

## **Submission from Declan Moloney**

Consumer Protection Codes Division  
Central Bank of Ireland  
PO Box 559  
Dame Street  
Dublin 2

21/07/2011

Re: CP 54 – Second Consultation on Review of Consumer Protection Code

Dear Sir,

I refer to the above and wish to make a submission under the following section:

### **Conflicts of Interest**

Section 3.25

I welcome the addition of this section as it recognises that a bank employee may find themselves in a similar situation as an intermediary. However, this section does not go far enough for the following reasons:

- 1) Section 3.24 specifically introduces a provision that an intermediary may not be dismissed (non-renewal/retention of letter of appointment by a regulated entity) in circumstances where this could create a conflict of interest between an intermediary and a consumer. This provision does not carry to section 3.25.
- 2) Bank employees on the front line are required to achieve imposed non-negotiable sales targets across a range of products and activities, regardless of the capacity of the market or consumers availability to fulfil those targets. Failure to attain these targets results in disciplinary action by the bank on individual employees. This disciplinary action ultimately leads to dismissal of individual employees by the bank if sales target non-achievement is continued.

By virtue of the implementation of disciplinary action or the threat of implementation, the creation by banks of this link between sales target non-achievement and the disciplinary process creates an automatic daily conflict of interest between the bank and its consumers. This link can never be in the best interest of consumers.

I have worked in the banking industry for the last 28 years and I am very much aware of the potential contribution that aggressive sales target strategies have made to the current economic malaise. The mantra of a former chief executive “non-performance will not be acceptable / tolerated” was not a reference to an individual’s timekeeping - it was a clear reference to what the consequences of non-achievement of sales targets would yield.

I recommend the Central Bank amends Conflicts of Interest section 3.25 to reflect the comments I have made in point 2 above. If changes in legislation are required to achieve this in order to avoid a clash with existing legislation, (e.g. employment legislation), then, these legislation changes should be requested by the Bank from the Government prior to implementing the revised consumer protection code.

As we have all learnt from recent bitter experience, banks occupy a special and unique position in the economic life of our citizens and economy. The banking sector therefore is unlike any other industry where aggressive sales strategies apply in order for firms to survive. It is very clear that the aggressive sales strategies within the banking sector have played a major role in creating the insolvency situation this sector and this country now finds itself in. All I am requesting in this submission is that the Central Bank removes this aggression from the banking sector. I believe a reworking of section 3.25 above along the lines proposed in this submission should go a long way to achieving this, thereby removing consumer/bank conflicts of interest permanently.

Yours faithfully,

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Declan Moloney  
BBS; MBS; MMII Grad.; QFA