



Central Bank of Ireland
PO Box 559
Dame Street
Dublin 2

27 October 2017

Aviva's response to CBI Discussion Paper – Consumer Protection Code and the Digitalisation of Financial Services

Dear Sirs,

Aviva welcomes the opportunity to respond to the Consumer Protection Code and Digitalisation of Financial Services discussion paper (the "***paper***") issued by the Central Bank of Ireland.

We recognise the significant impact that digitalisation has had on financial services. In particular, it has introduced opportunities to provide services to customers, both in terms of products, and channels through which they are sold and serviced. Digitalisation has resulted in significant changes in how customers interact with financial service companies. This has a clear impact on the Consumer Protection Code ("***CPC***").

It is argued that Digitalisation has given rise to the Fourth Industrial Revolution.¹ Key to supporting the declaration of a new industrial age is the velocity, scope and impact of the changes arising as a result of digital progressions. Digital progress is clearly evident within the financial services industry, and the pace of change associated with the digital revolution has created an obligation on key stakeholders within the financial services industry to embed changes in operational and strategic practices aligned with these changes. This has resulted in increased innovation and competition within the financial services industry.

The importance of financial regulation in the context of rapid change is clear. Challenges arise in ensuring that the regulatory approach fosters benefits arising from digitalisation, while continuing to mitigate key risks in an effective manner. This is particularly relevant in the context of CPC, as a key

¹ <https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond/>



source of protection for customers. The CPC's technology neutral stance ensures its application across traditional and emerging approaches to servicing customers. However, a key challenge facing CPC is the speed with which significant change arises within the digital environment, and ensuring that its provisions remain relevant and effective.

It is important that CPC facilitates the financial services industry in pursuing opportunities arising from digitalisation. In the context of pursuing our digital strategy, Aviva welcomes the opportunity to work collaboratively with regulators, including CBI. With that in mind, we refer to Project Innovate, an initiative of the UK's Financial Conduct Authority². Established in 2014, the objective of Project Innovate is to provide direct support for innovation. In particular, the opportunity to introduce changes on a pilot basis within the Regulatory Sandbox, and the provision of feedback on digital enhancements in this collaborative manner may provide the CBI with an increased flexibility in assessing emerging practices, and further inform regulatory change to facilitate developments that benefit customers. We would welcome such an initiative within the CBI to further progress the regulatory change necessary in a digital environment in a way that reflects the speed of digital change.

We provide further brief comments in the following table to some of the specific questions posed in the paper. We look forward to contributing to the ongoing process of amending the CPC to meet the needs of the digital era.

Yours Sincerely,

Gemma O'Callaghan
Gemma O'Callaghan
Risk & Compliance Manager

² <https://www.fca.org.uk/firms/fca-innovate>

Section 2 Digitalisation and the evolving financial services landscape

Key Questions

Q. 1	Are there evidence or examples of other relevant types of innovation in retail financial services, which are not already covered in this Discussion Paper? If so, please provide details
	Development at an industry level is evident relating to customer led marketing. This is undertaken through the use of publicly available information, such as social media platforms, to provide customers with content related to their needs.
Q. 2	Considering the Irish Market, what innovations are more likely than others to develop and/ or have the greatest impact on consumers? Please provide reasons for your answer.
	Areas which will likely see significant development in the Irish Insurance market include cloud based services, API, robotic process automation and artificial intelligence. These can lead to improvements for customers at both a product and service level, having regard for the necessity to ensure that data is used appropriately and securely.
Q. 3	Please outline any other potential benefits or risks for consumers that have not been captured in this section?
	This section provides a comprehensive overview of the benefits and risks posed to consumers within the Insurance Industry. In considering the introduction of new technology, it is important to undertake a customer impact assessment. In the course of such assessments, additional controls and measures can then be identified to ensure that no customer is disadvantaged by the new approach.
Q. 4	Considering the Irish market, what benefits and risks do you think are most likely to materialise and/or have the greatest impact on consumers? Please provide reasons for your answer.
	<p>Benefits</p> <ul style="list-style-type: none"> • Improvements to communications in the course of sales and service. • Improved analytics enable insurers to more comprehensively address customer requirements. <p>Risks</p> <ul style="list-style-type: none"> • Disclosure of large amounts of information can create challenges for customers.
Q. 5	If you have observed detriment caused to a consumer(s) as a result of digitalisation/ financial innovation, please provide details and evidence of the same.
	<p>A revision of information disclosure requirements to reflect the more interactive sales approach facilitated by digitalisation would be welcome. Digital mediums of communication can make information more digestible.</p> <p>Facilitation of interaction between financial service companies and customers across digital communication channels for service matters and complaints would provide benefits to consumers.</p>
Q. 6	With reference to the potential risks and benefits for consumers in the area of access, do you consider consumers to be adequately protected in a more digitally-enabled financial services environment? Where possible, please provide examples and/or evidence to support your answer.
	Requirements relating to disclosure of information to consumers may result in a limitation of approaches to providing details to customers through digital solutions. These digital solutions may assist the consumer in understanding the information more clearly.
Q. 7	How could the consumer protections in the Code relating to access be enhanced? Please outline the reasons for your proposed enhancements.
	Digital solutions provide enhanced transparency in the sales process. A clear audit trail is available through these channels. Innovations such as digital signature enhance the distance sales process, ensuring there are no barriers to accessing products.

	The availability of digital channels and processes do not preclude access to products within the insurance industry. These products continue to be sold via traditional means. Provisions relating to vulnerable customers ensure that we will continue to implement measures to protect access of customers to insurance products.
Q. 8	With reference to the potential risks and benefits for consumers in the area of provision of information, do you consider consumers to be adequately protected in a more digitally enabled financial services environment? Where possible, please provide examples and/or evidence to support your answer.
	The introduction of the General Data Protection Regulation in the course of 2018 is an important source of protection in a digitally enabled market. This regulation provides significant improvements to existing legislation which are relevant to the financial services environment.
Q. 9	How could the consumer protections in the Code relating to the provision of information be enhanced? Please outline the reasons for your proposed enhancements.
	Amendments to information disclosure requirements to facilitate more customer-friendly digital approaches to communication would bring improvements. Information regarding financial products is often complex, and facilitation of digital communication strategies to providing this information may be to a customer's benefit.
Q. 22	Are there any impediments in the Code that currently prevent firms from adopting technologies which may be beneficial to consumers? If so, please elaborate to explain how the Code could be amended to facilitate access to such benefits, without diluting existing consumer protections.
	While CPC adopts a technology neutral stance, concerns can arise in assessing opportunities that represent a significant deviation from established operating practices, despite their potential benefits to customers. An opportunity to pilot such innovations with collaboration and feedback from CBI would be beneficial.
Q. 23	In the context of the development of consumer protection policy related to innovative technologies, should the Central Bank be more innovative in its approach to stakeholder engagement? If so, what approaches should be considered and why?
	Increased stakeholder engagement would be facilitated by a platform such as that established by the FCA in Project Innovate.