



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Consumer Protection Code Review

Electronic Money Association Response

Response Information

I am completing this form as:

An organisation or representative body

What is the name of your organisation or representative body?

Electronic Money Association

Please specify your organisation/representative body type.

Financial service firm or group

Broad Theme A – Availability and Choice

Q.1 What are your views on availability and choice of financial services and products for consumers?

Overarching comments:

We welcome the revision of the CPC and believe the code should reflect technological advances in the context of engagement and communications with consumers. We acknowledge the CBI's objective of aligning the CPC with the OECD High Level Principles on Financial Consumer Protection, which we support.

Obligations arising from the CBI's Discussion Paper should meaningfully contribute to consumer protection and fair consumer outcomes. We note the paper seeks views on the potential risks associated with innovation, and there appears to be an assumption that innovation brings further consumer risk automatically. However, we believe that innovative practices simply reflect the changing behaviour and demands of consumers, and as such should be viewed in this light i.e. they do not automatically lead to greater consumer risk.

In the development of changes to the Code we call for proportionality, taking account of the nature, scale and complexity of the business, while also ensuring a level-playing field with other EU Member States.

Q1 responses:

- The loss of 2 of the 5 main retail banks, KBC and Ulster Bank, negatively affects consumer choice, and reduces the competitiveness of the Irish financial services market. This has coincided with new players entering the market to compete with the banks for customers.

- We would expect to see this demand for diversity of payment method, functionality, and/or service offering to continue, particularly amongst the younger population. There is greater expectation around speed and convenience in relation to payments.

- We believe that the EMI sector can offer further consumer choice in the market. We commit to working with the Central Bank to this end. We also suggest that the Central Bank should ensure that regulatory requirements and supervision are equivalent to those set out in other EU MS.

- The regulatory approach to authorisation and supervision of non-banking PSPs needs to be commensurate and reflective of the real risk posed by those firms to consumers, i. e. providers that offer predominantly low value products, where there is no facilitation or offering of credit, should be supervised as such. Without such differentiation, and proportionality of treatment, firms may be discouraged from providing such services in Ireland.

- Finally, having access to easy to understand information (for example independent and trustworthy comparison websites) is key to ensure that consumers are able to take advantage of the alternative available options in the market. The same must be said for SMEs in Ireland looking to grow in line with the

Department of Enterprise Digital Ireland Framework, and further support for SMEs in terms of financial education / literacy will contribute to this initiative.

Q.2 How important are new providers and new delivery channels to serving consumers' financial needs?

- New providers and delivery channels are extremely important to serving consumers' financial needs, particularly in the payments sector. As time goes on, we expect to see more use of alternate payment methods, and greater use of the tokenisation of mobile devices. We would also expect to observe increased provision of digital services by the traditional banking sector in order to meet consumer demand.
- New delivery channels are also considered important to ensure greater financial inclusion for all customer types. Consumer access to financial products and services in a flexible way (e.g. remotely and/or outside of standard business hours) can assist people living in rural / remote areas, or people with mobility issues, or people that are time constrained and do not have the ability or opportunity to take time to attend a physical location during the business' opening hours, etc.
- The CBI state that they “support innovations that enhance financial service provision for consumers, while also remaining vigilant to the potential impacts and risks of such innovations on the stability of the financial system and on consumers.” It is suggested that there is certainly benefit arising for firms and consumers.
- The consumer protection mandate should be executed in a proportionate manner to the financial service being provided and the target market for the product. A one-size fits all approach is likely to create barriers for smaller/newer market participants/entrants. For example, EMIs and PIs cannot offer credit, and consumers typically hold low values of funds in their payment accounts, thus exposing them to limited risk of loss. Therefore, consumer protection provisions that may be appropriate in a retail banking, insurance, or investment context, may not be appropriate for customers of EMIs or PIs.
- For many consumers, the innovation, choice and ease of use brought on by new providers and new delivery channels is key to ensuring that they obtain the product and service they require, at a reasonable cost, and delivered in a manner that corresponds to their needs. However, as per the response to Q1, the risk of an over reliance on new providers and digital delivery channels should not result in additional consumers being financially excluded. The CBI are right to link the need to drive innovation with their financial literacy programmes, and this should be considered for SMEs also who may stand to benefit.
- We support the CBI statements within the Discussion Paper and in particular the emphasis placed on the CBI supporting competition between firms and not stifling innovation. Competition is essential for consumer choice and we support the Retail Banking Review Recommendations including that amongst other initiatives, both the CBI and CCPC should establish closer coordination in this regard, and that the CBI include an assessment in its Annual Performance Statement around how existing domestic regulation impacts competition.

Q.3 In implementing its consumer protection mandate, how should the Central Bank reflect the importance of competition in its regulatory approach?

- The CBI can support good consumer outcomes by ensuring that the competitive landscape for payment services in Ireland is vibrant and growing. This will require the CBI to ensure that the regulatory framework allows the development of services that meet consumer demand, and are not limited by an overly cautious approach to regulation.

For example: the process to obtain authorisation as a regulated PSP in Ireland can at times be overly burdensome, lengthy, and can therefore act as a barrier for firms seeking to enter the market. Alternative PSP offerings help consumers, and therefore the approach to authorisation should always be commensurate with the risk.

- Similarly, the CBI should take a risk-based approach to supervision of different types of PSP, and not expect EMIs and PIs who don't offer credit for example, to meet the same standards as retail banks, who accept customer deposits or offer credit. The level of supervision must be commensurate with real, evidenced risk.

- Authorised firms would benefit from having certainty around timely responses from the CBI on queries, notifications, etc. There is also a need for timely responses at the initial application for authorisation phase. This would assist both new and existing market entrants to better manage applications and, once authorised, with product design, operational changes, etc. To this end, we recommend the introduction of SLAs on timeframes for responses from the CBI.

- As long as the regulatory framework for ensuring a competitive domestic financial services market is robust and has a clear route to raise and address issues around competition, barriers to entry for smaller players should be minimised, ensuring a competitive marketplace.

- A healthy competitive market is essential for a fair consumer protection framework, and consumers must be able to switch between different financial service providers. A frictionless consumer experience is key for a proper framework – currently it can take a consumer 12 months to switch to another provider, and it is even more complex for corporate customers. The development of a national digital ID solution could assist in obtaining this frictionless experience.

- Overall, we believe that a risk-based and technology neutral approach is important for supporting a competitive regulatory environment, as is a pro-innovation mindset, instilled across the CBI. Moreover, the consumer protection mandate should be executed in a proportionate manner to the financial service being provided and the target market for the product. A one-size fits all approach is likely to create barriers for smaller/newer market participants/entrants.

Broad Theme B – Firms Acting in Consumers’ Best Interests

Q.4 Do you agree that the Central Bank should develop guidance on what it means for a firm to act in the best interests of its customers?

Not sure

- The concept of “best interests” is very difficult to define. The OECD principles refer instead to consumers being treated “equitably, honestly and fairly”, and we suggest that this is used as the guiding principle rather than the unclear concept of “best interest” for any Guidance. The concept of “expected outcomes” should also be avoided, as it is unclear, and challenging for firms to apply in practice, as there may be many factors that affect the outcome, that are well outside the financial institution’s control.

- Whilst “principles-based” Guidance could be valuable, any plans to develop cross-sectoral guidance should avoid overly prescriptive requirements. Developing ‘prescriptive’ cross sectoral Guidance for firms could stifle business opportunity/ product development, and this would negatively affect consumers’ best interests, because competition results in better options for consumers. The requirements must be able to be applied and tailored to individual firms’ products, business model, sector, etc.

- Finally, any reviews to the Code, and accompanying Guidance, should be evidence-based and result from known or witnessed shortfalls/concerns, rather than perceived risks that have not led to any actual consumer harm.

Q.5 Does the suggested outline of ‘customer best interest’ guidance capture the essence of the obligation to act in customers’ best interests? What other guidance would you suggest?

Not Sure

- As mentioned in our response to Q4, the concept of “best interest” is very difficult to define, and instead the CPC should refer to treating customers “fairly” in line with the OECD Principles. The concept of “expected outcomes” should also be avoided, as it is unclear, and challenging for firms to apply in practice, as there may be many factors that affect the outcome, that are well outside the financial institution’s control. Moreover, any guidelines should explicitly refer to proportionality and the nature, scale and complexity of the business.

- It may also be challenging for some sectors of financial services to demonstrate how they can “further the interests of their customers”, given the nature of their product or service offering, e.g. sectors offering execution type products or services or sectors where there is no individual sales or advice involved.

- Whilst it is acknowledged that an individual's 'best interests' cannot easily be determined, the proposal to develop Guidance may assist firms, as long as it is not too prescriptive and therefore suitable for cross-sector financial service business offerings.

- The guidance could also reference issues that are applicable to the customer base and wider society as a whole; for instance, the need to prevent financial crime. There may also be a need to recognise that there are, on occasion, conflicts between certain objectives. For instance, the need to complete a sanctions investigation on a payment may delay a payment, which runs contrary to the best interests of, and which does not benefit the customer; instances such as these illustrate the need to maintain an equilibrium between the firm's ability to meet its legal obligations, and the need to ensure that the design and implementation of the sanctions processes do not unnecessarily impact on the outcomes for legitimate customers. In this case, sanctions/AML obligations will generally take precedence over other obligations due to the greater potential harm. Having such Guidance in place will give additional information to the regulated sector on the thinking of the CBI on these matters.

Theme 1 – Innovation and Disruption

Q.6 Do you agree with our proposed approach to enhancing our Innovation Hub?

Not Sure

- The EMA welcome the idea of enhancing the use of the Innovation Hub.

- It is suggested that the Hub would benefit from additional industry experienced professionals, which would improve the success of the Hub and benefit both the CBI and querying stakeholders.

- We support the CBI aim of seeking for the Hub to become "an active focal point for productive exchange between innovators and the financial regulatory system." We welcome this focus to date, and believe this could be expanded to include a "through the life-cycle approach to Innovation".

- It is likely that potential new firms and/or products can be submitted at an early stage via the Hub, which will allow the CBI visibility on innovative ideas from the earliest opportunity, and allow firms to gain input from the Regulator to the likely viability and/or approach to the innovative idea at an early stage, and without unnecessary delays.

- Many EMA members agree that the Hub could be useful if used as a successful regulatory sandbox, such as that currently operated by the UK FCA. It seems that the Sandbox approach has proven to be a valuable tool in other jurisdictions to enable firms to obtain a 'real world' view on their innovations and solutions. Key to the success of this will be to ensure that adequate CBI resources are devoted to it, to ensure that support provided is sufficient and available to applicants that have sufficiently developed propositions. Having this Sandbox available to 'RegTech',

and other types of innovations would also be beneficial. It may also benefit the authorisations process for both the CBI and such firms, by improving the level of understanding on both sides.

- Finally, it would be useful for the Bank to ensure the intent and sentiment of the Innovation Hub is shared amongst other departments in the Bank.

Q.7 What more should be done to support innovation while ensuring consumers' best interests are protected?

- We would continue to support a proportionate approach in relation to the non-bank sector, where generally speaking the risk to the consumer is much lower than any credit or investment product. The majority of products provided by EMIs and PIs pose a much lower risk of loss to the consumer than most banking, credit or investment/savings products, where consumers may place more funds, and which may be subject to significant financial loss.

- The CBI as Regulator should indeed continue to support innovation. There is little evidence that innovative service offerings have caused any significant degree of consumer harm to date, and we would call for this to be reflected in the revised CPC as well as the supervisory approach.

- The Regulator's overarching approach to innovation being positive and supportive will provide an important signal to firms looking to establish here, and ensure that competition continues to develop in the Irish marketplace, offering a better consumer protection framework.

- If the Innovation Hub is appropriately utilised, i.e. the CBI having visibility of new product/service offerings before they 'deploy,' any potential or perceived harm(s) can be addressed by all parties. It could be an opportunity for firms to engage with the CBI at an early phase of development, and also gives the CBI the opportunity to have early visibility.

- Per CPC Review Discussion Paper, the CBI can look to other jurisdictions to help foster innovation to "improve market effectiveness and benefit consumers." The CBI may wish to review practices and systems in other jurisdictions that support the payments industry in providing the necessary payment services, and benchmark the application of regulation to new technologies against other EU jurisdictions to ensure consistent implementation and a level playing field in the Single Market. These could include eID systems, fraud databases, income databases, national guarantee schemes and their impact on mortgage/loan rates.

- The evolution of digital finance, coupled with Ireland's strengths as a place to do business, presents significant opportunities to the country to become a leader in financial technology, and to ensure that the changing needs of Irish businesses and consumers can be met by the financial services industry. At a broader level, it would be important that the work of the CBI on innovation links across to other policy frameworks in place (ISF strategy, Digital Ireland framework), that public bodies have the institutional capacity and expertise to support the workstreams appropriately, and that public bodies actively consider the skills needs of the sector. Given Ireland is one of Europe's leading knowledge economies, developing

talent should be seen as an integral part of the country's long-term plan for financial services.

Q.8 How can regulators ensure that neither firms currently in the market, nor new entrants, have unfair advantages which could be a barrier to fair competition?

- The EMA welcomes any updates to the Code that take into consideration the need for fair competition in the marketplace.

- We consider that a regulatory environment that encourages innovation and growth, that removes barriers to entry for smaller firms (and ideally for all), and that addresses competition issues in the market, will produce a sector that is fit-for-purpose, treats and protects consumers and SMEs fairly, and serves the needs of society and the economy.

- A fair and proportionate supervisory approach is essential. Fair competition exists between players that offer different services, without the need for the same level of regulation to apply. Different types of PSP offerings have different requirements, and a level playing field does not always equal identical regulatory or supervisory approaches. Clarity around where it is appropriate to apply different requirements and expectations to new entrants to a particular sector / newly established firms, as compared to more established firms, would be welcome. This clear flexibility around the application of the full suite of regulatory requirements and expectations would benefit both new and existing firms and the Central Bank.

Theme 2 – Digitalisation

Q.9 Do you agree with our analysis of the benefits, challenges and risks around digitalisation in the area of financial services? What are the key issues for you?

- We agree with the CBI's identification of new products and services associated with the digitalisation of financial services, such as online decision making, credit facilitation, use of technology and use of personal data of consumers, and Gamification.

- However, we do not consider them to be more 'risky' than other financial service offerings in and of themselves.

- Digitalisation can result in benefits for customers, including lower cost products, more competition and choice, speed of delivery, and lower risk of human error.

- Digitalisation has indeed, in many respects, transformed financial experiences for so many, and can be considered to have made financial services better. Interacting with financial service providers digitally has now become the expectation of many consumers, and can represent some of the best consumer experiences.

- It is unclear why developments in digitalisation are considered to represent higher risks to consumers when there does not appear to be evidence to support such an assumption. Certainly, we would seek evidence supporting this assertion.

- The CBI's approach to the supervision and oversight of developments in digitalisation should be risk-based and measured.

Q.10 How do you think the personalisation and individual-targeting of ads can be made compatible with the requirement for firms to act in the best interests of customers?

- We agree that the use of technology by consumers should serve their interests and not be used as an opportunity to take advantage of behavioural vulnerabilities, or to increase information asymmetries between consumers and firms.

- As a regulated sector all advertising communication to customers must be clear, fair, accurate and not misleading in any way, and show the institution's name clearly in all advertisements. We do not believe that further regulation is required.

- There is no indication or evidence that personal data is more open to misuse arising from online or further digitalisation of financial services. In fact, targeted advertising can indeed be helpful for consumers; it is not inherently 'bad' or negative, and controls can be introduced where necessary to manage the targeting: consumers should be able to choose whether to receive targeted advertising, and there are already regulatory restrictions around the adjusting of prices, and the protection of personal data (GDPR). It is therefore unclear what particular harm has been identified in this context. Targeted advertising could save consumers money; the underlying principle should be consumer choice.

- Consumers should be provided with access to independent, trustworthy information to enable informed decision making. For instance, independent comparison websites will enable customers to ensure that the products they select are appropriate.

- As more firms enter the financial services market, there will be increased potential for conflicts of interest; i.e. the platforms on which consumers receive adverts will also be financial services providers. This may require cooperation across regulators in different sectors to ensure that this conflict is adequately managed (e.g. financial services regulators and data protection regulators).

- The proposed Guidance being considered by the CBI could set out in more detail the CBI's expectations around firms acting in customers' best interests, in particular in relation to personalisation and individual-targeting of ads.

- The Advertising Standards Authority of Ireland has already set out high-level obligations on firms regarding their marketing communications. The specific requirements for financial service advertising are set out in Section 13 of the ASAI Code, noting that the CBI may have primary responsibility. The high-level advertising requirements include that they:

- Should be legal, decent, honest and truthful

- Should be prepared with a sense of responsibility to consumers and society
- Should respect the principles of fair competition generally accepted in business.

Theme 3 – Unregulated Activities

Q.11 The Code requires regulated firms to provide a statement indicating that they are ‘regulated by the Central Bank’. Do you think this is useful for consumers?

Yes

- We agree that this statement is useful for many consumers: consumers who would prefer to deal with regulated financial services can understand immediately that they are dealing with such regulated service providers. We would not suggest altering this approach.

Q.12 How can the difference between regulated and unregulated activities be made clearer for consumers?

- The requirement for all regulated financial service providers to state from the outset that they are regulated gives an immediate distinction for consumers that those providers are regulated, and has an impact on their product choice. Outlining the unregulated activities in the Terms and Conditions, or at start of the business relationship is standard practice.

- We note that the CBI can already issue warnings for unregulated sectors where a risk is perceived. These warnings can have a negative impact – whether merited or not – on that sector, and a dampening effect, particularly for new or innovative sectors that are still at the stage of exploring potential consumer products/services. Where legislation or regulation is in train for a particular sector, this should be included in the CBI warning, in order to address any misunderstandings about the regulatory status of such activities.

- In an effort to avoid the ‘Halo’ effect, the CPC already requires firms to make disclosures when certain service provisions fall outside the scope of CBI regulated activity. We agree that this approach should remain within the updated CPC and any Guidance.

- We perceive that there is some level of misunderstanding regarding the meaning and consequences of the term “regulated by the CBI”; consumers can misinterpret this as offering them a guarantee around the products provided by that firm, and that they are “safe”. In the same way, ‘unregulated’ does not always mean the product is unsafe, or that the firm is operating illegally. The CBI should ensure that consumer communications include an explanation of what is meant by being regulated by the CBI, and the meaning of “unregulated.”

- Consumers should be made aware that there is distinction between the offering of unregulated services and illegal services.

Q.13 Should there be additional obligations on regulated firms when they undertake unregulated activities?

Not Sure

- The Central Banks' ability to issue warnings regarding unregulated services where consumer risk is perceived, as they did in March 2022 regarding unregulated crypto-asset service provision, is sufficient. We do not consider that any additional specific obligations on regulated firms are required.
- The overarching principles and requirements arising from the consumer protection framework, and the CPC itself, are known. The ease with which consumer confidence can be undermined as a result of any failures in consumer protection, and the associated reputational damage suffered by firms, particularly in the digital age where negative news is quickly and easily spread, tends to deter firms from not treating consumers fairly for both regulated and non-regulated products and services.
- There is a whole suite of supervisory, oversight and correctional/enforcement tools for the CBI to employ in relation to regulated firms, with respect to regulated activities. The existing two-way engagement between supervisor and firm therefore offers a channel through which dialogue on additional, unregulated activities can take place, if concerns are evidenced.
- We do not consider there to be any benefit from going beyond what is required in other EU member states, thus placing Irish-authorized entities at a disadvantage, which could result in reduced benefit of competition for consumers in Ireland vis-a-vis consumers in other EU member states. It is important to ensure a level-playing field with other EU member states.
- For example, the suggestion that regulated firms apply a suitability assessment for all products and services offered (even where those products or services are unregulated) would be a disproportionate measure. Suitability assessments are appropriate where there is a risk of loss, i. e. investments/mortgages, where they are required by regulation. However, in the case of e-money and payments, the risk of loss as a result of purchasing the wrong product/service is extremely low, and a customer's risk appetite rarely known: there are therefore very few customers for whom these products are "unsuitable". In these cases, the greater risk to consumers would be removing consumer choice and reducing competition in the market. We suggest that a duty of this nature should be imposed only where a relationship akin to an advisory or discretionary duty has been assumed by the firm, which is not relevant to electronic money/payments business. We note that Chapter 5 of the CPC dealing with suitability has been excluded for EMIs, which we would expect to continue to be the case.

Theme 4 – Pricing Matters

Q.14 What can firms do to improve transparency of pricing for consumers?

- We agree that transparent price information is an essential component of any financial services offered to consumers.

- In order to maintain an open and competitive marketplace, state and regulatory intervention in the area of pricing should remain minimal, and arise “where there is a legal basis to do so and where we see firms engaging in unfair, hidden or discriminatory practices which seek to take advantage of customer vulnerabilities.”. The introduction of new players into the sector, and the resulting increase in choice and competition in financial services will ensure pricing remains competitive.

- We consider that the existing price disclosure requirements are sufficient.

- We also wish to highlight that for the payments and e-money sector, it is important that disclosure and/or fee/price-related requirements remain aligned with EU level requirements such as PSD2, the E-money Directive (EMD2) Interchange Fee Regulation (IFR), the Cross-border Payments Regulation (CBPR II) and others.

Q.15 In relation to pricing, are there examples of firms using unfair practices to take advantage of customer vulnerabilities?

- We are not aware of any.

Theme 5 – Informing Effectively

Q.16 How can regulation improve effectiveness of information disclosure to consumers?

- We agree that there is a balance to be struck between providing sufficient information to allow consumers to choose a product appropriate for their needs, and information overload, which can result in disengagement.

- We consider current information disclosure requirements to be adequate, and that regulators should only intervene where there is evidence that lack of information disclosures is negatively affecting consumers. - The use of technology and the digitalisation of financial services offers many opportunities to ensure consumers are better informed. Firms can develop tools and apps that use innovative methods to inform consumers about the products and financial services on offer.

- Clarity around when information has to be provided via durable medium and when it does not would be useful particularly given the lack of clarity around what satisfies the ‘durable medium’ test or standard.

Q.17 How can firms better support consumers’ understanding – can technology play a role?

- We agree that the increase in the use of digital technologies may provide “an opportunity for firms to better inform, explain and educate consumers in a convenient way, about their financial services” by way of visual disclosures, less text and/or explanation videos.

- However, we would like to emphasise that the method of disclosure should not be prescribed by legislation/regulation, as long as the outcome of firms’ practices does not negatively affect consumer protections. Otherwise, this would minimise the benefits that innovation provides, and prevent firms from developing new solutions that may prove very effective.

Q.18 Does the way in which firms approach disclosure in respect of mortgage products need enhancing? If so, how? - taking account of the wide variety of features of mortgage products, and borrowers' different circumstances and needs.

- No response.

Theme 6 – Vulnerability

Q.19 Given that vulnerability should be considered more as a spectrum of risk than a binary distinction, how should firms' duty to act in their customers' best interests reflect this?

- Good consumer outcomes are required for all consumer groups, including those who are presently or permanently 'vulnerable'. Such vulnerability should be defined in clear terms, as outlined further below.

- It should be acknowledged that the ability for firms to identify "vulnerable" customers can differ significantly by sector and product type. For example, firms in the e-money and payments sectors usually have very limited data on their customers to allow them to determine whether they are vulnerable or not. Apart from age or nationality, EMIs and PIs usually don't have access to other data points that might indicate a consumer's vulnerability. The limited interaction between PSPs and their customers in relation to typical e-money or payments products does not usually offer any means by which a PSP could determine whether such vulnerability exists, other than in absolute terms, where a customer notified the PSP that they were in fact vulnerable; in fact firms report that customers are reluctant to provide more than the legally required information (for KYC purposes for example), particularly to a PSP for which they obtain only ad-hoc or one-off services.

- Because not all firms are equal, firms should be able to take a proportionate and flexible approach with regards to the treatment of all customers, including vulnerable customers. In certain firm types, depending on where you are in the payment chain, assessing consumer vulnerability is even more difficult.

- For these reasons, we propose that "vulnerability" is defined objectively, in broad terms (e.g. a person's age). This objective definition is also supported by the OECD Principle "financial consumers should be treated equitably, honestly and fairly." We recommend that the CBI expectation is that all firms will properly utilise the information available to them to assess vulnerability, and act appropriately as a result. This will allow a firm to assess whether a customer is vulnerable against certain criteria, and ultimately ensure that customers who are genuinely vulnerable are assessed as such in every instance.

- The focus for firms should be on implementing a culture of identifying and dealing appropriately with vulnerable customers. This culture could be enabled by ensuring an appropriate tone from the senior level, as well as tailored training and awareness delivered to all staff, and providing the tools (policies and procedures, clear and well understood vulnerability indicators, etc). Firms should be responsible for developing and implementing vulnerability policies that are appropriate for their products and business model, that can be measured against certain desired outcomes.

- Ensuring that the governance and oversight framework around vulnerability is also monitored is important; metrics and assurance of the framework can assist.

Q.20 What other specific measures might be adopted to protect consumers in vulnerable circumstances while respecting their privacy and autonomy?

- We do not believe that guidance can be developed for addressing vulnerable consumer situations that would be fit for purpose across the financial sector. As above, we propose that the requirement is that firms should use the knowledge they have to assess the best way to approach vulnerable customer situations.

Theme 7 – Financial Literacy

Q.21 What can the responsible authorities do to improve financial education?

- Policymakers must continue to work with bodies across Ireland to identify the gaps in financial literacy, and make efforts to improve financial education across the board. This can include the advertising of online and in-person courses and training, and making available online and phone tools and measures to address financial literacy queries. Policymakers might also consider collaborating with the private sector to develop approved education and training courses that can be rolled out across the primary, secondary and higher education sectors in Ireland.

- Financial Literacy and Digital Literacy are essential components to the success of the financial services ecosystem, as it evolves. Expanding the focus area to include SMEs and sole traders is vital to support the digitalisation of the real economy, and achieve the objectives of the Government’s Digital Ireland Strategy.

- The responsible authorities should ensure continued appropriate funding for financial literacy education.

- The digitalisation of financial services offers a unique opportunity to further develop and improve financial literacy. The CBI could consider making use of a broad spectrum of channels/providers to educate consumers – this can include collaborating with social media influencers for example. Many fintech firms use online videos and animation to communicate complex financial matters to their customers in an easy-to-understand manner.

- Continued use of more ‘plain language’ and less ‘financial jargon’ where possible is also key.

- In order to track the effectiveness of any new measures to ensure that resources are targeted appropriately, it will be essential to measure progress. Policy-makers could make use of the OECD/INFE Toolkit for measuring financial literacy and financial inclusion 2022, which has been used since 2010 by the OECD to measure financial literacy and inclusion, on an internationally comparative basis. The 2022 Toolkit document says that “Institutions can use the toolkit to collect valuable information at a point in time, or through regular tracking surveys. This process will result in data that can be used to identify target groups and prioritise initiatives, whilst also giving an important signal that national financial education efforts are being implemented following international good practices.”

- It is important that financial literacy is kept as a top agenda item, such as at the EU Commission Speech at the Launch of the Report by the National Adult Literacy Agency (NALA) in December 2022 on ‘Financial Literacy in Ireland.’

Q.22 How can consumers be empowered to better protect their own interests when dealing with financial matters?

- We agree that the increase in the use of digital technologies provides “an opportunity for firms to better inform, explain and educate consumers about their financial services” as mentioned in the Discussion Paper, and, further to this, empower customers in their interactions with financial services.

- Requiring firms to document how they will gather information from their personal customers at onboarding and when interacting with the customer at a later stage (e.g. where the customer contacts the firm) to ensure that such customers get the opportunity to indicate if they require any additional assistance in their dealings with the RFSP e.g. on the basis of vision impairment, hearing impairment, age, infirmity or other grounds, etc.

- Financial crime: A coordinated effort between the CBI, the Garda Síochána, the government, and telecom providers, partnering with the private sector such as banks or social media providers to educate consumers on scams and different types of scams could reduce the risk that consumers become victim to a scam. This education effort could include steps to take in case of any suspicion arising, and the consequences of being a victim to, or involved in, financial crime.

- As above, we would suggest that one single national campaign being undertaken to improve financial education and literacy across Ireland would be beneficial, enabling consumers to utilise this service and better protect their own interests by becoming more financially aware.

- Finally, the greater the variety of financial services products and services in the market, the greater the competition, and this will ensure choice for consumers, ultimately meaning their interests are better protected. A regulatory environment that supports growth in the different sectors, and addresses consumer risks where there is evidence of harm, is ultimately an effective method of protecting consumer interests in general, by empowering them to choose.

Theme 8 – Climate Matters

Q.23 How should the financial system best fulfil its role in supporting the transition to a climate neutral economy?

- The regulator must incentivise and support firms in their innovations to achieve objectives related to a climate neutral economy. Speed and skills are essential to support firms with ambition to develop climate related services and products that firms and consumers can avail of.

Q.24 How will climate change impact on availability, choice and pricing for financial products and services?

- We are not aware of any impact on availability, choice and pricing for financial products and services for the EMI/PI industry and payments.

Q.25 Does the impact of climate change require additional specific consumer protections?

No, we do not consider that the impact of climate change requires specific consumer protections at this stage. Not all sectors will have the same level of impact, on consumers nor on the climate itself, so we do not consider it necessary to include, at this stage, a specific consumer protection related to climate change within cross-cutting guidance on consumer protection.

Good consumer protection requires fair treatment of consumers who are effectively informed. Consumers often want to know whether the firm(s) they are obtaining services from are considering climate change within their service offerings.



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