



Financial Consumer Protection

The G20 / OECD
High-Level Principles



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The G20/OECD High-Level Principles on Financial Consumer Protection (“the Principles”) are the leading international standard for comprehensive Consumer Protection frameworks. The Principles set out the foundations for a functioning financial services market which serves the interest of consumers. They are designed to be applicable to a variety of circumstances and sectors, such as banking and insurance and have been adopted by many countries to enhance existing Consumer Protection frameworks. The Principles are a key focus of the Central Bank of Ireland (“CBI”) and are used to help shape the Consumer Protection Code (“CPC”).

Financial Consumer Protection refers to the laws, regulations and other measures generally designed to ensure fair and responsible treatment of financial consumers in their purchase and use of financial products and services and their dealings with financial services providers.

Financial Consumer Protection codes contribute to fairness and financial literacy for these consumers.

The G20 and the OECD have played a pivotal role in supporting and elevating the importance Consumer Protection and literacy worldwide. This role has continued with the introduction of the High-Level Principles on Financial Consumer Protection. The Principles aim to support policymakers in ensuring that consumers can benefit from advancements in the financial landscape such as financial digitalisation, while mitigating risks.

The Principles are monitored and maintained by the G20/OECD Task Force on Financial Consumer Protection and are designed with the intention to be applicable in any jurisdiction and are cross-sectoral in nature.

In line with the development of the CPC, the CBI have acknowledged the transformational change occurring to financial services and the need for the CPC to reflect this. Such change has been considered in the review of the G20/OECD Principles in 2022, reflected in the new cross-cutting themes covering areas of digitalisation, sustainable finance and financial well-being.

The CBI’s proposals for the revised CPC have been guided by the Principles. The CBI have acknowledged the recent review of the Principles in its proposals for a revised Code and it can be expected that they will influence the CPC in relation to areas such as access and inclusion, the quality of financial products, digitalisation, sustainable finance and financial wellbeing.

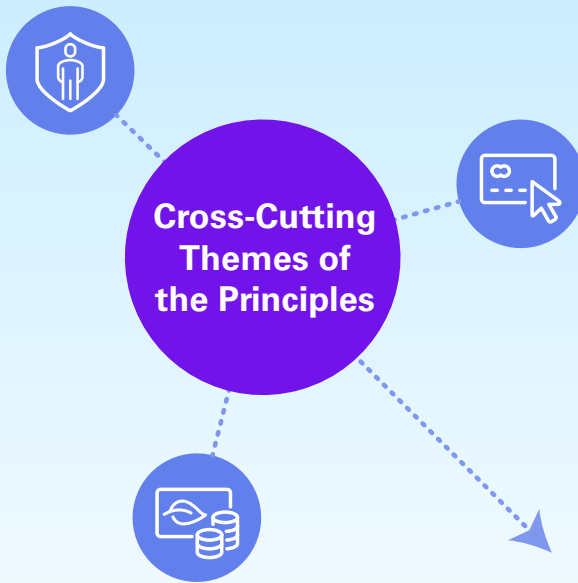
Cross-Cutting Themes

The Principles were updated in 2022 via a comprehensive process to incorporate policy developments that had been evolving over the previous 10 years since they were first adopted. The update of these Principles ensured that they continued to reflect best practice globally.

Three cross-cutting themes were established as part of the composition of the Principles which are relevant to the consideration and / or implementation of each and all of the 12 Principles. These cross-cutting themes have influenced the recent revision of the CBI's CPC and have played a role in the composition of the Code's Principal Policy Proposals.

Financial Wellbeing of Consumers

Financial Consumer Protection policies should contribute to the overall financial well-being and financial resilience of consumers.



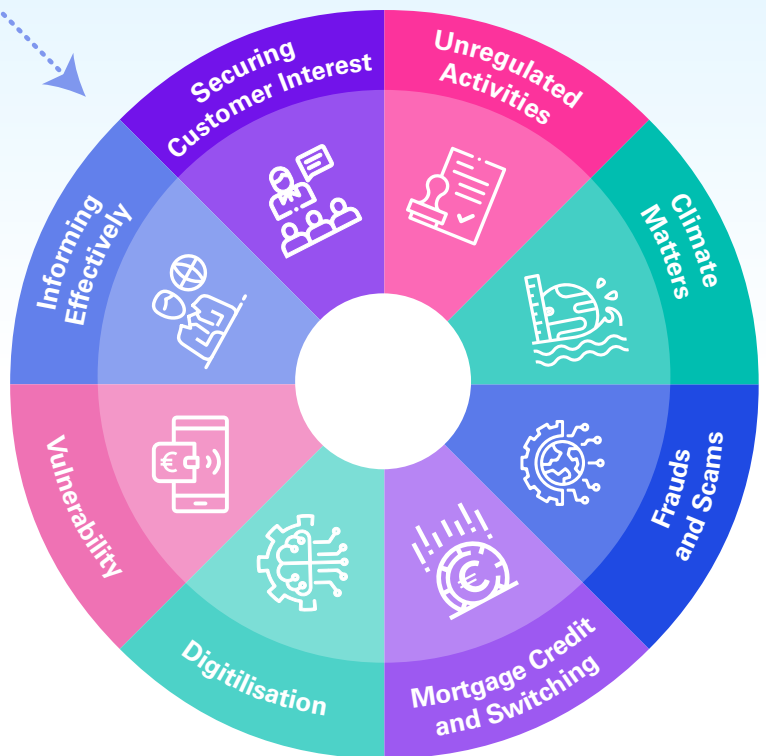
The Impact of Digitalisation and Technological Advancements

This includes considering the ways that consumers increasingly interact with digital financial products and services including cryptoassets and digital currencies, consumer behaviour in a digital environment, the impact of greater use of artificial intelligence, machine learning technology and algorithms.

Sustainable Finance

This includes considering that financial services providers are increasingly incorporating environmental, social and governance ("ESG") and other sustainability-related factors into their operations, products and services, and growing consumer demand for such products.

CPC Principal Policy Proposals



The Principles Explained

Principle	Definition
01 Legal, Regulatory and Supervisory Framework	<ul style="list-style-type: none">Financial Consumer Protection should be a key element of legal, regulatory and supervisory frameworks. These frameworks should outline the rights and responsibilities of relevant actors and should be flexible and forward looking in order to adapt to new risks and opportunities that will emerge such as digitalisation. Non-governmental organisations such as consumers, small businesses and professional bodies should be consulted whenever there is a change in policies relating to financial Consumer Protection.
02 Role of Oversight Bodies	<ul style="list-style-type: none">There must be oversight bodies which are explicitly responsible for financial Consumer Protection. These bodies should have clearly defined responsibilities and have the power and appropriate resources to fulfil their mandates. Oversight bodies should ensure that their policy, regulatory and supervisory actions appropriately account for their effects on financial Consumer Protection. They should also cooperate with other financial services oversight authorities to ensure a level playing field across financial products and services.
03 Access and Inclusion	<ul style="list-style-type: none">Oversight bodies should encourage financial inclusion among consumers by addressing barriers to inclusion and by including financial inclusion objectives among their policies. These bodies should promote digitalisation where relevant, but should also recognise that traditional forms of finance and cash may still be important to a lot of consumers.
04 Financial Literacy and Awareness	<ul style="list-style-type: none">Financial literacy should be promoted by relevant stakeholders and appropriate mechanisms should be developed in order to increase financial literacy among consumers. Consumers should know how to make informed choices, where to obtain assistance and how to increase their financial literacy. Governing bodies should implement financial literacy programmes that are easily accessible to consumers, particularly for vulnerable consumers. These programmes should be available through a variety of channels, including digital channels where necessary.
05 Competition	<ul style="list-style-type: none">Competitive markets should be promoted in order to increase consumer choice, as well as to create competitive pressures which will enhance innovation, encourage the production of higher quality goods and offer more affordable prices. Competition between providers should not be created at consumers' expense, and consumers should be able to compare data and switch providers with minimal cost.
06 Equitable and Fair Treatment of Consumers	<ul style="list-style-type: none">All consumers should be treated fairly and equitably throughout all interactions with financial services providers. Fair consumer treatment should be a key element of the corporate culture and governance of financial services providers. Providers should also pay special attention to consumers who are experiencing vulnerability and should have the means to support these consumers.
07 Disclosure and Transparency	<ul style="list-style-type: none">Consumers should be provided with key information relating to the products they are buying, and all material from providers and intermediaries should be straightforward and accurate. This transparency will enable consumers to make informed decisions and make comparisons between different vendors offering similar products. This in turn will encourage providers to address concerns of consumers and offer more desirable products.

The Principles Explained (Cont'd)

Principle	Definition
08 Quality Financial Products	<ul style="list-style-type: none">Financial services providers should offer quality financial products that are designed in order to meet the needs of consumers and contribute to their financial wellbeing. As a result, providers may be required to conduct research and locate their target market in order to create a more tailored end product for consumers.
09 Responsible Business Conduct and Culture of Financial Services Providers and Intermediaries	<ul style="list-style-type: none">Financial services providers should have the best interests of consumers at the heart of their operations. The culture and conduct of these providers should be aligned to promote the fair treatment of consumers and improvement of their financial wellbeing. Providers and intermediaries should be properly trained and qualified and should be able to provide objective advice to a consumer, without conflicting interests.
10 Protection of Consumer Assets against Fraud, Scams and Misuse	<ul style="list-style-type: none">Relevant information, control and protection mechanisms should be put in place in order to protect consumers' deposits, savings and other financial assets in the cases of scam or fraud. Transparent liability arrangements should be made available to consumers in the case of financial loss. Financial services providers should work with relevant stakeholders to help promote awareness of digital security risks.
11 Protection of Consumer Data and Privacy	<ul style="list-style-type: none">Appropriate control and protection mechanisms should be put in place to protect consumers' financial and personal information. These mechanisms should outline how consumer data is used, as well as the rights of consumers when consenting to share data. Consumers should also be informed of data breaches potentially impacting their data.
12 Complaints Handling and Redress	<ul style="list-style-type: none">Providers should ensure that consumers have access to suitable complaints handling or redress services where needed. These services should be efficient and fair, and consumers should not incur additional costs or burden. Financial services providers should have mechanisms in place to resolve complaints and improve consumer experience. In the case where complaints are not resolved in an efficient manner, consumers should also have access to an independent recourse process.

Irish Regulation and The Principles

The Principles are intended to assist policy makers evaluate and improve the legal, regulatory and institutional frame work for corporate governance; whilst also supporting economic efficiency, sustainable growth and financial stability. The Principles are non-binding and do not supersede national legislation and regulations.

With that being said, the high level Principles are accounted for across multiple areas of Irish legislation such as the Consumer Protection Act 2007, the Central Bank Reform Act 2010 and the new General Scheme of Companies (Corporate Governance, Enforcement and Regulatory Provisions) Bill 2024. This Bill follows a public consultation held last May, which identified scope for reform within the Companies Act 2014. The Bill aims to amend numerous aspects of company law which include corporate governance, enforcement and administration of company law, and insolvency. The updated Bill should be read in conjunction with the accompanying Regulatory Impact Assessment ("RIA") which incorporates the SME test.

The Consumer Protection Code incorporates a large proportion of the Principles. These include Principles 3, 4, 8, 10 and 12. The Consumer Protection Act 2007 covers the equitable and fair treatment of consumers. The Transparency (Directive 2004/109/EC) Regulations 2007 handles Principle 7; Disclosure and Transparency. The Regulations also deal with the mechanisms through which regulated information is disseminated and stored. The objective of the Regulations is to enhance the information made available about issuers whose securities are admitted to trading on a regulated market.

The Central Bank of Ireland (Individual Accountability Framework) Act 2023 governs the area of Responsible Business Conduct and Culture of Financial Services Providers and Intermediaries. Principle 11 which deals with the Protection of Consumer Data and Privacy is covered by the General Data Protection Regulation ("GDPR").

KPMG's Expertise

Whilst there will be a lead in time for firms to implement the changes of the CPC following the release of the draft regulations, firms should be aware of the requirements the CBI has set out and the influence that the Principles have played in the update of the CPC. Firms should proactively review what each proposal in the CPC, and each of the 12 Principles mean for their business processes, procedures, people, technology and culture. By preparing for the adoption of the reformed CPC, firms now have the opportunity to take a holistic approach to instil and embed a resilient culture from the top down and to realise the full benefits of the revised Code.

KPMG's Risk and Regulatory team has vast experience in the expectations of the CBI and has a deep understanding of the CPC. This knowledge stems from 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. We are supported by our KPMG Law team who can assist your firm in interpreting the CPC requirements prior to implementation. Our team also has experience working on Consumer Protection programmes in the UK, Australia and within Europe.



We have a wealth of resources to help you adapt to change

Using specific methodologies and techniques, our team can support firms completing a regulatory gap analysis to determine the impact the change has on processes, procedures, people, technology and culture which allows KPMG to provide the best advice to clients and deliver excellent results.



We provide an established process

KPMG has guided firms on the implementation of many regulatory change programmes, including CPC 2012, Mortgage Credit Directive, MiFid and CCMA

KPMG can help firms establish a programme of work to interpret and understand the impact on its organisation and support firms throughout the implementation process, including completion of a post implementation review to ensure regulatory compliance.



We provide an integrated solution

KPMG has experience collaborating with firms to review Risk Assessment and Conduct Risk Framework to assess the impact of the regulatory change on consumers as well as the development of treatment strategies to ensure positive outcomes for consumers.



We have experience

KPMG is well-versed in advising clients on consumer related topics including product governance and assurance, vulnerable customers, fair and good customer outcomes and provision of information enabling firms to have a clear understanding of the regulatory environment and expectations.



We have leading people

Our team have a track record of successful delivery and extensive experience of consumer focussed operating models. We bring a distinctive variety of skills from product subject matter expert knowledge, conduct and risk expertise to data analytics and applied intelligence.

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