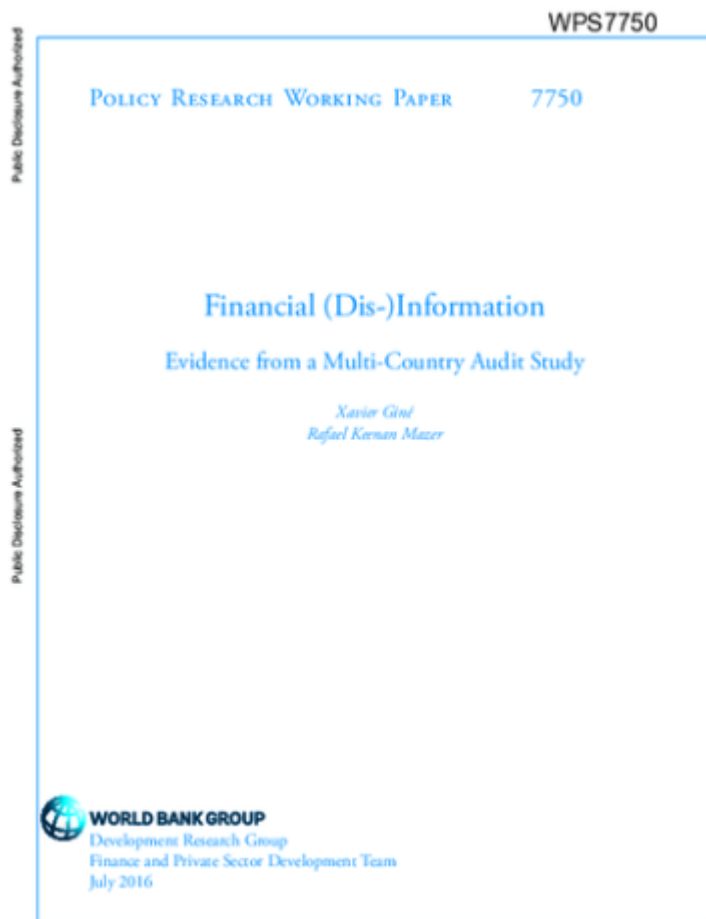


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Financial (Dis-)Information: Evidence from a Multi-Country Audit Study

An audit study was conducted in Ghana, Mexico and Peru to understand the quality of financial information and products offered to low-income customers. Trained auditors visited multiple financial institutions, seeking credit and savings products. Consistent with Gabaix and Laibson (2006), staff only provides information about the cost when asked, disclosing less than a third of the total cost voluntarily. In fact, the cost disclosed voluntarily is uncorrelated with the expensiveness of the product. In addition, clients are rarely offered the cheapest product, most likely because staff is incentivized to offer more expensive and thus more profitable products to the institution. This suggests that clients are not provided enough information to be able to compare among products, and that disclosure and transparency

policies may be ineffective because they undermine the commercial interest of financial institutions.

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