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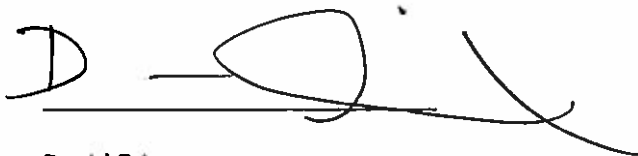
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Dear sir/madam,

Further to your discussion paper regarding the Consumer Protection Code and the Digitalisation of Financial Services, we have prepared a response covering key areas of input.

We found the Discussion Paper to be quite comprehensive in its identification and outline of the key developments, benefits and risks and so, have kept our response at a high level. We look forward to further engagement when the Consultation Process begins next year.

Regards,



David Erixon

Head of Digital

Ulster Bank Ireland DAC

Digitalisation and the evolving financial services landscape

Q1 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.

n/a

Q2 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.

We believe that a 'Mobile First' landscape will become increasingly prevalent in the Irish market, for both sales and servicing. We see the reduction, and increasingly the removal, of paper in most scenarios as inevitable. Financial institutions will move more and more towards accepting soft documentation from customers, and vice versa. PSD2 is likely to further enable this trend, as companies will be able to directly access customer transactional data through APIs.

Simplification of product sales through Digital channels is likely to be increasingly a major focus of all banks – extending from simple products i.e. savings to more complex products mortgages and insurance etc.

As consumer relations become more remote – a major focus has to be on pre-empting consumer needs and execution of appropriate contact strategies to deliver value for consumers and the bank. Pre-empting needs will require more sophisticated analysis across multiple on line connections.

In coming years, we expect Blockchain and Cloud Storage to be adopted more and more by firms and customers. We also expect voice related developments to increase e.g. voice activated queries and transactions on customer accounts. Indeed, even more innovative ways of accessing information and making contact with regulated firms are likely to emerge, which will point to the importance of ongoing engagement on the CPC, as 100% future proofing will be difficult.

Potential Risks and Benefits

Q3 Please outline any other potential benefits or risks for consumers that have not been captured in this section?

Customers may not have (or may not perceive that they have) the option to make queries, or complaints by any channel, regardless of where their initial interaction started. For example, customers should be able to contact a human to query an issue which they are having (or make a complaint) on a direct digital channel.

We would believe that, as a simple principle, all services available through the branch network should be made available to consumers across digital channels.

There will always be a risk that the most vulnerable of consumers will not have access to digital banking and as a consequence may find themselves "financially excluded".

We would also welcome further consideration of regulated firms' approaches and responsibilities in terms of Digital Marketing. These channels offer greater flexibility in terms of how key information and regulatory disclosures can be provided.

Q4 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.

We see the disintermediation of financial services, and the provision of specific elements by emerging Fintech players as an area which may erode the protections in place for consumers. For example, we would point to the importance of all CPC requirements applying to any firm offering all, or part, of the traditional financial services value chain.

Q5 If you have observed detriment caused to a consumer(s) as a result of digitalisation/ financial innovation, please provide details and evidence of same.

n/a

Consumer Protection Framework

Q6 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.

Yes. We believe that the introduction of Webchat and In App chats enhance the ways in which consumers can contact organisations. We believe that these should be in addition to traditional communication channels e.g. branch and telephone, as required.

In Ulster Bank, we are fully confident in the digital systems we make available to customers, and would expect regulations to ensure the same from all regulated firms. It is important to note that if confidence in digital banking was compromised, it could take years to return. Obviously this would put incredible pressure on banks, not only to regain trust but also in relation to servicing customers, due to the fact that there has been a correlation between increase adoption of digital banking and the number of physical branches being closed.

Q7 How could the consumer protections in the Code relating to access be enhanced? Please outline the reasons for your proposed enhancements.

n/a

Q8 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.

Yes. We believe that information should be available through all channels offered by a firm – not just the digital channels. Customers should be able to get the same level of information through branches and phone, for example, as they can get on digital channels.

We also believe it is important that customers should not find it more difficult to interact with regulated entities, regardless of the channel. For example, consumers should not face unreasonable barriers on a digital channel, versus a branch channel.

Q9 How could the consumer protections in the Code relating to the provision of information be enhanced? Please outline the reasons for your proposed enhancements.

n/a

Q10 With reference to the potential risks and benefits for consumers in the area of suitability, 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.

Yes. However, regulated firms have a responsibility to ensure adequate information is available on all channels to enable customers to choose the right product. It is also important for firms to ensure that at all times customers have the opportunity to ask questions from a person on the telephone or through video, or at a branch.

Consumers should also be made aware of their “cooling off” period and empowered to execute when applicable through the digital channel.

Q11 How could the consumer protections in the Code relating to suitability be enhanced? Please outline the reasons for your proposed enhancements.

n/a

**Q12 With reference to the potential risks and benefits for consumers in the area of complaints, 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. **

Broadly yes. However, it is important that consumers have the ability to make a complaint on-line, that the response to an online complaint must be consistent with other channels and that customers

must have the opportunity to talk to a person about a complaint regardless of the original originating channel.

Q13 How could the consumer protections in the Code relating to complaints be enhanced? Please outline the reasons for your proposed enhancements.

We believe it should be clarified that customers have the right to make a complaint to a regulated firm by any channel available, regardless of where the consumer's initial interaction, or the subject of the complaint, started.

We would also welcome discourse on whether or not existing complaint requirements are suitable across all complaints channels. For example, the differences between mail and social media, and their related response requirements.

Q14 With reference to the potential risks and benefits for consumers in the area of claims handling, 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.

Yes.

Q15 How could the consumer protections in the Code relating to claims handling be enhanced? Please outline the reasons for your proposed enhancements.

n/a

Q16 With reference to the potential risks and benefits for consumers in the area of record keeping, 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.

Yes.

Q17 How could the consumer protections in the Code relating to record keeping be enhanced? Please outline the reasons for your proposed enhancements.

We believe it should be further clarified what constitutes 'durable media' in the context of consumer contracts and contacts. We also believe that the code should be specific about the different types of digital communications available e.g. email, secure e-mail, webchat, video-chat, secure inboxes etc.

Other General Questions for Discussion

Q18 Are there other areas of the Code, where the current protections should be enhanced or amended to address risks arising from digitalisation? If so, please:

- a. set out the protections that you consider should be enhanced and why;
- b. outline how those protections could be enhanced, including the reasons for your proposals.

Given the increased trend towards Artificial Intelligence and 'Bot' advice, we would recommend consultation and discussion on the protections which should be put in place for consumers who avail of these services, and the nature of advice from these channels.

Q19 Are there other 'new risks' to consumer protection associated with technology/ innovation where additional specific requirements are needed in the Code (arising from actual or potential consumer detriment), for example, cybersecurity risks?

As above, guidance around automated advice services will require attention.

Q20 Given responsibility for the protection of consumers lies with regulated firms, how should the Code put greater obligations on firms to use innovative technologies in a positive way, to improve services and better protect consumers' best interests? Please provide specific suggestions of how this could be achieved.

Irish consumers are offered a variety of channels in order to interact with their bank, and Digital banking is a choice based channel offering appeal and value to many consumers. All current and future channels should reflect a number of principles: a) choice based b) value for consumers i.e. saving time or money c) trusted and secure d) a suitable alternative to branch based banking and e) cost justified by the bank.

Q21 Should a principle be included in the Code that requires firms to design digital journeys in a manner that support consumers' decision-making and deliver good outcomes for consumers?

Yes. We agree that this should be a requirement of any digital journey design, and would welcome its inclusion in the code.

Q22 Are there any impediments in the Code that currently prevent firms from adopting technologies that 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.

We would like engagement and clarifications from the Central Bank on the usage of:

- Cloud Technologies
- Electronic signatures

- **Managing customer consent in an Open Banking environment.** For example, the UK is ensuring all banks provide a real-time method for customers to manage and see the consent they've given Third Party Providers (TPPs), so they can revoke at their will and also ensure they understand the TPP's they've given access to in the past.
- **Validating TPPs in an open banking environment.** UK approach has been to centralise management of third parties by an independent entity, therefore ensuring all TPPs are screened to the same level of controls, and if issues arise with a TPP disputes can be escalated and controlled centrally, to help ensure customers are not engaging with fraudulent providers.

Q23 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?

Yes. We would welcome the opportunity for early interaction with the Central Bank on the adoption of new technologies. And to see the CBI actively working with stakeholders to enable safe and appropriate adoption of new technologies which bring benefits to consumers, regulated entities and the market in general.

For example, we believe that there is an ongoing bias towards the adoption of Cloud Technologies, despite the growing acknowledgement that this technology is now as secure as more traditional approaches. We would like to work with the CBI to understand what controls are expected with this technology, particularly from an outsourcing perspective.

We would also like to see the CBI actively setting out and working with regulated entities the benefits of Regtech, to improve the timeliness, efficiency and efficacy of regulatory reporting.