Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

Consumer Protection Code Review

Irish Life Group Ltd Response

Response Information

I am completing this form as:

An organisation or representative body

What is the name of your organisation or representative body?

Irish Life Group Ltd

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?

As well as being impacted by factors such as market size, household wealth and demography, the availability and choice of financial services is strongly affected by the regulatory conditions and barriers to entry which may be present within the State. While the discussion papers calls out the function of the Central Bank in fostering competition, there has been little analysis of areas where customer choice may not be at optimal levels and where the number of entrants within the market has either reduced or does not match European peers.

The regulatory and wider macro-economic conditions within Ireland need to be attractive for financial services providers if choice and availability is to be maintained.

It should also be noted that current Government policy in the pensions market in Auto Enrolment is to create a state monopoly with no availability or choice for consumers within the private sector. If choice and competition are generally considered to improve customer outcomes, then the Government should review its current policy on Auto Enrolment.

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

Customers financial needs and ways of engaging are constantly changing and the market needs to have the capability to adapt to customer needs. New providers and new solutions from existing providers are very important to ensure the industry continues to serve customer needs. Given the long-term nature of many financial services products, it is important that the Central Bank plays a gatekeeper role in reviewing new entrants to the market. However, a supportive approach should be taken where firms that service a genuine customer need look to enter the market. It is important that new entrants and incumbents should operate on a level playing field within the regulatory environment for the provision of similar services.

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

The Central Bank should foster competition within it's regulatory approach and in particular not place Irish regulated entities at a disadvantage vis-à-vis other European financial services providers. If competition in financial services is a primary objective then at national level there should be a review of steps that could be taken to remove barriers to entry which would facilitate competition but also benefit consumers. Currently for both pensions and health insurance providers and customers there are two sets of regulators within the market, with each regulator having a slightly differing regulatory perspective but none having an overarching macro-view of the entirety. Hence potentially a consumer needs to go to numerous sources to resolve any complaint.

Similarly, regulated undertakings need in a number of instances to deal with two regulators on similar topics. If competition, new providers and new products are genuinely to be encouraged within the market then consideration should be given to having one single financial regulator in Ireland and moving the obligations and responsibilities of the Health Insurance Authority and Pensions Authority to the Central Bank.

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?

Disagree

No – we do not agree that the Central Bank should develop guidance on what it means for a firm to act in the best interests of its customers. Given the broad range of financial products and services, as well as business models adopted across the Irish financial services landscape, it would be almost impossible to develop guidance that would cover the activities of every firm and a prescriptive approach increases the risk that firms would fail to genuinely explore the best interests of their own customers.

Instead, regular publications from the Central Bank, perhaps in the form of observations of what "good" and "bad" practices look like is more likely to be helpful to industry and drive positive customer outcomes. We feel that this should sit at a non-statutory guidance level (and not formalised within a revised CPC) as doing so would allow the Central Bank to issue future iterations more frequently and firms to exercise decisions that are at the customers best interests taking into account the specific customer needs within the relevant lines of business.

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

We would welcome the CBI publishing observations on a non-statutory basis with examples provided as noted in Q4. As noted within the discussion paper, a principle based system of governance could potentially be "watered down" by over prescriptive guidance.

Theme 1 – Innovation and Disruption

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

Not Sure

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Technological Innovation in financial services offers the potential to transform how the industry delivers value to the customer. We have an opportunity to greatly improve the quality and breadth of the offering for consumers and Irish Life is supportive of efforts to enhance the CB Innovation Hub and to expand its remit to wider industry relevance.

It is our belief that The Central Bank Innovation Hub can best support innovation by taking a collaborative approach to engage and work closely with both incumbent firms and potential new market entrants. We believe that it has a role to play in establishing common standards of practice, promoting collaboration, maintaining a level playing field and removing barriers to innovation where appropriate.

We note the following on the specific topics discussed by the Central Bank within this section also:

New Market Entrants

Irish Life welcomes the entry of new technology-enabled firms to the market and indeed, has partnered with many such firms to deliver enhanced services to customers. While new entrants can be at the cutting edge of harnessing new technologies often the greatest benefit for consumers comes from collaboration with incumbent firms who have existing relationships, data and understanding. We believe that it is important to promote and support the collaboration between firms to deliver customer value.

Blockchain Technology

We would draw a wide chasm of difference between Crypto assets which are a highly volatile and yet unproven asset class and Blockchain technology which has the potential to revolutionise industries that have traditionally relied on a 'Trusted Intermediary' to facilitate market transactions. The applications of Blockchain technology to putting control of data in the hands of the customer have only just begun to be explored but has the potential to revolutionise financial services.

Digital Euro

To the extent that it supports the speedy and secure digitalisation of the Irish economy we support the initiative of developing a Digital Euro.

Data & AI

Irish Life has a strong belief in the power of Data and AI to transform our customers lives helping them to materially improve their financial wellness. Further, we believe in the power of these new technologies to broaden the access to financial assets and advice to a much wider range of customers. The use cases for AI are almost endless and Irish Life believes that we are only at the beginning of exploring the application of this revolutionary technology. We note the recent emergence of Chat GPT for example and wonder how we as an industry (and indeed the Central Bank Innovation Hub) can accelerate the testing and implementation of this innovation. We applaud all support that the CBI can give to speeding these implementation efforts across the industry.

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

Cross Industry Challenges and Opportunities.

It is our belief that the Central Bank Innovation Hub has a role to play in supporting collaboration between industry firms to drive wider innovation. Whether this is setting common standards of practice, giving working interpretations of how regulation applies to new technologies, drafting white papers to encourage engagement and research or sponsoring initiatives focussed on specific issues. This could help to speed the introduction of innovations such as Collaborative Ecosystems, Open Finance, Human/AI Hybrid offerings, Sustainability and Digital Identity.

The issue of phone number and text message impersonation fraud is a specific area that would clearly benefit from cross industry collaboration in conjunction with the Central Bank. By bringing together various stakeholders in the financial services industry, such as banks, fintech companies, and telecommunications providers, a more comprehensive and effective solution could be developed to combat this issue.

Regulatory Sandbox

The creation of a regulatory sandbox would provide a strong support to both innovation and competition in the marketplace. It is an initiative that can only be delivered by the Central Bank (perhaps working with external partners to provide the necessary infrastructure). It would represent a logical extension of the current Innovation Hub within the Central Bank.

A regulatory sandbox is a limited and controlled environment in which new entrants and existing firms could test both product and service propositions with consumers in a live environment – either before completing a full regulatory approval process or where the approach may not be fully aligned with existing Central Bank expectations. We recognise that in order to protect consumers, any sandbox would stop short of supporting full end to end services in some areas such as money transmission or could require partnering with existing regulated firms in areas such as investment.

Companies availing of this sandbox would work closely with the Central Bank through the testing period. This would provide the company with an opportunity to refine and validate their proposition while also providing the Central Bank the opportunity to understand and evaluate the risks and benefits of the proposition.

To help protect consumers and the broader financial system, there should be well defined eligibility criteria for the sandbox. In particular, sandbox participants should be required to demonstrate that they have adequate protection measures in place to ensure that the consumers involved are aware of the pilot nature of any services provided and there may be limits in terms of the number of customers or volume of transactions that could be dealt with through the sandbox.

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?

Ensuring fair competition is an important goal for the Central Bank as it can help to promote innovation while ensuring the best interests of consumers are protected. Some ways the Central Bank can help ensure that neither firms currently in the market, nor new entrants, have unfair advantages which could be a barrier to fair competition are outlined below:

Level the playing field with regulation

The Central Bank can create a level playing field by ensuring that regulations are applied consistently and fairly to all firms operating in the market, regardless of their size or market position.

Open-finance

The Central Bank should work to accelerate the wider rollout of open finance solutions, which allow third-party providers to access customers' financial data and offer new financial services using that data. By sharing data and information in a controlled environment, the Central Bank can enable new entrants to gain access to customers and data that can help them compete with established players. It would be beneficial to learn from the implementation to Open Banking to inform the introduction of regulation.

Digital identity verification

A digital identity verification infrastructure that can be used by all firms in the market would reduce the barriers for new entrants and make it easier for them to compete with established firms. The benefits of a digital identity for both customers and financial firms alike are numerous. For example

• A national digital identity system can enhance security and reduce fraud by providing a secure way to verify a person's identity.

• It can improve customer experience by simplifying account opening and application processes.

• It can aid compliance with regulations such as KYC and AML.

• It can lower costs associated with manual identity verification processes.

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?

Increased digitalisation of financial services can lead to a more efficient, cost-effective, and customer-centric financial services industry that can help improve customer outcomes. Digital financial services can provide customers with greater convenience, accessibility and control over their financial decision making, allowing them to manage their finances from anywhere, at any time and access financial planning tools, educational resources, and other valuable information. This can help them to reach their financial goals and make more informed decisions.

Digitisation should also be viewed in its broadest sense and not just be a digital version of a paper document. Digitisation could mean the delivery of information via videos, audio, visuals i.e. a range of formats that allows for consumers to receive information in a variety of manners which can be more inclusive.

Digitization is also a key enabler for the achievement of climate change goals.

While we broadly agree with several of the points raised in the discussion paper, we have included some observations in relation to some specific areas.

Digital Exclusion

As alluded to in the paper, even though some people are still not able to access digital services, this problem is getting smaller as more people start using the digital services. Whilst younger generations who are more likely engaging with financial products for the first time are more likely to be familiar with technology, our view is that regulation should adopt a "digital first but not solely digital" approach in order to prevent exclusion on financial grounds in particular.

Despite our comment above, it is important to highlight also that digitalisation can help financial inclusion by increasing accessibility, affordability, and choice of services for all customers. This can be particularly beneficial for customers in underserved communities who may have limited access to offline channels.

Additionally, the EU Web Accessibility Directive requires that any new digital products and services are developed in compliance with accessibility guidelines. The implementation of these guidelines will help make digital products and services more accessible to people with disabilities, which can lead to a wider range of customers being able to access financial products and services, ultimately improving their overall financial well-being.

Online decision making

It is not necessarily true that digital transactions inherently carry more risks as suggested by the discussion paper. In fact, in many cases consumers are provided with more information in a more digestible manner through digital channels than in-person transactions. In addition, information provided digitally is more readily available for consumers to access and revisit in their own time.

With regards to comments on risk associated with the ease and speed of transactions online, we believe that the benefits of these aspects of digital journeys outweigh any risks. Digital platforms, such as mobile apps and online portals, can make it easier for customers to access financial services and proactively manage their finances at any time and from any location. Furthermore, digitalisation of financial services can result in a more consistent and reliable service experience for customers, as the service they receive is the same regardless of the time of day or the agent they interact with.

Digital platforms can be used to provide customers with financial literacy and education resources, such as articles, videos, and interactive tools. This can empower customers to make better informed decisions about managing their finances.

Speedbumps

In introducing any new speedbumps, consideration should be given to existing ones already incorporated in the sales processes for financial products. This is particularly relevant for advised products which incorporate a needs assessment and suitability analysis.

The effectiveness of any mandated speedbumps should be tested with a wide range of consumers prior to implementation – from our experience there is no indication (from complaints data or otherwise) that increased digitalisation in financial services leads to poorer consumer outcomes. It is possible that the introduction of speedbumps may just frustrate the consumer but still not make them consume all the small print. This is typical user behaviour (online & offline) across any category, not just financial services and adding speedbumps may not necessarily change behaviour. It could be argued that a better approach would be to provide clear and concise information that is easily accessible and understandable, rather than relying on speedbumps to force consumers to read the fine print.

Consumer testing

While prescriptive formats can improve comparability between products, we have found from our testing that consumers are overwhelmed with the extent and format of regulatory disclosures before or at the point of sale.

As highlighted in our response under the “Informing Effectively” theme, we believe that Regulation should move away, in as much as is possible, from prescriptive timing and formatting of consumer communications which may have the effect of driving tick box compliance to driving technology usage to enable consumers to get the right information, in the right way at the right time.

In addition to the points highlighted previously, another key advantage of digitalisation is the flexibility to continually optimise journeys to incorporate consumer feedback. Existing guidance could go further in establishing principles for incorporating customer feedback in the design and presentation of digital content. By involving customers in the testing process, financial institutions can identify and address any issues or pain points in their digital journeys before they are made widely available to the public.

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?

Firstly, with respect to the use of customer data for personalisation and individual targeting, there are already extensive obligations for all EU companies, including financial institutions in this regard. GDPR is seen as the toughest privacy and security law in the world and it imposes strict obligations in respect of the use of personal data by EU organisations. Amongst other things, GDPR has significantly reduced the use of third party data in advertising, as consumers are given greater choice about how their data is used.

Overall, notwithstanding obligations under GDPR in relation to how we use personal data, we believe personalisation of financial service ads is not only compatible with the need to act in the best interest of customers but it can also enhance it. By tailoring ads and offers to individual customers or customer segments based on their financial needs and goals, financial institutions can ensure that they are providing relevant and useful information.

Further, based on findings from research completed in this area, consumers want joined-up, relevant communications and they are frustrated by communications that are not relevant to them.

Personalisation of ads can reduce information overload for customers, making it easier for them to identify and take advantage of products and services that are most suitable for them, and ultimately leading to improved decision making and customer outcomes.

For existing customers in particular, personalisation allows financial institutions to build stronger relationships by demonstrating that they understand and value their unique circumstances.

It is important to recognise also that advertising is just one element of the sales process. For advised products in particular, the needs assessment and suitability analysis completed are the critical elements used by financial institutions to ensure they are acting in the best interest of customers.

Finally, it should be noted also that in general, digital advertising targets groups of individuals with common characteristics rather than individuals. This is no difference to TV advertising which is bought via audience categorisation and audience profiles.

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?

Not Sure

Section 3 (Theme 3) of the Central Bank of Ireland (CBI) Discussion paper on the revision of the Consumer Protection Code clearly calls out the CBI rationale of providing protections to customers who deal with "Unregulated Financial Firms" and the requirement that such activities should never be presented in a way that would indicate to Consumers that the Central Bank has oversight or jurisdiction in respect of those products.

We absolutely agree that, in the context of the complexity of Financial Instruments currently in operation in the marketplace (eg, Crypto Currency Asset Trading), this differentiation should be clearly communicated to consumers and that they understand the difference in regulatory oversight and protections between Regulated and Unregulated Activities. The necessity to regulate these markets should however be reviewed, or other products that provided similar solutions to customers to regulated products should also be reassessed to allow the same measure of protection to customers.

However, it is clear from the intention of the wording in this Discussion paper, that the CBI is specifically concerned with the risks associated with unregulated financial products, ie, "While the Central Bank is responsible for the regulation of many financial services providers, it does not regulate every financial service provider or every product."

As above, we absolutely support full transparency with regards to Unregulated Financial Products but we have in the last number of years seen an unintentional and cumbersome consequence of this guidance in having to split out Non-Regulated non-Financial Services that are provided by the broader Irish Life group (such as the Fitness Tracker App ("My Life") and the various Wellness activities) that do not fall under regulated Irish Life financial products and that are typically offered to Corporate Customers as additional employee focussed wellbeing benefits.

Therefore, we would suggest that a distinction should be made between the treatment of non-financial services (eg, wellness type services) and non-regulated financial services. For non-financial services with no realistic prospect of negative financial impacts for customers restrictions around using separate sections of websites and splitting customer communications for example would ideally be removed.

We feel this would be a more balanced approach and would clarify the issue, which would negate the unintentional and unneeded complexity that the current CBI guidance on Unregulated Financial Products poses.

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

As noted in Q11, we feel this distinction is primarily of importance when considering unregulated financial activities. Current requirements are considered sufficient for financial products and services but may be excessive for non-financial services.

For example, the CBI Advertising Guidance from 2013 imposes a requirement for Regulated and Non-Regulated services to be completely segregated from each other on website communications etc, where in reality, the provision of Non-Regulated Services which supplement and enhance Regulated Services is becoming much more widespread and in customer interests (For example, the Provision of Wellness Services to Corporate Customers to compliment Regulated Health Insurance Plans). Taking into consideration that robust conduct risk management starts with a customer centric approach, a simple measure would be to allow the communication of Regulated and associated Non-Regulated activities to sit alongside each other but with clear messaging that the Non-Regulated Activities are not under the remit or protection of the CBI. We feel that this approach would also align with prudential regulation since, under the Solvency II regime, an insurance undertaking is authorised to undertake insurance business activities and other activities arising directly therefrom.

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

No

Theme 4 – Pricing Matters

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

The markets for individual and corporate life assurance, pension, savings and health insurance products in Ireland are now well established. Over time comprehensive regulations have been developed which result in a high degree of transparency of pricing for customers of these products. Examples of these regulations are the Occupational Pension Schemes (Disclosure of Information) Regulations, Life Assurance (Provision of Information) Regulations 2001, Pensions Act 1990, Community Rating Regulation in the health insurance market.

Life and Pensions regulations result in the disclosure of any commissions paid on insurance type products as well as the disclosure of all charges that apply to savings/pensions type products. Disclosure is required at policy inception and during the life of the contract for longer term contracts – e.g. annual statements required under the Life Assurance (Provision of Information) Regulation and Consumer Protection Code 2012.

It is possible for both individual and corporate customers to "shop around" to obtain the best value for money either through intermediaries or online quotation tools. That said differences between products and funds across life assurance, pension, savings and investment products may make comparison between products/providers more difficult for less financially literate consumers or vulnerable consumers and a strong intermediary community is of benefit here. In addition, the Consumer Protection Code already provides protection for such consumers, e.g. Consumer Protection Code 2012 section 3.1 which requires firms to provide assistance to vulnerable customers and Consumer Protection Code section 5.19 requires a statement of suitability to be produced and provided to customers.

In the Health insurance market transparency could be improved in the following areas:

- A prescribed table of cover layout would make plans more comparable for customers. At present the layout and format of tables of cover varies from insurer to insurer.

- The renewal invitation includes details such as Government Levy and Risk Equalisation Premiums Credit. We believe the requirement to include these items in the renewal invitation should be removed as it is not relevant to customers and potentially confusing for them.

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 unfair pricing practices which take advantage of customer vulnerabilities in the markets for individual and corporate life assurance, pensions, savings and health insurance products. In these markets customers enjoy a high degree of protection from such practices given the current regulatory environment as outlined in our response to Q14.

Theme 5 – Informing Effectively

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

Increasing amounts of EU and Domestic Regulation are causing increased disclosure requirements which can result in information overload for customers and have an anti-consumer impact taking into account the sheer volume of documentation that consumers now need to review as part of commencement, renewal (if applicable) and ongoing communications. There is also a persistent challenge in relation to overlap of Regulations at both Domestic and EU Level, which can result in duplication of requirements or even contradictory standards. For example, the upcoming revisions to the Distance Marketing Directive will again pose this risk when local requirements within CPC are taken into account.

We feel that CPC is too prescriptive in parts and there is an opportunity to simplify and streamline requirements. Future regulation should be more principles based and technology neutral in order to permit more flexibility in how we communicate with customers making information as accessible as possible to the widest group of people. A truly principle-based approach would lend better to fostering a culture within firms where there is more focus on customer outcomes and less focus on navigating a plethora of specific requirements, which can at times be irrelevant and lead to unintentional and unneeded complexity. In essence, a customer centric CPC general requirements section, could instead place general responsibilities on Regulated Entities to have customer interests at the core of all decisions regarding communications.

We also feel that a complete re-vamp of CPC Disclosure requirements, with a move towards a digital first approach unless this is not in the best interests of the customer, is now needed to take into account the expectations of our customers and the ever-changing technology driven marketing, sales, renewal and claims channels. We support the use of layering and cross-referencing information through hyperlinks which should be promoted to avoid duplication. For example, future regulation should take into consideration the ease of reverting to provider portals etc where more substantive (and meaningful) information will be available to the consumer.

Regulation can set the standards for communication with customers and should encourage innovation in such communications in a way which seeks to inform consumers. Regulation should move away, in as much as is possible, from prescriptive timing and formatting of consumer communications to driving technology usage to enable consumers to get the right information, in the right way at the right time.

The focus of the point of sale and subsequent required disclosures should primarily seek to support a consumer's understanding of a product which they are considering or have purchased. The scale and complexity of the required disclosures, each separately designed to serve a different end (Product understanding, Commission disclosure, potential investment performance, ESG credentials) have served to ensure that the provision of the disclosures has become an expensive compliance overhead to Firms in order to ensure a legal box is ticked but where a consumer may be overwhelmed and fail to still fully understand the product that they are purchasing in the way intended.

A revised CPC should, at least, seek to guide on how information which is required to be provided may be better laid out to ensure that it is balanced.

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

As set out in our responses above, technology, rather than traditional letter/postal system writing is, Irish Life believes, the way to better support Consumers understanding of the product that they hold or may hold. Technology makes touchpoints with the Consumer easier and provides the ability for information and warning links to be provided along with the ability of a consumer to generate their own real time information, in a more interactive way (through the use of dropdown menus and links) which is likely to be of greater use to them at that point in time and also avoids the need to generate avoidable contacts with their provider.

The current Consumer Protection Code, given its relative vintage, does not adequately consider more modern communication methods of information delivery but rather seeks to rely on traditional paper based postal systems and pre-formatted statements. This serves to ensure that the consumer receives most information at point of sale and reports at specific periodic points thereafter as set out in Regulations, Legislation and/or Codes. The focus should be on empowering the consumer to easily obtain the information which they need, when they need it.

Modern Consumers expect the firms that they deal with to communicate using more modern platforms such as e-mail but also text (including Whatsapp) and other forms of social media. Such platforms may be considered more effective and timely tools which can also more effectively highlight 'calls to action' or other important information which should be read and understood.

Reliance on traditional methods such as Postal systems can also introduce unnecessary operational risk in delivering such information, e.g. Strikes in the postal chain, weather events etc. In addition, such traditional communication methods are becoming increasingly expensive resulting in costs which are ultimately borne by consumers. However, it is acknowledged that such traditional methods may need to be retained for certain customers for whom alternatives are not suitable. It is debatable whether the traditional default to paper actually produces a better outcome for consumers over the use of more digital methods.

The use of traditional Communications methods – paper/postal system etc. is also no longer considered to be a 'sustainable' delivery method given the heavy reliance on paper and fuels to deliver the paper. Use of more modern technology methods is considered a more climate change friendly option which should align with the Central Banks own goals in this area. It is our view that the Central Bank should be encouraging the use of such communication tools except in limited circumstances where there is no other option available.

Consumers now also expect a certain fluidity in how they access information. Rather than receiving key information at a set time over a defined period (e.g., annually) which is set by Regulation etc. Consumers expect to be able to access the information which they need at a time and date of their own choosing and expect to be able to access up to date information when they do (rather than when its already out of date) and potentially forward-looking information also.

When accessing information in this way the opportunity to present information in a more meaningful and user-friendly way is far greater and will continue to further develop. Warnings and product information can be provided through simpler, navigable links and the efficient and effective use of interactive charts, planners, clearer warnings and video information is far greater than through a traditional mailing.

A revised Consumer Protection Code should seek to encourage this form of information provision where modern technology is used to inform or prompt consumers to seek the information themselves in a way which is more easily understood, with the capability to extract the information sought and allows for 'information' and link buttons to ensure that the Consumer receives up to date, accurate and real time information.

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.

n/a

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?

As stated, customer vulnerability is a spectrum in terms of the type, level and complexity of the impact on customers. It can be a transient state that if applicable to a customer at a particular point in time, may not be applicable to them in the future (and vice versa). There has also been recent legislation with the Assisted Decision-Making (Capacity) (Amendment) Act 2022 that should be taken into consideration as it will also impact firms. Again, regulation in this area should directly align to the relevant provisions within the Act rather than seeking to create new additional obligations for the same risk.

Vulnerability or potential vulnerability should be assessed separately in respect of each decision point.

- Point of sale processes are very focused on understanding and identifying potential vulnerability and acting accordingly in the customer's best interest.

- Other key decision points associated with an existing product provide an opportunity for staff within a Financial Institution to understand and identify potential vulnerability.

At all stages and in all interactions with customers the key responsibility lies with the Financial Institution staff member to be mindful and aware of potential vulnerability and to act accordingly and in the customer's best interest where vulnerability is identified.

The whole area of vulnerability is such that overly prescriptive requirements are very difficult to design in the first place and to implement in a way that seeks to always try to put the best interests of customers at the centre of a Firm's processes and procedures. A principles based approach aligned with legislation already applicable in this area, would ultimately best serve vulnerable customers.

Staff training and supports are key in empowering staff to identify and deal with vulnerable customers effectively and keeping the customer's best interests at heart. This would be an ideal area to set out "best practice" guidelines for Firms to allow them to critique their own staff training and development agendas around vulnerability.

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

The impending commencement of the Assisted Decision-Making (Capacity) (Amendment) Act 2022 will provide a strong legislative basis for Firms in how decision making for vulnerable customers will be implemented. As pointed out in the response under Theme 5 – Informing Effectively, there is a danger with a potential overlay of Codes on top of Legislation of adding ambiguity, confusion and complexity to an area for firms in trying to adhere to multiple requirements. The risk here is that some key elements of consumer protection for vulnerable customers could be potentially missed due to a focus on meeting specific requirements rather than taking an overall customer focused approach to dealing with potentially vulnerable customers.

There is a further risk of potential conflict arising between the Act and the Code depending on interpretation. For example, a key principle under the Assisted Decision Making (Capacity) Act 2015 is that while a customer should be supported in making decisions, those decisions should where at all possible be made by the customer themselves. Furthermore, an unwise decision does not mean in itself that the customer lacks capacity. It would be wise from a customer's best interests' perspective to look to avoid any potential for firms to inappropriately intervene in such circumstances based on a conflicting interpretation of the Consumer Protection Code.

The implementation of this Act alongside a principles-based guideline approach (with best practice examples provided) will together strengthen the whole area around how Firms deal with vulnerable customers in such a way that protects their best interests.

Theme 7 – Financial Literacy

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

Post-Primary Education Curriculum

Financial education should be provided through a combination of both regulatory bodies and industry. An understanding of basic financial products, why they are there and their function into the future should be provided to all children. The experience in countries such as Iceland has shown the benefits of educating school children on financial matters.

Collaboration between the regulators, the Department of Education and industry to create an appropriate curriculum for transition year students would provide a good basis for understanding individual future needs. Such a programme should include information from how to open a bank account through to the importance of pensions, long-term saving and its benefits and all other potential financial requirements in between.

Awareness should also be drawn to areas where societal inequalities lead to differences in financial needs e.g. the disproportionate share of caring responsibilities that currently fall to women leading to issues such as the pensions gender gap.

Due to the differing financial needs between the genders there should also be targeted models on what their future financial needs may be to bring awareness to issues such as the pensions gender gap.

Ease Of Access For Consumers

Outside of formal education access to information should be easy for consumers.

Regulator and industry websites should be easy to navigate to allow consumers to easily access basic information on the main financial products available in the market. Consideration of the use of more video information rather than traditional paper-based methods may encourage more interaction with financial education. This could extend to social media channels also.

Proactive Regulation

The HIA has taken an active role in terms of providing information to consumers and all financial products could potentially receive the same coverage through advertising, social media etc. The energy sector has been very active in advertising the benefits of switching providers and the financial services sector could use similar methods as appropriate. This would require oversight from the appropriate regulators.

Principles Based Approach

However, in terms of general financial education, regulated entities should be responsible for their own approach to financial education. A principles-based approach should be encouraged. Ideally, regulated entities would have policies to include financial literacy goals, development of staff communication skills on providing information to consumers and the promotion of financial inclusion.

Focus on Terms and Conditions Documents

Understanding financial services is essential for consumers to be able to make informed decisions and analyse cover already in place. The language of financial services needs to be simplified with a focus on simplifying terminology and terms and conditions documents. Terms and conditions are the source of most consumer complaints with the industry and are often dense, difficult-to-understand documents. There is likely an opportunity for the industry to simplify these documents and help consumers understand their product. Related to this, Terms and Conditions documents may not always necessarily need to be paper documents – the industry should be open to the idea of video-versions of important documents delivering the same message as this is an increasingly-utilised form of communication for younger cohorts of consumers.

Importance of Plain English and Concise Communication

Paper/written communication obviously needs to focus on plain English and avoiding industry jargon. Whilst disclosure regulations rightly prescribe information that must be provided, paper and written communication should provide clear summaries and 'key features' at the start and end of documentation ensuring the most pertinent features of a financial product or service land with a consumer.

Financial literacy programs should also be targeted at the increasing variety of people within Ireland, not all of whom may have been born in Ireland or understand the Irish legal and regulatory regime.

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

Multiple Modes Of Communication

Financial Education across all financial needs should be accessible via multiple delivery/communication methods, depending on consumers' preference to consume information to allow them to be more empowered in terms of financial matters. Both regulators and the industry need to take this into account. A blended communication approach incorporating:

- In-person communication including one-to-many and one-to-one in-person
- In-paper communication for those who require it
- Digital communication via websites, portals, smart-phone apps

Provide Supports Where People Are

A large cohort of people embrace financial education more effectively via in-person group presentations or individual consultations, especially in a workplace setting.

The focus of this form of communication should be to make content simple, concise and easily-digestible and making the sessions themselves focussed yet informal and interactive, encouraging questions and answers.

Employers should be included in initiatives. Financial wellness programmes have been seen to increase financial literacy and provide employee empowerment and workplace satisfaction.

Advantages Of Digital Tools (and potential supports required)

Digital financial education tools have the functionality to provide complex guidance in a user-friendly way (for example ILH's 'Am I Covered' digital tool, Investment Risk Profiling tools, etc.) and so product providers and industry participants should continue to invest in technology innovations to accelerate financial education and provide enhanced post-sale support.

There is potentially a need for an equivalent financial health technology to do for financial health what health-tracking apps like Irish Life's My Life do for physical and mental health.

There is also a cohort of consumers who find digital financial education tools difficult to access, and whilst this cohort will continue to decrease over time, the industry needs to follow global exemplars by investing in improving digital skills of those consumers with digital accessibility issues (e.g. Barclays UK Digital Eagles initiative).

Digital tools lend themselves to analysis of effectiveness easily and this can give insights to regulators and providers on how consumers are interacting with information e.g. is it being used correctly, what are the actions consumers are taking following such interactions?

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 financial system has a role in the transition to a climate neutral economy both through its own operations, the products in provides enabling mitigation of risk and the deployment of its capital.

Insurers and lenders have been at the forefront for years in the development of more accurate climate risk modelling tools, and they play a crucial role in how these risks are being integrated into the wider global economy by regulating access to lending and insurance products.

There is also a role for Regulators to assist Firms in achieving their climate ambitions i.e. enabling a move to digitisation and a review of other regulatory requirements that are more carbon intensive than digital solutions i.e. the requirement within the Corporate Governance Requirements that all board meetings be held in person. Any requirement that is more carbon intensive should be retained only where there is clear evidence that of lesser governance/consumer protection by the use of a digital model.

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

We have already seen significant growth in the availability and choice of sustainable financial products and services as a result of the increased awareness of climate change. We can expect this trend to continue into the future as investors become more interested and accustomed to these sustainable alternatives.

Pricing mechanisms might affect less sustainable financial products and services in the long term as concerns around physical and transition risks continue to rise. Insurance, reinsurance, and lending costs for parties which are highly exposed to climate risks will likely continue to become more and more prohibitive in the near future.

Bigger impacts can be expected from non-life products, where climate impacts could make certain areas/services uninsurable.

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

No

No, there are already numerous measures in place and disclosures required to avoid 'green washing'. The value of layering additional national requirements over European disclosures needs to be measured against the total volume of disclosures a consumer receives and hence comprehends.

We believe that the current regulatory landscape in Europe is already helping the financial system make positive progress in these areas, but the effectiveness of full regulatory implementation remains to be seen through 2023-24 and should be closely monitored by all parties involved.

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