



FINANCIAL CONSUMER PROTECTION ACT

FINANCIAL EDUCATION SESSION

OCTOBER 2021

OVERVIEW

- What is Financial Consumer Protection?
- The origin
- Present relevance
- Why Financial Consumer Protection?
- Powers
- Forms of Protection
- Consumer Responsibility



WHAT IS FINANCIAL CONSUMER PROTECTION?

“Financial consumer protection encompasses the laws, regulations, and institutional arrangements that safeguard consumers in the financial marketplace.”



ORIGIN

Financial Sector Development Implementation Plan



International Best Practices



G20 HIGH-LEVEL PRINCIPLES ON FINANCIAL CONSUMER PROTECTION

October 2011

The high-level principles were developed as a response to the G20 Finance Ministers and Central Bank Governors call in February 2011 for the OECD, the FSB and other relevant international organisations to develop common principles on consumer protection in the field of financial services by their 14-15 October meeting.

They were developed by the Task Force on Financial Consumer Protection of the OECD Committee on Financial Markets (CMF), in close co-operation with the FSB and its Consultative Group, other international organisations and standard setter bodies and consumer and industry associations. The Task Force is open to all G20 and FSB members. It held several rounds of consultations, including a public one, on different versions of the draft principles. A final version of the draft principles was discussed and endorsed by the Task Force on 14 September and transmitted to the CMF and the FSB.

The Final High-level Principles on Financial Consumer Protection were endorsed by the G20 Finance Ministers and Central Bank Governors at their meeting on 14-15 October 2011.

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Client Protection Principles: Model Law and Commentary for Financial Consumer Protection

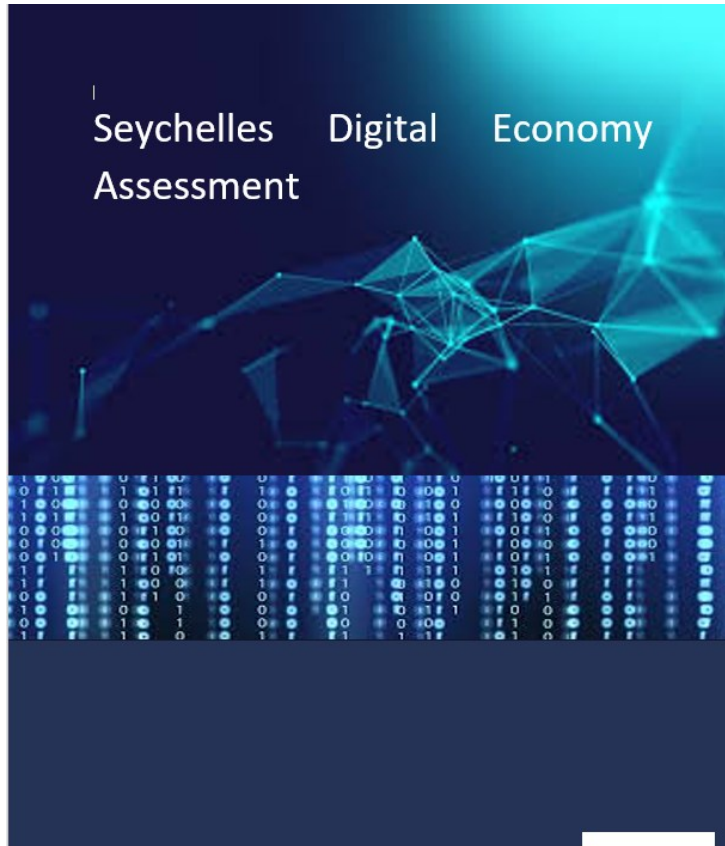


Microfinance
CEO Working Group

Good Practices for Financial Consumer Protection



PRESENT RELEVANCE



Seychelles Fintech Strategy

Leveraging the power of Fintech to build a digital ecosystem

2021



National Payment System Modernisation Plan

FINANCIAL INCLUSION AND MARKET CONDUCT DIVISION
CENTRAL BANK OF SEYCHELLES



WHY FINANCIAL CONSUMER PROTECTION?

Consumer side (Demand)	Financial Service Provider (FSP) side (Supply)	Regulatory Proposals
Information Asymmetry	Lack of engagement with consumers	Require increased consumer education & sharing of all information
Transparency & Disclosure	- Hidden costs - Lack of/Ambiguous terms & conditions	Set minimum standards for provision of financial services, increasing transparency
Equitable & Fair Treatment	- Consideration for specificity of each consumer - Products not tailored to clients needs/suitability	- Prohibits abusive practices - Require assessment of individual client
Inadequate financial literacy & Consumer empowerment	- Misleading communication - Fraud/theft	- Prohibits intention to mislead - Consumer responsibility
Effective complaint handling mechanism	Inefficient complaint handling	Implements an effective complaint handling mechanism with regulatory timeframes
Satisfactory recourse	Unfair/lack of adequate recourse	Power to implement enforcement action



POWERS

- Grants the Competent Authorities (CBS & FSA) explicit mandate for financial consumer protection;
- Enhances reporting requirements of FSPs in relation to consumer protection and market conduct supervision;
- Grants the Competent Authorities powers to take disciplinary action and impose penalties for financial consumer protection matters as well as remedies for consumers;
- Promotes cooperation between the Competent Authorities, FTC and other relevant authorities;
- Sets standards for contractual arrangements;
- Prohibit abusive practices;
- Enhances the complaint handling process; and
- Provides a mechanism for the award of direct damages.



FORMS OF PROTECTION

- Transparency (Terms & Conditions, pricing, cost)
- Set minimum standards for financial services (i.e contracts, Terms & Conditions)
- Prohibit abusive practices
- Enforcement Action
 - **direct** the financial services provider to take corrective action within a specified period of time;
 - **suspend** whole or partial **services** or **products** involved in violation;
 - **direct** the financial services provider to **refund** the customers affected by the violation; and
 - Any other actions as the Competent Authority may deem fit.
- Carry out examinations
- Retention of records relating to consumer protection matters
- Regulation of debt collection practices
- Enhance the complaint handling process
- Allow for the award of direct damages

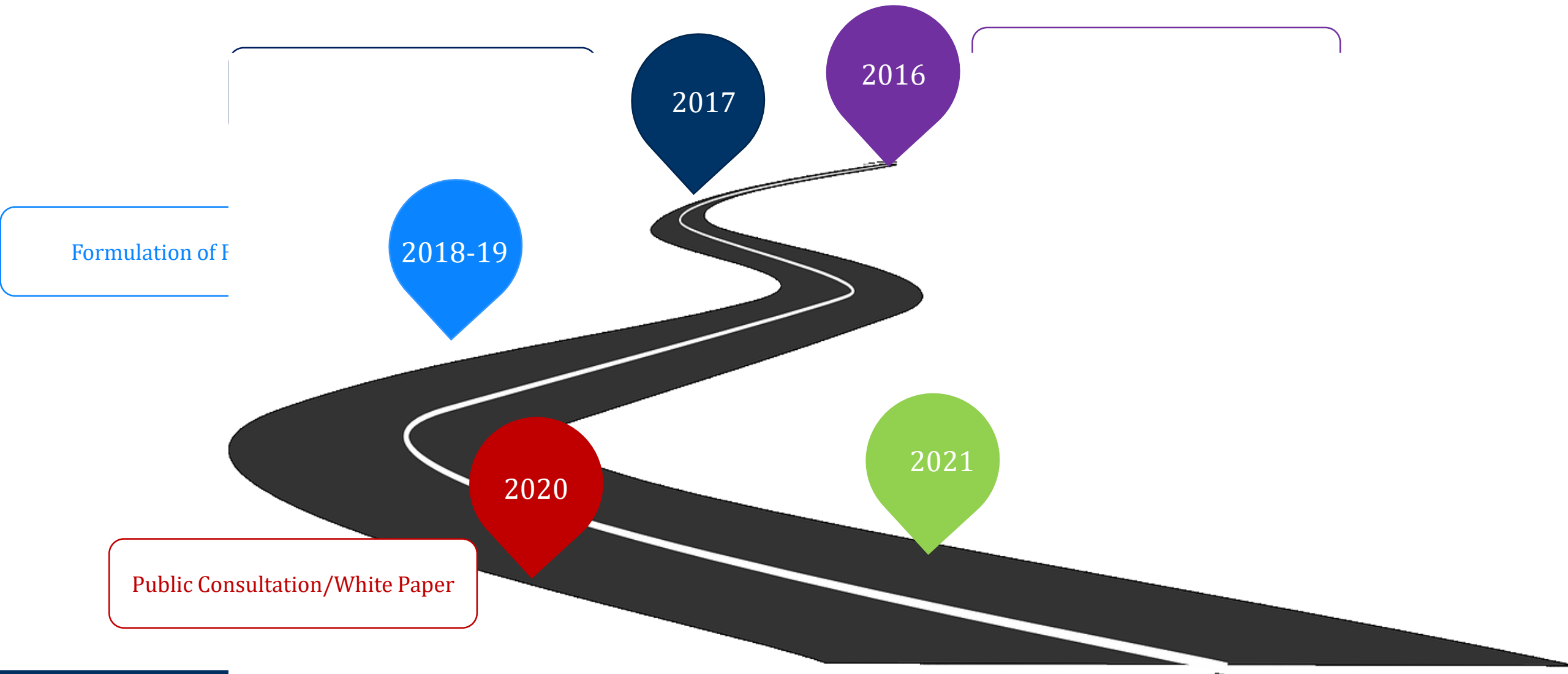


CONSUMER RESPONSIBILITY

- Duty of **knowledge** and **understanding**
- Duty to **respect** Terms and Conditions
- Duty to **meet or honour financial** obligations
- Duty to **protect** financial instruments and information
- Duty to **provide accurate** and **up to date** information
- Duty to **monitor** financial transactions
- Duty to **report** unethical practices, fraud and error



JOURNEY THUS FAR



END

