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Review Article

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

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Abstract

The expansion of credit information sharing has transformed relationships among financial institutions, borrowers and credit reference bureaus (CRBs). Although credit reporting systems can reduce information asymmetry, improve credit assessment and facilitate access to finance, the collection and disclosure of borrowers' financial information raise concerns regarding privacy, autonomy, informed consent and consumer protection. This narrative review examines whether financial literacy education should constitute a legal precondition for valid consent to credit information sharing in Uganda. It analyses Uganda's legal and regulatory framework, including the Financial Institutions Act, 2004, the Financial Institutions (Credit Referencing Bureau) Regulations, 2022, the Data Protection and Privacy Act, 2019, and relevant financial consumer-protection policies. The review also considers scholarly literature and international standards developed by the World Bank, the Organisation for Economic Co-operation and Development and the European Union. The analysis identifies a distinction between formally executed consent and substantively informed consent. A signed consent form or waiver does not necessarily demonstrate that a borrower understands the nature, purpose and consequences of credit information disclosure. This concern is particularly important where consumers have limited knowledge of credit reporting, the functions of CRBs, the implications of adverse credit information and their rights to access and correct personal information. The review proposes a framework of financially informed consent incorporating comprehensible disclosure, transaction-specific financial education, voluntariness, specificity and reasonable confirmation of consumer understanding. It concludes that financial literacy should not become a general requirement for contractual capacity or a barrier to accessing credit. Instead, proportionate credit-information education should be integrated into the consent process for discretionary credit information sharing. These measures could strengthen consumer autonomy, improve regulatory accountability and promote a more transparent and inclusive credit reporting system in Uganda.

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

Credit markets depend upon information. Financial institutions require sufficient information about prospective borrowers to determine whether credit should be extended, the appropriate lending terms and the risks associated with particular transactions. Credit information sharing addresses this information problem by enabling lenders and other authorised users to access information concerning borrowers' credit histories and financial behaviour. Such systems can reduce information asymmetry, improve credit assessment, promote responsible lending and facilitate access to finance. The World Bank's General Principles for Credit Reporting recognise that effective credit reporting systems can support expanded access to credit while promoting fair and efficient credit markets (World Bank, 2011).

The development of credit reference bureaus (CRBs) in Uganda reflects this international trend. Section 77 of the Financial Institutions Act, 2004 provides for the establishment and regulation of credit reference bureaus and governs the disclosure of specified customer information. The Act distinguishes between categories of information that financial institutions are required to report and other information whose disclosure depends upon customer consent. It also recognises customers' rights concerning information held by credit reference bureaus.

Uganda subsequently strengthened its credit-information architecture through the Financial Institutions (Credit Referencing Bureau) Regulations, 2022. These Regulations

establish requirements concerning the collection, submission and accuracy of credit information, including the existence of duly executed consent waivers for specified disclosures.

Despite these developments, an important legal question remains: what constitutes valid consent to the collection, processing and disclosure of borrowers' credit information?

A signature on a loan application or consent form may demonstrate formal agreement, but it does not necessarily establish that the borrower understood what was being authorised. A consumer may sign a clause permitting a financial institution to collect, process and disclose credit information without understanding what constitutes credit information, which institutions may access it, how adverse information can affect future borrowing or what rights are available to challenge inaccurate information.

This distinction becomes particularly important in jurisdictions where financial literacy varies considerably across populations. The Bank of Uganda recognises financial literacy as involving the knowledge, skills and confidence necessary to manage money effectively and make informed financial decisions. Evidence from Uganda has also identified limited financial capability as a continuing challenge to financial inclusion. The International Monetary Fund reported that Uganda's 2020 Financial Capability Survey found that only approximately half of the adult population was financially capable or financially literate (International Monetary Fund, 2024).

The relationship between financial literacy and informed consent therefore deserves greater legal and policy attention. While financial literacy is commonly discussed as a mechanism for promoting financial inclusion and responsible financial behaviour, its significance extends to the protection of borrowers' autonomy and privacy when their financial information is shared.

The Data Protection and Privacy Act, 2019 provides an important foundation for this discussion. It defines consent as a freely given, specific, informed and unambiguous indication of a data subject's wishes. Consequently, obtaining a signature or executing a consent waiver should not automatically be equated with establishing informed consent.

The central argument of this review is that formal consent and substantively informed consent should not automatically be treated as synonymous in credit information sharing.

The review develops the concept of financially informed consent, under which consent to discretionary credit information sharing should be supported by comprehensible information and reasonable evidence that consumers understand the principal consequences of the disclosure being authorised.

Financial literacy is not proposed as a general requirement for contractual capacity. Neither should consumers be subjected to burdensome examinations before obtaining financial services. Rather, the review considers a proportionate approach in which transaction-specific credit-information education, standardised disclosure and reasonable confirmation of consumer understanding strengthen the validity of consent.

Objectives and Review Questions

The overall objective of this narrative review is to examine the relationship between financial literacy education and the legal validity of consent to credit information sharing in Uganda.

Specifically, the review seeks to:

1. Examine the legal meaning and requirements of valid consent within Uganda's credit-information-sharing and data-protection frameworks.
2. Assess the relationship between financial literacy and informed consent in credit information sharing.
3. Identify weaknesses in Uganda's existing legal and regulatory framework concerning consumer understanding of credit-information disclosure.
4. Examine international and comparative approaches to informed consent and financial consumer protection.
5. Propose a proportionate legal and regulatory framework through which financial-literacy education can strengthen informed consent without unnecessarily restricting access to credit.

The review addresses five principal 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 with limited knowledge of credit reporting?

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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 while preserving financial inclusion?

Methods

Review Design.

This article adopts a narrative review approach supported by doctrinal legal analysis, comparative examination and policy analysis. The approach was considered appropriate because the subject involves the interpretation of legislation, regulatory requirements, scholarly arguments and international standards rather than the synthesis of clinical or experimental findings.

The review examines the relationship between financial literacy, contractual consent, personal-data protection and credit information sharing, with particular attention to the Ugandan legal and institutional context.

Identification and Selection of Literature

The review draws upon primary and secondary materials relevant to financial literacy, credit reporting, informed consent and financial consumer protection.

Primary materials include the Constitution of the Republic of Uganda, the Contracts Act, 2010, the Financial Institutions Act, 2004, the Data Protection and Privacy Act, 2019, and the Financial Institutions (Credit Referencing Bureau) Regulations, 2022.

Secondary materials include scholarly publications addressing financial literacy, financial inclusion, credit reporting, information asymmetry, consumer protection and informed consent. Particular attention is given to studies examining financial literacy and credit-reference systems in Uganda.

Institutional and policy materials from the Bank of Uganda, the Ministry of Finance, Planning and Economic Development, the International Monetary Fund, the World Bank and the Organisation for Economic Co-operation and Development were also considered. Comparative legal materials from the European Union, particularly Regulation (EU) 2016/679, commonly referred to as the General Data Protection Regulation (GDPR), were examined to contextualise the Ugandan framework.

The selection of materials was guided by their relevance to the review objectives, legal significance, institutional authority and contribution to understanding the relationship between consumer knowledge and valid consent.

The manuscript materials supplied for this review do not document specific electronic databases, search strings, search dates, language restrictions or publication-period restrictions. Accordingly, the review does not claim to have conducted a systematic database search. These details should be documented by the authors if a formal literature-search procedure was undertaken.

Analytical Approach

The selected materials were examined thematically under five principal areas:

1. The legal meaning and requirements of consent under Ugandan contract and data-protection law.

2. The relationship between financial literacy and consumer understanding of credit reporting.

3. The regulation of credit information sharing and consumer protection in Uganda.

4. International and comparative standards governing informed consent and financial consumer protection.

5. Legal and regulatory approaches for strengthening financially informed consent.

Doctrinal analysis was used to examine the meaning and interaction of relevant statutory provisions. Comparative analysis was applied to identify principles from international frameworks that could inform Uganda's regulatory development. Policy analysis was used to assess the feasibility and potential implications of integrating transaction-specific financial education into credit-information-sharing procedures.

Discussion

Conceptualizing financial literacy in credit information sharing

Financial literacy has evolved beyond the traditional understanding of basic financial arithmetic. It increasingly encompasses the knowledge, skills, attitudes and behaviours required to make sound financial decisions.

The Bank of Uganda defines financial literacy in terms of the knowledge, skills and confidence necessary to manage

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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 influences economic decision-making. Their review demonstrates that financial literacy has implications for saving, investment, borrowing and other financial decisions.

However, general financial literacy may not necessarily equip consumers to understand the technical and legal implications of credit-information-sharing arrangements. A person may understand budgeting, saving and borrowing while remaining unfamiliar with credit-reference systems and the consequences of authorising the disclosure of personal financial information.

For purposes of this review, financial literacy in credit information sharing is therefore understood more specifically as credit-information literacy.

Credit-information literacy encompasses the ability to understand:

- The meaning and functions of a credit reference bureau.
- The nature of information classified as credit information.
- The categories of information that may be collected and shared.
- The purposes for which credit information is disclosed.
- The institutions or categories of persons authorised to access credit information.
- The implications of positive and negative credit information.
- The potential effects of adverse credit information on future borrowing.
- The consumer's right to access personal credit reports.
- The right to challenge and correct inaccurate information.
- The meaning and consequences of consent and waiver clauses.
- The circumstances under which consent may be withdrawn, where applicable.

This distinction is important because general financial knowledge does not necessarily translate into an understanding of the specific legal consequences of credit-information disclosure.

Consent as a Legal Concept

Consent occupies a central position in contractual relationships and personal-data protection.

Under Uganda's Contracts Act, 2010, consent refers to agreement between two or more persons upon the same thing and in the same sense. Section 12 addresses circumstances in which consent is not free, including coercion, undue influence, fraud, misrepresentation and mistake, subject to the statutory provisions. Section 15 provides for the voidability of agreements where consent has been obtained through specified circumstances, including coercion, undue influence, fraud or misrepresentation.

These provisions demonstrate that Ugandan contract law does not treat every apparent agreement as automatically representing legally meaningful consent. Rather, the circumstances under which agreement is obtained remain legally significant.

The Data Protection and Privacy Act, 2019 provides an additional and particularly important dimension. Section 2 defines consent as a freely given, specific, informed and unambiguous indication of the data subject's wishes, expressed through a statement or clear affirmative action. Section 7 establishes prior consent as a general requirement for the collection or processing of personal data, subject to specified statutory exceptions.

The inclusion of the requirement that consent must be informed is central to the argument advanced in this review.

Where consent is required to be informed, the existence of a signature alone may be insufficient to establish that the individual understood the nature and consequences of the processing being authorised.

The legal assessment should therefore extend beyond whether a consent document was executed to consider whether adequate information was provided and whether the consumer had a reasonable opportunity to understand it.

Credit Information Sharing and Uganda's Legal Framework

The Financial Institutions Act, 2004

Section 77 of the Financial Institutions Act, 2004 establishes the statutory foundation for credit reference bureaus in Uganda.

The provision regulates the reporting and disclosure of customer information by financial institutions. It distinguishes between specified categories of information that are subject to statutory reporting requirements and other information whose disclosure depends upon customer consent.

This distinction is fundamental to the proposed framework.

Where disclosure is expressly authorised or required by law, the legal basis for processing must be assessed under the applicable statutory provisions. Where customer consent is relied upon for discretionary disclosure, the quality and validity of that consent become particularly important.

The Act also recognises customers' rights concerning information held by credit reference bureaus, providing an important foundation for consumer participation in credit reporting.

The Financial Institutions (Credit Referencing Bureau) Regulations, 2022

The Financial Institutions (Credit Referencing Bureau) Regulations, 2022 strengthened Uganda's credit-information framework.

Among other requirements, the Regulations provide for the submission of credit information supported by appropriate documentation and duly executed consent waivers for specified disclosures, including positive credit information. They also establish requirements concerning the accuracy and reliability of information submitted to credit reference bureaus.

These requirements demonstrate that Uganda's regulatory framework recognises consent as an important procedural safeguard.

However, a distinction remains between the execution of a consent waiver and the demonstration of informed consent.

Execution establishes that the relevant document was signed or otherwise duly completed. It does not necessarily establish that the consumer understood the information disclosed, the purpose of the disclosure or its potential consequences.

Consequently, the regulatory framework would benefit from additional safeguards addressing consumer understanding before consent is obtained.

Data Protection and the Requirement of Informed Consent

The Data Protection and Privacy Act, 2019 provides a cross-cutting legal framework governing the collection, processing, holding and use of personal data in Uganda.

Credit histories contain personal financial information that may have significant consequences for individuals. Such information can reveal borrowing patterns, repayment behaviour, outstanding financial obligations and other details used in determining creditworthiness.

The collection and disclosure of such information therefore raise important questions concerning privacy, individual autonomy and the exercise of data-subject rights.

The Act's definition of consent establishes an important legal connection between personal-data protection and financial consumer protection.

A borrower's consent should not be considered informed merely because a financial institution presented a document and obtained a signature. The institution should also provide sufficiently clear information about the nature and purpose of processing and the relevant rights of the data subject.

The World Bank's General Principles for Credit Reporting similarly emphasise appropriate legal and regulatory safeguards to protect consumers and ensure fair and efficient credit-reporting systems (World Bank, 2011).

These principles reinforce the importance of ensuring that the development of credit-information infrastructure is accompanied by meaningful consumer protection.

Financial Literacy and the Quality of Informed Consent

The central proposition of this review is that informed consent presupposes a reasonable level of understanding of the particular transaction or processing activity being authorised.

This does not mean that consumers must possess specialist knowledge of banking regulation or data-protection law before entering financial transactions. Rather, they should understand the essential consequences of the specific consent they provide.

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Consider a borrower who signs a clause authorising the collection, processing and disclosure of customer credit information to a credit reference bureau.

A consumer with adequate credit-information literacy may understand that repayment history can be recorded, that financial institutions may access credit reports for authorised purposes, and that adverse credit information may affect future borrowing.

The consumer may also understand the right to access a credit report and challenge inaccurate information.

A borrower with limited knowledge of credit reporting, however, may understand only that signing the document is necessary to obtain the loan.

Although both borrowers have performed the same physical act, their levels of understanding may differ considerably.

This distinction demonstrates why formal consent should not automatically be equated with substantively informed consent.

Financial-literacy education can help address this gap by explaining the principal consequences of credit-information sharing before consumers provide consent.

Information Asymmetry and Consumer Protection

Credit transactions are characterised by structural information asymmetry.

Financial institutions generally possess greater knowledge of credit reporting systems, regulatory requirements, information-sharing practices, credit assessment procedures and the consequences of default than ordinary borrowers.

Credit reporting systems are themselves designed partly to address information asymmetry between lenders and borrowers. The World Bank's international credit-reporting principles recognise information asymmetry as an important problem that credit reporting systems seek to address.

However, credit information sharing may also create another form of information asymmetry between financial institutions and consumers.

While lenders understand the regulatory and technical processes governing credit reporting, borrowers may lack sufficient knowledge to understand how their information is collected, processed and disclosed.

This creates an important consumer-protection concern.

A system designed to reduce information asymmetry in lending should not simultaneously leave borrowers inadequately informed about the use of their personal financial information.

Financial literacy education can reduce this secondary information asymmetry by enabling consumers to understand the operation of credit reporting systems and exercise their legal rights.

Financial Literacy as a Consumer-Protection Mechanism

Financial literacy should not be viewed exclusively as an educational or developmental policy objective. It also has a direct consumer-protection dimension.

The Bank of Uganda's consumer-protection framework recognises the importance of addressing information gaps and power imbalances between financial institutions and consumers. It emphasises clear disclosure of financial products, costs, customer rights and responsibilities.

Similarly, Uganda's National Financial Inclusion Strategy II (2023–2028) identifies financial capability and consumer protection as important components of an inclusive financial system (Bank of Uganda, 2023).

The OECD's G20/OECD High-Level Principles on Financial Consumer Protection (2022) also emphasise financial literacy and awareness as mechanisms through which consumers can understand risks and opportunities, make informed choices and take appropriate action to protect their financial well-being (OECD, 2022).

In credit information sharing, financial literacy performs three important functions.

First, its preventive function enables consumers to understand the implications of credit-information disclosure before providing consent.

Second, its participatory function enables consumers to exercise their rights throughout the credit relationship, including accessing their credit reports and understanding how information may influence future borrowing.

Third, its remedial function enables consumers to identify inaccurate information, understand available dispute-resolution mechanisms and seek appropriate correction or redress.

Financial literacy therefore complements statutory consumer-protection safeguards by strengthening consumers' ability to exercise their rights.

Evidence from Ugandan Scholarship

Ugandan scholarship has examined credit reference bureaus primarily from the perspectives of financial institutions, credit assessment and financial inclusion.

Mukiibi, Mugambe and Kampumure (2019) examined the effect of credit-reference information sharing on credit assessment in Ugandan financial institutions. Their findings indicated that both financial and non-financial information contained in credit reports contributes to credit assessment. They also recommended continuing financial-literacy programmes to improve public understanding of credit-reference information.

Their findings are relevant because they demonstrate that credit-reference systems have practical consequences for lending decisions and that public understanding of these systems deserves policy attention.

McMillan et al. (2020), examining the role of financial intermediaries in promoting financial literacy and financial inclusion among poor populations in rural Uganda, identified the potential contribution of financial intermediaries to financial-capability development.

Their work supports the importance of involving institutions that already interact with consumers in delivering financial-literacy interventions.

Earlier work by Mundy and Musoke (2011) also identified information gaps and weaknesses in Uganda's financial-literacy and consumer-protection architecture, highlighting the need for stronger disclosure and consumer-protection arrangements.

Taken together, these contributions demonstrate that financial literacy is relevant to credit access, consumer awareness and the operation of financial markets.

However, the legal relationship between financial literacy and the validity of consent to discretionary credit-information sharing remains insufficiently developed in the literature reviewed.

The present review addresses this conceptual and doctrinal gap by considering whether financial literacy should form part of the procedural safeguards necessary to establish meaningful informed consent.

The Proposed Doctrine of Financially Informed Consent

This review proposes the development of a doctrine of financially informed consent.

Under this approach, consent to discretionary credit-information sharing should satisfy five complementary requirements.

Comprehensibility

Information provided to consumers should be expressed in language reasonably understandable to the intended audience. Technical expressions such as processing, data subject, credit information, waiver, positive information and disclosure should be explained in accessible terms.

Specificity

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

Voluntariness

Consumers should not be manipulated into consenting through misleading statements, unnecessary complexity or unfair pressure. Where consent is required for a particular disclosure, consumers should receive an accurate explanation of the consequences of refusing consent, including whether refusal affects the availability of the particular service.

Minimum Financial Literacy

Consumers should receive standardised education concerning credit reporting before providing consent to discretionary information sharing. This education should cover the nature of credit reference bureaus, the information shared, the purposes of disclosure, potential consequences and available consumer rights.

Demonstrable Understanding

Financial institutions and other relevant data providers should take reasonable steps to establish that consumers understand the essential consequences of the consent being obtained.

This requirement need not involve a lengthy examination. A brief standardised comprehension exercise or confirmation process may be sufficient for ordinary consumer transactions.

These five requirements collectively provide a framework for moving beyond mechanically executed consent towards consent supported by reasonable consumer understanding.

Financial Literacy as a Strict Legal Precondition or Transaction-Specific Safeguard

Two approaches may be considered when incorporating financial literacy into the legal framework governing credit-information sharing.

The first approach involves strict educational certification. Under this model, consumers would be required to complete a formal financial-literacy programme before providing consent to credit-information sharing.

Although this approach could provide substantial protection, it presents several disadvantages. It could increase transaction costs, delay access to credit, disproportionately affect rural and low-income consumers and create additional barriers to financial inclusion.

It could also disadvantage the very populations that financial-literacy interventions are intended to empower.

A more proportionate approach would involve transaction-specific financial education immediately before consent is obtained.

Under this model, consumers would receive a brief standardised explanation covering the meaning of a credit reference bureau, the categories of information that may be shared, the purposes of disclosure, authorised recipients, the potential consequences of adverse information and the rights available to consumers.

Consumers would subsequently confirm their understanding through a short written, verbal or digital process.

This approach offers a more appropriate balance between consumer protection and financial inclusion because it focuses on the information necessary for the particular consent being obtained rather than imposing a general educational qualification.

Accordingly, transaction-specific financial literacy is a more defensible regulatory approach than strict educational certification.

A Proposed Legal Test for Valid Consent

Building on Uganda's existing contractual and data-protection framework, this review proposes the following test:

Consent to discretionary credit-information sharing should be regarded as sufficiently informed where the data provider establishes that the consumer received clear, accessible and relevant information concerning the nature, purpose, scope and principal consequences of the proposed disclosure and had a reasonable opportunity to understand that information before giving consent.

The test can be operationalised through five considerations:

1. Was the consumer informed about the nature of the credit information being collected or disclosed?
2. Was the purpose of sharing and the identity or categories of intended recipients adequately explained?
3. Were the potential consequences of positive and adverse credit information communicated?
4. Was the consumer informed about relevant rights, including access to and correction of inaccurate information?
5. Did the consumer have a reasonable opportunity to understand the information before providing consent?

The proposed test does not require perfect financial knowledge or specialist legal expertise. It requires reasonable understanding of the essential consequences of the particular disclosure.

It also provides a basis for regulators to distinguish between the mechanical execution of consent documents and procedures that genuinely promote informed consumer decision-making.

Implications for Uganda's Credit-Reference System

Uganda's credit-information system continues to develop as financial institutions and other authorised participants increasingly rely on credit information to support lending decisions.

The regulatory framework established under the Financial Institutions Act and the 2022 Regulations provides an important foundation for credit reporting. However, the effectiveness of this infrastructure also depends on consumer awareness, information accuracy and the ability of borrowers to exercise their rights.

A sophisticated credit-reference system cannot provide adequate consumer protection where borrowers:

- Do not know that their information is being reported.

- Do not understand the categories of information being shared.
- Cannot interpret their credit reports.
- Are unaware of their rights concerning personal information.
- Cannot distinguish legitimate reporting from inaccurate information.
- Sign consent clauses without understanding their consequences.

These concerns demonstrate why consumer understanding should be treated as an important component of credit-information infrastructure rather than an unrelated financial-education objective.

Comparative Lessons from International Standards

International approaches to data protection and financial consumer protection provide useful guidance for strengthening Uganda's regulatory framework.

The European Union's General Data Protection Regulation requires consent to be freely given, specific, informed and unambiguous. Its provisions establish important safeguards concerning the information individuals should receive before consenting to personal-data processing.

The European Commission's guidance further emphasises that individuals should understand the identity of the organisation processing their information, the purposes of processing, the categories of data involved and, where applicable, the possibility of withdrawing consent.

Similarly, the World Bank's credit-reporting principles emphasise the importance of appropriate legal safeguards and fair treatment of consumers in credit-information systems.

The OECD's financial consumer-protection principles also recognise financial literacy as an important mechanism for improving consumer understanding and decision-making.

These international approaches suggest that consent should be understood as more than a formal procedural requirement.

Although Uganda need not reproduce foreign regulatory models mechanically, these standards demonstrate the importance of accessible information, consumer understanding and meaningful participation in personal-data processing.

Importantly, Uganda's Data Protection and Privacy Act already provides a domestic legal foundation for strengthening these principles.

Counterarguments and Limitations of the Proposed Approach

The proposal to incorporate financial literacy into the consent process raises several legitimate concerns.

First, financial literacy is not traditionally an element of contractual capacity. Individuals are generally permitted to enter contracts without demonstrating specialist financial knowledge. However, the proposed framework does not seek to make financial literacy a general requirement for contractual capacity. It concerns the specific circumstances in which consent is relied upon to authorise the discretionary collection, processing or disclosure of personal financial information.

Second, additional educational and disclosure requirements may increase compliance costs for financial institutions. These costs should be assessed against the potential benefits of reducing uninformed consent, consumer disputes and inaccurate credit-information practices.

Third, consumers may simply click through digital disclosures without reading or understanding them. This limitation demonstrates why a digital tick-box alone may be insufficient. Short comprehension prompts and accessible explanations could provide additional safeguards.

Fourth, mandatory education could undermine financial inclusion if implemented rigidly. This is perhaps the strongest objection to the proposal. Requiring formal certification before accessing credit could disproportionately affect vulnerable consumers and create unnecessary barriers to financial services.

The proposed transaction-specific approach addresses this concern by emphasising short, accessible and proportionate education rather than burdensome examinations.

The review also has methodological limitations. As a narrative and doctrinal review, it does not provide systematic quantitative estimates of the relationship between financial literacy and the validity of credit-information consent. Furthermore, the available literature does not establish the prevalence of uninformed consent among Ugandan borrowers or directly measure consumer comprehension of credit-reference waivers.

Consequently, the proposed doctrine should be understood as a legal and regulatory proposition requiring further empirical investigation and legislative consideration rather than an established statutory requirement under current Ugandan law.

Implications for Future Research

Future research should investigate the extent to which Ugandan borrowers understand credit-information-sharing arrangements and the legal consequences of providing consent.

Empirical studies could examine consumer awareness of credit reference bureaus, comprehension of consent clauses, knowledge of rights concerning credit reports and experiences with inaccurate credit information.

Further research could also investigate whether transaction-specific financial-literacy interventions improve consumer understanding and whether such interventions affect the efficiency, cost and accessibility of credit services.

Comparative legal research involving other African jurisdictions could identify regulatory approaches that balance informed consent, personal-data protection and financial inclusion.

Finally, future research should examine the practical feasibility of introducing standardised disclosure requirements and consumer-comprehension procedures within Uganda's existing credit-information regulatory framework.

Summary

Credit information sharing is an important component of modern credit markets. It helps address information asymmetry, supports responsible lending and can facilitate access to formal financial services. However, the collection, processing and disclosure of borrowers' personal financial information also raise important questions concerning privacy, autonomy and consumer protection.

This narrative review demonstrates that Uganda has established an important legal foundation for regulating credit information sharing through the Financial Institutions Act, 2004, the Financial Institutions (Credit Referencing Bureau) Regulations, 2022 and the Data Protection and Privacy Act, 2019.

Nevertheless, a distinction remains between formally executed consent and substantively informed consent. The execution of a consent form or waiver does not necessarily demonstrate that the borrower understands the nature, purpose and consequences of credit-information disclosure.

Uganda's contractual and data-protection frameworks provide a basis for addressing this concern. The Contracts Act recognises the importance of freely obtained consent, while the Data Protection and Privacy Act expressly requires consent to be informed. These provisions support the development of additional safeguards that strengthen the practical meaning of informed consent.

The review therefore proposes financially informed consent as a doctrinal and regulatory framework. Under this approach, consent to discretionary credit-information sharing should be supported by comprehensible disclosure, specificity, voluntariness, transaction-specific financial education and reasonable confirmation of consumer understanding.

Several policy reforms are recommended

First, the Bank of Uganda should prescribe standardised consumer-information notices explaining credit reporting, information disclosure, potential consequences and available consumer rights.

Second, financial institutions and accredited credit providers should incorporate brief credit-information-literacy modules into procedures for obtaining discretionary consent.

Third, providers should introduce reasonable consumer-comprehension confirmation procedures rather than relying exclusively on signed documents or digital tick-boxes.

Fourth, disclosure materials should be available in English and appropriate local languages to improve accessibility, particularly among rural and low-income populations.

Fifth, digital lenders should incorporate accessible educational prompts into electronic credit applications before obtaining consent.

Sixth, consumers should receive regular information concerning their rights to access credit reports and challenge inaccurate information.

Finally, the Bank of Uganda and other competent regulators should periodically assess whether financial institutions are obtaining genuinely informed consent rather than merely collecting mechanically executed waivers.

The proposed approach should be implemented proportionately to avoid creating unnecessary barriers to credit access. Financial literacy should not become a general requirement for contractual capacity or a qualification that consumers must obtain before participating in formal financial markets.

Instead, transaction-specific education should strengthen consumer understanding at the point where consent is requested.

The broader lesson from Uganda is that financial inclusion without financial understanding may produce formal access without substantive empowerment. A legitimate credit-information system should not only improve the efficiency of lenders but also respect borrowers' autonomy, privacy and informational rights.

Accordingly, the development of Uganda's credit-information framework should move beyond a model of signed consent towards a model of understood consent. Financial literacy education offers a practical mechanism for achieving this transition while promoting transparency, accountability and meaningful consumer protection.

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