consumer protection. The review does not claim exhaustive systematic review methodology; rather, it synthesises the principal legal, policy and scholarly materials necessary to evaluate whether financial literacy education can and should strengthen the validity of consent to discretionary credit-information sharing.

The review does not claim that financial literacy is presently an express statutory precondition to consent under Ugandan law. Instead, it evaluates whether the existing law provides a sufficient foundation for developing such a requirement and proposes a proportionate doctrinal and regulatory model.

3. Discussion

3.1 Conceptualising Financial Literacy in the Credit-Information Context

Financial literacy has moved beyond the traditional idea that an individual merely understands basic financial arithmetic. It increasingly encompasses financial knowledge, skills, attitudes and behaviours necessary to make sound financial decisions. The Bank of Uganda defines financial literacy as the knowledge, skills and confidence necessary to manage money effectively, make informed financial decisions and use financial services responsibly. Lusardi and Mitchell (2014) conceptualise financial knowledge as a form of human capital that affects economic decision-making; their review demonstrates implications for saving, investment, borrowing and related decisions.

For purposes of credit information sharing, however, financial literacy should be understood more narrowly as credit-information literacy. Credit-information literacy includes at least the ability to understand:

- what a credit reference bureau is and what constitutes credit information;
- why information is shared, who may access it, and how credit information can affect future credit decisions;
- the difference between positive and negative credit information;
- the consumer's right to access his or her credit report and to challenge inaccurate information;

- the consequences of default, the meaning of consent and waiver clauses, and the circumstances in which consent may or may not be withdrawn.

This distinction is important because a person can possess general financial knowledge while remaining unable to understand a sophisticated credit-information clause.

3.2 Consent as a Legal Concept under Ugandan Law

Consent occupies a central position in contract law and data protection. Under section 1 of Uganda's Contracts Act 2010, consent means agreement between two or more persons obtained freely, upon the same thing and in the same sense. Section 12 provides that consent is not free where it is caused by coercion, undue influence, fraud, misrepresentation, or mistake, subject to the statutory qualifications. Section 15 further provides that agreements are voidable where consent is obtained through coercion, undue influence, fraud, or misrepresentation.

The significance of these provisions is that Ugandan contract law does not treat every apparent agreement as automatically representing legally meaningful consent. The law is concerned with the circumstances under which agreement is obtained.

Section 2 of the Data Protection and Privacy Act 2019 defines consent as a freely given, specific, informed, and unambiguous indication of the data subject's wishes, expressed by statement or clear affirmative action. Section 7 further establishes prior consent as a general requirement for collection or processing of personal data, subject to specified statutory exceptions. The inclusion of the word "informed" is particularly significant. If consent must be informed, a purely formal approach based upon signature becomes insufficient. The legal question must move toward whether the person had adequate information to understand what he or she was agreeing to.

3.3 Credit Information Sharing and the Ugandan Legal Framework

3.3.1 The Financial Institutions Act

Section 77 of the Financial Institutions Act establishes the statutory basis for credit reference bureaus in Uganda. The Act requires financial institutions to report specified categories of information, including certain non-performing loans and financial malpractices. However, it also provides that information outside those specified categories may not be divulged to the credit reference bureau without the customer's consent. The provision therefore establishes an important distinction between mandatory disclosure authorised by law and disclosure dependent upon customer consent. This distinction is fundamental to the proposed model: financial literacy as a precondition would be most relevant to the second category, because consent is being relied upon as the legal basis for disclosure. The Act additionally recognises the customer's right to know what information is held about him or her by the credit reference bureau.

3.3.2 The 2022 Credit Referencing Regulations

The Financial Institutions (Credit Referencing Bureau) Regulations 2022 significantly strengthened Uganda's credit-information framework. The Regulations require a data provider to confirm that it has obtained credit information and a duly executed waiver of consent for disclosure of information to specified financial-sector participants in relation to positive information. The data provider must also confirm that the information submitted is supported by the corresponding consent waiver and must ensure that information submitted is accurate. This demonstrates that Ugandan law recognises consent as an important procedural safeguard. However, the legal question remains: does a duly executed waiver necessarily constitute informed consent? Execution alone should not automatically be treated as proof of informed consent. Execution proves that a document was signed; it does not necessarily prove comprehension.

3.4 Data Protection and the Requirement of Informed Consent

The Data Protection and Privacy Act 2019 provides a cross-cutting legal framework for personal data. The Act applies to persons and institutions collecting, processing, holding or using personal data in Uganda. It expressly defines consent in terms of freedom, specificity, informed understanding and unambiguous agreement. This creates an important bridge between data protection law and financial consumer law. A borrower's credit history can contain highly consequential personal information. Credit information may reveal borrowing patterns, repayment behaviour, financial obligations, employment or business circumstances and other information used in assessing creditworthiness. Consequently, the legal protection of such information cannot be reduced to the mere existence of a signature. The World Bank's credit-reporting framework emphasises clear legal and regulatory safeguards for data subjects and consumers, while the international credit-reporting

principles seek fair conditions and safe and efficient services for borrowers and lenders. The international principle therefore reinforces the direction already visible in Uganda's data-protection legislation.

3.5 The Relationship Between Financial Literacy and Informed Consent

The central proposition of this review is that informed consent presupposes a minimum level of understanding. This does not mean that a consumer must understand every technical aspect of banking regulation. Legal systems routinely permit individuals to enter contracts without possessing specialist legal knowledge. The distinction is between ordinary contractual understanding and minimum comprehension of the particular data-sharing consequences to which consent is given.

For example, consider a borrower who signs a clause stating: "I irrevocably consent to the collection, processing and disclosure of my customer credit information to the Credit Reference Bureau." A financially sophisticated consumer may understand that this could mean that credit applications will be recorded, repayment history may be shared, default may negatively affect future borrowing, credit providers may obtain reports, inaccurate information may require correction, and the information may remain available for a legally prescribed period. A financially inexperienced borrower may understand only that signing the document is necessary to obtain the loan. The two borrowers have engaged in the same physical act—signing the document—but the quality of their understanding may differ materially. That distinction lies at the heart of informed consent.

3.6 The Information-Asymmetry Problem

Credit transactions are characterised by structural information asymmetry. The lender typically understands credit reporting systems, regulatory requirements, data-sharing practices, the consequences of default, credit scoring, data retention and credit-reporting procedures. The ordinary borrower may not. Credit reporting itself exists partly because information asymmetry can produce adverse selection and moral hazard. The World Bank's International Committee on Credit Reporting identifies information asymmetry between lenders and borrowers as a fundamental problem addressed by credit reporting systems. The irony is therefore important: a system designed to correct information asymmetry between lenders and borrowers can itself create an information asymmetry between consumers and credit-reporting institutions. Financial literacy education can help reduce that secondary asymmetry.

3.7 Financial Literacy as a Consumer-Protection Mechanism

Financial literacy should not be viewed solely as a developmental or educational policy. It has a direct legal dimension. The Bank of Uganda's consumer-protection framework identifies information gaps and power imbalances as reasons for consumer protection and emphasises clear disclosure of financial products, costs, customer rights and responsibilities. Similarly, Uganda's National Financial Inclusion Strategy II 2023–2028 places financial consumer protection and financial capability among its core priorities. The OECD's 2022 High-Level Principles provide further support: Principle 4 states that financial literacy and awareness should enable consumers to understand risks and opportunities, make informed choices, obtain assistance and take effective action to protect their financial well-being.

Financial literacy therefore performs at least three functions: a preventive function (enabling consumers to understand risks before consenting); a participatory function (enabling consumers to exercise rights during the credit relationship); and a remedial function (enabling consumers to identify inaccurate or unlawfully processed information and seek correction or redress).

3.8 The Ugandan Literature and the Research Gap

Ugandan scholarship has examined credit reference bureaus primarily from the perspective of financial institutions and credit assessment. Mukiibi, Mugambe and Kampumure (2019), for example, found that both financial and non-financial information contained in credit reports is relevant to credit assessment and recommended continued financial-literacy programmes to improve public understanding of credit-reference information. Other research has examined the relationship between financial literacy and financial inclusion. McMillan and colleagues (2020), using evidence from rural Uganda, found that financial intermediaries can play an important role in promoting financial literacy and financial inclusion and recommended their participation in the development and delivery of financial-literacy interventions. Earlier work by Mundy and Musoke (2011) identified information gaps and weaknesses in Uganda's financial-literacy and consumer-protection architecture and called for stronger disclosure requirements.

However, the literature leaves an important question insufficiently developed: can financial literacy be treated not merely as a policy objective, but as part of the legal architecture necessary to establish meaningful consent to

credit-information sharing? This narrative review fills that conceptual and doctrinal gap by synthesising the legal requirements of informed consent with the evidence on financial capability and the structure of Uganda's credit-reference regime.

3.9 The Proposed Doctrine of Financially Informed Consent

This review proposes the development of a doctrine of financially informed consent. Under this doctrine, consent to discretionary credit-information sharing should satisfy five cumulative requirements:

1. **Comprehensibility.** The information supplied to the consumer should be expressed in language reasonably understandable to the intended consumer. Technical expressions such as "processing," "data subject," "credit information," "waiver," "positive information" and "disclosure" should be explained.

2. **Specificity.** Consent should identify the information concerned, the purpose of disclosure, the recipients or categories of recipients, the relevant credit-reporting mechanism, and the principal consequences of disclosure.

3. **Voluntariness.** The consumer should not be manipulated into consenting through misleading statements or unnecessary complexity. Where consent is legally required for a particular disclosure, the consumer should be informed of the consequences of refusing consent, including whether refusal affects the availability of the particular service.

4. **Minimum financial literacy.** Consumers should receive standardised education concerning credit reporting before giving consent to discretionary information sharing.

5. **Demonstrable understanding.** The provider should take reasonable steps to establish that the consumer understands the essential consequences of the consent. This does not require a burdensome legal examination. A short, standardised comprehension exercise could be sufficient for ordinary consumer transactions.

3.10 Should Financial Literacy Be a Strict Legal Precondition?

There are two possible models. Under a strict educational certification model, a person would be required to complete a formal financial-literacy course before consenting to credit-information sharing. This model would provide strong protection but could increase transaction costs, delay access to credit, disproportionately affect rural and low-income consumers, create barriers to financial inclusion, and potentially exclude people who most need formal financial services. It should therefore not be adopted in its most rigid form.

A more proportionate model is transaction-specific financial literacy. Under this model, credit-information education would be required immediately before consent. The borrower would receive a short standardised explanation covering: what a CRB is; what information may be shared; why the information is shared; who may access it; how adverse information can affect future credit; the borrower's rights to access and challenge information; and the meaning of the consent being given. The consumer would then answer a small number of basic comprehension questions or confirm understanding through a regulated digital or written process. This model would better balance consumer protection and financial inclusion.

3.11 Proposed Legal Test for Valid Consent

Consent to credit-information sharing should be regarded as legally informed where the data provider establishes that the consumer received clear and accessible information concerning the nature, purpose, scope and consequences of the proposed disclosure and had a reasonable opportunity to understand that information before giving consent. The test can be operationalised through questions corresponding to the five requirements set out above. This framework does not require perfect financial knowledge; it requires reasonable consumer understanding.

3.12 Implications for Uganda's Credit-Reference System

Uganda's credit-information system is evolving. The 2022 Regulations expanded the regulatory architecture beyond the traditional banking framework, while national financial-inclusion reforms continue to promote broader participation in formal credit markets. The IMF's recent analysis has nevertheless identified continuing challenges involving public awareness, complex credit reports, data accuracy and uneven participation in credit-information sharing. These

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challenges reinforce the need to treat consumer understanding as part of the credit-information infrastructure. A sophisticated CRB system cannot be fully consumer-protective if consumers do not know that information is being reported, do not understand what information is reported, cannot interpret their credit reports, do not know their rights, cannot distinguish legitimate reporting from inaccurate information, or sign consent clauses without understanding their consequences.

3.13 Proposed Regulatory Reforms

The following reforms would operationalise financially informed consent:

1. **Mandatory standardised CRB disclosure.** The Bank of Uganda should prescribe a standard consumer information notice for all credit-information disclosures based on consent, explaining the system in simple language.

2. **Credit-information literacy module.** Financial institutions and accredited credit providers should provide a short mandatory module before obtaining discretionary consent.

3. **Consumer comprehension confirmation.** The consumer should confirm understanding of key issues rather than merely ticking a consent box.

4. **Language accessibility.** Information should be available in English and appropriate local languages, particularly for mass-market and rural lending.

5. **Digital financial literacy.** Digital lenders should incorporate simple educational prompts before obtaining consent through mobile applications, given the compressed time between application, consent and disbursement.

6. **Independent access to credit reports and dispute education.** Consumers should be routinely informed of their right to access their credit information and of mechanisms for challenging inaccurate information.

7. **Regulatory audit.** The Bank of Uganda and other competent regulators should periodically audit whether financial institutions obtain genuinely informed consent rather than merely mechanically executed waivers.

3.14 Comparative Lessons

International practice supports the proposition that consent should be meaningful rather than purely formal. The European Union's GDPR requires consent to be freely given, specific, informed and unambiguous. Individuals should understand the identity of the organisation processing their information, the purposes of processing, the type of data involved and, where relevant, the possibility of withdrawing consent. The World Bank's financial consumer-protection framework similarly recognises informed, freely given and specific consent as an important safeguard in credit-information processing. Uganda need not mechanically reproduce foreign legal models. Nevertheless, these frameworks demonstrate an emerging international principle: the legal quality of consent depends substantially upon the quality of information and understanding preceding it. Uganda's own Data Protection and Privacy Act already provides a strong doctrinal foundation for this principle.

3.15 Narrative Synthesis: Limitations and Quality of the Reviewed Literature

The available literature and documentary evidence present several limitations that affect the strength of conclusions about the relationship between financial literacy and informed consent in credit information sharing. First, empirical evidence specifically measuring borrowers' understanding of consent forms and credit-information clauses in Uganda remains scarce. Existing studies (for example Mukiibi et al., 2019; McMillan et al., 2020) examine credit assessment or financial inclusion and literacy more broadly; they do not systematically test comprehension of consent language or the causal effect of literacy interventions on the quality of consent. Second, much of the doctrinal analysis necessarily relies on the text of statutes and regulations rather than on observed practice. The gap between formal legal requirements and actual institutional behaviour—particularly among digital lenders and non-bank credit providers—is therefore incompletely documented. Third, financial-capability survey data (including the 2020 survey referenced by the IMF) provide population-level indicators but do not isolate credit-information literacy as a distinct construct. Fourth, comparative materials from the EU and international organisations reflect different institutional and market contexts; their transferability to Uganda's financial-inclusion and literacy environment must be treated with caution. Finally, the narrative review methodology itself prioritises conceptual and doctrinal synthesis over

exhaustive systematic search or meta-analysis; relevant unpublished or local-language materials may have been missed.

These limitations do not invalidate the central legal argument—that informed consent requires more than formal signature and that Uganda's existing framework leaves room for stronger operationalisation of understanding—but they do constrain the strength of empirical claims about the scale of the problem or the effectiveness of particular interventions.

3.16 Future Research

Several areas require further investigation. Empirical studies are needed on borrowers' actual understanding of consent forms and credit-information disclosures in Ugandan banks, microfinance institutions and digital lending platforms. Controlled or quasi-experimental evaluations of short, transaction-specific credit-information education modules would help assess whether such interventions improve comprehension and subsequent exercise of data-subject rights. Implementation research should examine how informed-consent requirements are applied in practice, including documentation practices, staff training, language accessibility and regulatory supervision. Research on the cost and accessibility implications of proportionate literacy safeguards would inform the design of reforms that protect consumers without unduly restricting access to credit. Finally, qualitative work with rural and low-literacy populations would illuminate the practical barriers to understanding consent in the settings where formal financial services are expanding most rapidly.

3.17 Summary and Overall Interpretation

This narrative review finds that Uganda has developed a substantial legal and institutional framework for credit information sharing, anchored in the Financial Institutions Act, the 2022 Credit Referencing Bureau Regulations, the Data Protection and Privacy Act 2019, and related consumer-protection and financial-inclusion policies. Formal consent—evidenced by a signed waiver or clause—is required for certain disclosures, and the Data Protection and Privacy Act expressly requires consent to be informed. Yet the operational bridge between formal assent and demonstrable consumer understanding remains underdeveloped. Financial literacy, understood specifically as credit-information literacy, is therefore relevant not merely as a developmental goal but as a practical means of giving effect to the statutory requirement of informed consent.

The proposed doctrine of financially informed consent—comprising comprehensibility, specificity, voluntariness, minimum credit-information literacy and demonstrable understanding—offers a proportionate framework. Transaction-specific education and standardised disclosure, rather than rigid pre-qualification, can strengthen the legal quality of consent without creating unnecessary barriers to access. Implications for financial consumer protection include clearer disclosure standards, better exercise of access and correction rights, and reduced secondary information asymmetry. For credit-information regulation, the review supports treating consumer understanding as part of system infrastructure. For policy development and implementation, alignment with the National Financial Inclusion Strategy II's emphasis on financial capability and consumer protection is both feasible and desirable. Future empirical and implementation research will be essential to refine and evaluate these proposals.

3.18 Generalisability

The doctrinal analysis is specific to Uganda's statutory and regulatory framework. The broader conceptual argument—that formal consent is not synonymous with informed consent in credit-information sharing, and that targeted financial literacy can strengthen the legal quality of consent—has potential relevance in other jurisdictions with developing credit-reporting systems, significant financial-literacy gaps, and data-protection regimes that require informed consent. Transferability will depend on the structure of local credit markets, the content of data-protection and consumer-protection law, levels of formal education and literacy, and the capacity of regulators and financial institutions. Comparative lessons from the GDPR and international credit-reporting principles are illustrative rather than prescriptive. Claims about the effectiveness of particular educational interventions cannot be generalised without further empirical testing in context.

3.19 Limitations of the Study

This narrative review is limited by its doctrinal and synthetic methodology. It does not present new primary empirical data on borrower comprehension or the effectiveness of literacy interventions. Selection of secondary sources, while guided by relevance and the 2011–2024 window, was not exhaustive in the manner of a systematic review; grey literature and non-English materials may have been under-represented. The analysis focuses on the formal legal framework and publicly available policy documents; institutional practice within financial institutions and CRBs is inferred rather than observed. The proposed reforms are normative and require further design work, cost-benefit analysis and pilot testing before implementation. Finally, the

author's institutional affiliation and contact details for correspondence are indicated as placeholders pending final author confirmation.

3.20 Recommendations

It is recommended that: (1) the Bank of Uganda prescribe a standardised, plain-language consumer notice for consent-based credit-information disclosures; (2) financial institutions and accredited credit providers implement short, transaction-specific credit-information literacy modules before obtaining discretionary consent, with confirmation of understanding; (3) disclosures and modules be made available in English and appropriate local languages; (4) digital lenders embed educational prompts and comprehension checks in application flows; (5) regulators include informed-consent practices in supervisory and audit frameworks; and (6) researchers and policymakers prioritise empirical evaluation of borrower understanding and the impact of proportionate literacy interventions. Financial literacy education should be treated as a procedural safeguard supporting informed consent, not as a general condition of contractual capacity or a barrier to access to credit.

4. Conclusion

Credit information sharing is indispensable to modern credit markets. It helps address information asymmetry, supports responsible lending and can facilitate access to formal credit. Uganda has established an increasingly comprehensive framework through the Financial Institutions Act, the Credit Referencing Bureau Regulations, the Data Protection and Privacy Act and its financial consumer-protection and financial-inclusion policies. Nevertheless, legal protection cannot depend solely upon the existence of a signed consent form.

The central problem is the difference between formal consent and meaningful informed consent. Ugandan law already provides an important foundation. The Contracts Act recognises freedom of consent, while the Data Protection and Privacy Act expressly defines consent in terms that include being informed. The credit-reference framework also recognises the importance of consumer consent and rights concerning credit information. The principal gap identified by this narrative review is the absence of a sufficiently developed mechanism for translating the statutory idea of informed consent into demonstrable consumer understanding.

This review therefore proposes financially informed consent as a doctrinal and regulatory framework. Financial literacy should not become a general prerequisite for contractual capacity. Nor should consumers be required to pass onerous examinations before accessing credit. Instead, transaction-specific credit-information education should be incorporated into the process of obtaining consent to discretionary credit-information sharing. Such education should explain the nature and purpose of credit reporting, the information that may be disclosed, the persons who may access it, the consequences of adverse information, and the consumer's rights to access, correct and challenge information.

The broader lesson from Uganda is that financial inclusion without financial understanding may produce formal access without substantive empowerment. A credit-information system is legitimate not merely because it improves the efficiency of lenders, but because it also respects the autonomy, privacy and informational rights of borrowers. Accordingly, the future development of Uganda's credit-information regime should move from a model of "signed consent" toward a model of "understood consent." Financial literacy education provides one of the most practical legal mechanisms through which that transition can be achieved.

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Conflict of Interest

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List of Abbreviations

CRB – Credit Reference Bureau

EU – European Union

GDPR – General Data Protection Regulation

IMF – International Monetary Fund

OECD – Organisation for Economic Co-operation and Development

BoU – Bank of Uganda

Author Biography

INDATWA Jean de Dieu is a Rwandan legal practitioner, mediator and academic with over ten years of experience in company transactions, management and legal affairs. Born in 1988 in the Western Province of Rwanda, he studied Veterinary Science at EAV Rushashi at A-Level before turning to law. He holds a Bachelor of Laws (LLB) from the University of Kigali, a Master of Laws (LLM) in International Economic and Business Law from Kigali Independent University, a Postgraduate Diploma in Legal Practice and a Postgraduate Diploma in Theology. He is also a certified mediator and is currently a PhD candidate in Law at Kampala International University. He is the Administrative Assistant and Legal Officer of Amaris Medical Clinic and an Assistant Lecturer at INES Ruhengeri. He speaks Kinyarwanda, English, French, Swahili and Luganda. He is married and lives in Kigali, Rwanda.

Data Availability

This study is based on publicly available legal sources, including statutes, case law, treaties, official reports and published academic literature. All sources are cited in the reference list. No new datasets were generated.

Author Contributions

The author conceived, researched and wrote this article.

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