

# Consumer Protection Code Review

## Engagement Update

### Introduction

The Central Bank of Ireland (“CBI”) has published its update on the Consumer Protection Code (“CPC”) engagement programme, following feedback received from stakeholders on the October 2022 Discussion paper. The CBI has conducted a six-month engagement programme across a wide array of stakeholder which included round tables, bilateral meetings, industry events, public surveys and written stakeholder submissions. The aim of this engagement was to ensure that the updates to the CPC reflect the rapidly evolving landscape of financial services and that the best interests of consumers are considered.

### Stakeholder Feedback Themes

The engagement approach sought feedback on a number of key themes, from the feedback received five themes have emerged:



#### Digitalisation

New technologies have provided greater opportunities for customers but firms must ensure that the needs of all customers continue to be met.



#### Vulnerable Customers

Firms need to be able to identify actual or potential vulnerability characteristics and support customers through changing life events.



#### Transparency

Standardised and clear disclosure requirements need to be provided to accurately inform customers, ensuring that information provided is not excessive.



#### Financial Literacy

Improving financial education can aid customers in a number of key financial areas.



#### Regulatory Status

It must be clear if firms and products are regulated or not by the CBI. The availability of unregulated products by regulated firms creates confusion for customers.



## 1. Digitalisation

- Significant developments have been made in digitisation in financial services, however this brings **greater challenges**. Issues relating to digital **exclusion** and **accessibility** of technology have been raised as part of the CBI's engagement programme.
- Firms must **identify and mitigate** possible pain points throughout the digital customer journey.
- There may be an inclination to focus on more **profitable customer cohorts**, however where this is the case some respondents suggest implementing levies / grants.
- Information should be **displayed appropriately** depending on the medium, ensuring that the risks associated with the product are correctly defined.



## 2. Vulnerable Customers

- Firms' **culture, policies and frameworks** need to support vulnerable customers, particularly as vulnerability is a **not a static state**. Customers can move in and out of vulnerability depending on their unique circumstances or life events.
- A number of concerns were raised in relation to customers requiring additional support, these included a lack of clarity on **terms and conditions, fees and charges**, as well as the impact of **high-cost credit** providers.
- **Staff training and supports** are an effective way of helping vulnerable customers.
- The appointment of a **trusted contact** may be useful, however this may increase the risk of financial abuse for those in vulnerable circumstances.



## 3. Transparency

- Firms are responsible for enabling consumers to make fully informed decisions by ensuring customers are **supported in their understanding** of the products / services, similar to the Consumer Duty which has been introduced in the UK.
- Firms need to **prevent information overload** and contradictory statements.
- Respondents noted that they would be more likely to read **summary documents**, which are principles-based rather than including all product / service details. This is particularly important to **avoid green washing** in financial services - the deceptive practice of presenting products as more environmentally friendly than they are.



## 4. Financial Literacy

- The responses received supported a **national strategy** to help tackle financial literacy issues in society, including improved **financial education** in schools at both primary and secondary level.
- There is a balance to be struck in **informing and educating** customers without placing **all responsibility** on customers to achieve better outcomes for themselves. The CBI expects firms to go beyond legal consumer protection obligations and take a proactive and thorough approach to safeguarding the interests of consumers, similar to the **Consumer Duty** which has been introduced in the UK.



## 5. Regulatory Status

- **Clear communication** needs to be put in place in relation to unregulated products being provided by regulated entities.
- The **development of a logo** has been suggested by respondents to help distinguish between **regulated and unregulated** firms and products in order to aid to customers.

## Next Steps

### December 2023:

Consultation Paper will be published outlining the proposed revised CPC. KPMG will host a round table discussion on the Consultation.

**2024:** Feedback statement on the Consultation Paper will be published, along with the revised CPC (via Central Bank Regulations).

**2024:** Further Consultation Paper will be published outlining additional proposed amendments.

**2025:** Feedback statement on the Consultation Paper will be published, along with the updates to the Central Bank Regulations.

In addition to the themes outlined above, the changes to the CPC will seek to include the following key items:

- **Customer first:** New requirements and guidance for firms will secure customers' (and potential customers') best interests.
- **Scope of CPC:** The CBI will assess whether further sectors should be included within the scope of the code.
- **Consolidation of existing codes:** The revised code will also incorporate additional existing consumer protection codes, including the Code of Conduct on Mortgage Arrears. Respondents also noted that any updates made to the CPC should interact harmoniously with other regulations, such as the Assisted Decision-Making (Capacity) Act.
- Following the recent activity in the banking market (with the exit of KBC and Ulster Bank), the CBI will look at whether **the switching code** needs to be updated.

## How we can help

01.

KPMG is well-versed in the expectations of the CBI and has a deep understanding of CPC. We have a **clear understanding of industry standards for consumer protection** within the financial services sector. This knowledge is rooted in our first-hand experience of working alongside industry peers on such matters over the last 15 years, including regulatory implementation, conduct risk programmes and vulnerable customer frameworks. Our team also has experience working on consumer protection programmes in the **UK, Australia** and within **Europe**.

02.

When you choose KPMG, you gain access to a trusted core team with a proven track record of successful delivery. Our experts possess diverse skills, ranging from **product subject matter knowledge to conduct and risk expertise**, as well as proficiency in **data analytics, digitalisation and applied intelligence**.

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