



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Consumer Protection Code Review

Irish National Organisation of the
Unemployed (INOUE) Response

Response Information

I am completing this form as:

An organisation or representative body

What is the name of your organisation or representative body?

INO

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NGO

Broad Theme A – Availability and Choice

Q.1 What are your views on availability and choice of financial services and products for consumers?

A particular concern for the INOU are people who need a basic bank account, which does not provide the range of services people may require if Ireland continues its journey to becoming a cashless society. The Covid-19 health pandemic highlight in a number of areas the digital divide in Ireland, and none more so for people for whom cash is their preferred method for shopping when an increasing number of outlets encouraged people to shop with tap and go. Another issue for the INOU is the fact that most unemployed people in receipt of a Jobseeker's payment must collect their payment from their local post office, this is not an issue for the Central Bank as such, but it does raise questions about how one group of people are perceived and treated because of their employment status, and the impact this can have on their use of financial services. It also feeds into a related issue, the type of data financial providers seek when people wish to avail of their services, how people's identity is verified, and the challenge this can present for people who do not have a passport, a driver's licence or a bill in their own name. The issue of fraud is a serious one, but too often adherence to the rules and regulations to address it can lead to marginalised and vulnerable people being excluded from services many other people can access with relative ease.

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

Some new fintech providers have facilitated people with otherwise limited options to avail of a wider range of services, an opportunity to pay for goods and services digitally that they might otherwise not be able to do so. Of course, an old problem can emerge with new providers / delivery channels, that for people with fewer resources the options that are available to them can be more expensive in the long run.

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

Competition is all well and good, but too often it means that for people with fewer resources shopping around may not be a realistic option, people may not have the personal / familial / communal resources to draw on to navigate their way through the various options they would need to explore to avail of the most advantageous option. It would be important that providers are encouraged to support their existing clients / customers to ensure that people are really aware of and understand their options and are truly supported to exercise them.

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?

Agree

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?

Yes

Theme 1 – Innovation and Disruption

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

Yes

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

Clarity about what is actually on offer; the use of clear and accessible English; good use of IT to explain products / services / options; ensure that existing and potential customers can talk to a real person to seek clarification and develop their understanding of what services / supports / products they are using / seeking to use.

When identification is required, ensure that no more than what is needed is requested, and that service providers demonstrate a clear understanding that not everyone fits into the 'norm', and that more accessible alternative information is sought.

If potential or existing clients require support to access a service or their own income that mechanisms like GDPR are not used to block the necessary support / service / product. Like identification issue, again ensure that no more than what is actually required is sought i.e. creating truly accessible and user friendly services / supports / products for more vulnerable customers should be seen as an important innovation to undertake and get right.

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?

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 presents both opportunities and challenges for people. It can support access to a wider range of options for people than more traditional financial services may offer them. However, it assumes a level of digital literacy and access to the necessary IT infrastructure (for example, laptop if larger screen is required to read information, run information videos, affordable / decent broadband) that is not always available to / affordable for people and may impact on their ability to access the best option available.

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?

It is debatable if they can be, if they are ads then they are more than likely trying to persuade people to avail of something that they may not necessarily require. However, good information that is easy to follow and would allow people to make real choices would be welcome. To that end firms would have to be persuaded to focus on really meeting their customers / potential customers needs rather than maximising an income stream from a particular product / service.

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?

Yes

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

Would the use of a symbol be of assistance? And then either its absence or its opposite could be used. Of course, such a symbol would have to be explained to people on an on-going basis; and if an opposing symbol were to be used, it would be important that they could not be confused for each other; and it would be equally important that if a regulated body was selling an unregulated product that their use of such a symbol would not imply all of their products were regulated. A symbol for a provider, another for products could be a possibility.

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

Not Sure

There is a balance to be struck between ensuring that providers are clear in their communications and customers are supported to really understand what is on offer or not, and placing obligations on providers that results in them communicating less effectively as they seek not fall foul of a regulation which can lead to the exclusion of more vulnerable customers.

Theme 4 – Pricing Matters**Q.14 What can firms do to improve transparency of pricing for consumers?**

Good and clear information provided in a variety of ways: print; online; in person, the latter being particularly important if a customer wants to clarify what exactly are they going to get for what price. Proactive provision of information when the context / circumstances underpinning a product are changing; engaging with customers to ensure they appreciate what such change may mean for them; and to support them to make an informed choice about what action if any they would be advised to undertake.

Q.15 In relation to pricing, are there examples of firms using unfair practices to take advantage of customer vulnerabilities?**Theme 5 – Informing Effectively****Q.16 How can regulation improve effectiveness of information disclosure to consumers?**

Given the purpose of regulation, it is essential that information provision is as accessible and meaningful as possible. Different information dissemination methods will be required: in print; online; visual; audio; clearly on websites; FAQ; well sign-posted across different forms of communication. Clear and accurate information must be provided, consumers must feel and must experience that they can access the correct information when they require it, and in a format that makes accessing it the most relevant for them.

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

Yes, technology can play a role in improving the effectiveness of information dissemination and its traction with the public. It could be argued that it is in firms own interest to have well informed consumers and potential customers, that clearly meeting their regulatory obligations is potentially a good marketing tool, that there is an upside to such an approach / focus to their work. To that end they must strive to be as informative as possible, to use a variety of mechanisms to engage with people including in-person supports when people wish to tease things out

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.

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?

Firms must develop an understanding of the individual / familial / communal circumstances that face people, both their existing customers, potential customers, but in particular people whom they may never consider as customers, people who experience exclusion from a range of supports / services / products because of assumptions made about them or because they do not fit into perceived norms. Firms must take practical steps to ensure that their services are inclusive and equitable. So for people who need the assistance of others to conduct their business, including resolving any issues that arise, regulations like GDPR should not be used unnecessarily. Identification requirements can be difficult for some people to meet: if they do not drive, do not have a passport, do not receive bills in their own name. This is a whole of Government issue, but it does leave a cohort of people financial vulnerable, and potentially facing higher costs of living. Ireland clearly needs an effective Financial Inclusion Strategy.

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

The use of plain English in the provision of supports / services / products; the use of visual and audio forms of communication to explain these; the availability of training staff who have an appreciation of the issues facing people and what types of practical supports people need to engage fully with the provider; if the firm is not in a position to employ such staff a recognition that others carry out this work and facilitating them in this work, while always ensuring that the customer's autonomy is appropriately acknowledged.

Theme 7 – Financial Literacy

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

Financial literacy is an issue right across the lifecycle i.e. from childhood to older age. While it should be feasible to enhance such education in the formal education sector i.e. primary and secondary school and so reach a significant number of young people, it must also be noted that for some young people this may only serve to highlight their sense of financial exclusion. To that end the provision of such education must be handled sensitively and with great care. For people either at third

level education or engaging in adult or community education there may be opportunities to incorporate such learning into their courses or through alternative / additional provision. Again how this would be done would be important, for example if the adult learners are a group whose income is solely from a social welfare payment, people may feel they are being advised on how to manage very limited resources, something people may feel they already know how to do as well as is possible in such circumstances. The provision of educational material that education and training providers could draw on would be useful, as these could be used when a need is identified by the learners themselves and be provided in a manner with which they are comfortable. Informing the wider public of such materials, having information available through the library system could be a way of supporting people to improve their own knowledge and understanding.

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

The provision of clear and accurate information in a wide variety of formats, available through as many potential access points as possible, a demonstration that there is an understanding of the very different circumstances that people find themselves in, the avoidance of empty slogans like 'shop around' which can be meaningless for people with limited resources or access to financial services / products / supports.

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 clear role to play in supporting Ireland to transition to a climate neutral economy. Over time businesses and activities that are deemed contrary to such a transition will face increasing pressures to change, and financial institutions / services / products seen as supporting such activities will be questioned as to why they continue to operate in this way. There will be a variety of reasons why such change could prove challenging for some, a fear that there will be no alternative business / activity, that such change could impact negatively in sectors / areas / communities with few other economic activities. It will be important that such businesses are supported to adapt and change, another issue that is a whole of Government one, but one which the financial system has a vital role to play, in particular the provision of supports / services / products to facilitate change, alternative and sustainable economic development. Then there are the individuals and families who are facing increased energy costs, yet who may not have the wherewithal to adapt to reduce these costs, and move in the longer term to a more sustainable way of living. Given the accommodation crisis we currently face, how do we upgrade that housing stock if existing tenants fear they will not be able to move back into their former home once it is refurbished? The increasing linkage between a BER rating and the cost of a mortgage makes sense from a climate neutral perspective, but it creates challenges for older homes and home owners, who may find themselves in a more vulnerable financial position than they would have expected at one stage in their lives. There will be the need to ensure that financial products like pensions are invested in activities that are climate neutral or transitioning to be, that consumers have the necessary information to

appreciate what are in these products and ensure that they can move out of them into more appropriate ones if they feel these products are not what they should be.

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

At present many in person services are closing, costs of such provision, moving of services online, are key drivers. In many ways this should drive down the costs of services, potentially lead to a wider variety of online options, and given how responsive online data provision can be, should provide the means of ensuring that the costs of services and products are more visible and easier to discern. Yet, there are significant energy and water costs across all sectors of society in the the support of growing online provision, will the financial system pay its fair share of these costs? How interactive is online provision, and without productive interaction how will more vulnerable customers, both individuals, organisations, and businesses, manage the change that is required if we are indeed to become a climate neutral economy? As noted in the previous question seeking to address climate change will have implications for Ireland's housing stock: the cost of upgrading it, the risk for existing tenants of losing their home if it is upgraded, the link between a BER rating and the cost of a mortgage, the potential loss in value overtime of older housing stock that is not upgraded, a key financial asset for many people. Similarly, there is the potential impact on people's saving and investments in certain financial products, if the nature / composition of these products does not change overtime, how to ensure that customers understand what is in some of these products, and they can respond appropriately if they are not happy with their composition.

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

Yes. People will need good information and advice to understand what impact moving to a climate neutral economy could have on their buying / selling their home, for many people the single biggest financial asset they will ever have; the impact transitioning to a climate neutral economy could have on their savings and investments and in particular on their pension.



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