

# Enhancing Consumer Protection: Key Insights on Informing Effectively, Digitalisation, and Securing Customers' Interests

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As we reflect on the changes proposed in the draft revision to the Consumer Protection Code, the Compliance Institute's response to the Central Bank of Ireland's Consultation Paper on the Consumer Protection Code (CPC) sheds light on three critical areas: Informing Effectively, Digitalisation, and Securing Customers' Interests. These elements are pivotal in shaping a more transparent and consumer-centric financial services environment.

## Informing Effectively: Bridging the Knowledge Gap

A fundamental aspect of consumer protection is ensuring that consumers are not only informed but truly understand the financial decisions they make. Our response to the CPC consultation emphasises the need for firms to go beyond merely providing information. Instead, they should focus on enhancing consumer comprehension. The draft Regulations and Standards for Business propose a reasonable onus on firms to ensure that key information is communicated effectively.

A significant challenge, however, lies in defining the 'average consumer.' The Institute advocates for a definition that considers the complexity of financial products and the knowledge imbalance between providers and consumers. This approach empowers consumers to make informed choices, ultimately enhancing their financial well-being.

Moreover, we stress the importance of allowing firms adequate time to review and update their information dissemination practices. The Institute supports the proposed 12-month implementation period. This is vital to ensure that firms can meet these obligations effectively. Additionally, we highlight the interdependencies between brokers and product producers, emphasising the need for clear delineation of roles and responsibilities.

## Digitalisation: Navigating the New Frontier

The digital transformation of financial services presents both opportunities and challenges. Our response welcomes the proposed enhancements to the CPC concerning digitalisation, recognising the need for regulatory frameworks to keep pace with technological advancements. However, we express concerns about the threshold for facilitating consumer filtering, suggesting that a higher threshold of perhaps ten products would be more appropriate. This adjustment would still accommodate consumers' ability to navigate digital platforms without overburdening providers.

In the context of changing or ceasing branch services, we acknowledge the significant impact of recent retail bank exits on consumers and society. While we support a proportionate response reflective of sector-specific considerations, we caution against excessive notice periods for lower-risk regulated entities. A tiered approach, considering the risk posed by the entity or activity, would be more balanced and effective.

## Securing Customers' Interests: Balancing Autonomy and Protection

The obligation to secure customers' interests is a cornerstone of ethical financial services. Our response broadly welcomes this enhancement, recognising it as an incremental improvement on existing requirements. However, we highlight potential conflicts that may arise when customers make decisions that appear unwise. In such cases, the Assisted Decision Making Act 2015 (ADMA) mandates honouring these decisions, emphasising the importance of respecting individual autonomy.

We commend the Central Bank's focus on autonomy in the Guidance on Securing Customers' Interests but note a potential misalignment with the ADMA's



emphasis on pre-decision observations rather than post-decision outcomes. This discrepancy underscores the need for a nuanced approach that balances achieving positive outcomes with respecting consumer autonomy.

In conclusion, the Institute's response to these elements of the CPC consultation reflects our commitment to advancing consumer protection. By addressing the challenges and opportunities in Informing Effectively, Digitalisation, and Securing Customers' Interests, we aim to foster a more transparent, equitable, and consumer-centric financial services landscape. As compliance professionals, we have a pivotal role in shaping these developments, ensuring that our industry continues to uphold the highest standards of integrity and consumer protection.