



Consumer protection & conduct risk

Improving financial institutions by
understanding drivers of conduct

Background

Consumer trust and confidence in a well-functioning market for financial services is a key promoter of financial stability and growth in the long term. The need to strengthen dedicated policy action to enhance financial consumer protection has been recognized by regulators globally. In the GCC, both CBUAE and SAMA are placing greater regulatory focus on consumer protection through regulations as well as conduct supervision. As a result, financial institutions in the GCC must evaluate their current practices with respect to consumer protection and determine the way forward for enhancement.

Impact on financial institutions

- 1 > A greater focus on conduct supervision to mitigate harm done
- 2 > Increased regulatory enforcement and action on conduct related issues
- 3 > Overall improvement of consumer confidence, promoting further growth of the financial sector

Key benefits

- 1 > Promote transparency, competition and level the playing field
- 2 > Changes in remuneration strategies and employees performance measurement
- 3 > A focus on product affordability and suitability will match customers to appropriate products based on risk

Challenges

Meeting business objectives while treating consumers fairly

Strengthening monitoring frameworks to monitor transactions, complaints, communications etc.

Factoring the varying cultural, socioeconomic and linguistic needs of the population



Regulatory action or fines in case of non-compliance

Defining and embedding a clear, unified culture promoting conduct

Harnessing technology and analytics in a way to improve conduct

Consumer protection principles

Given below are the key principles of a consumer protection and conduct risk framework.



How can we help?

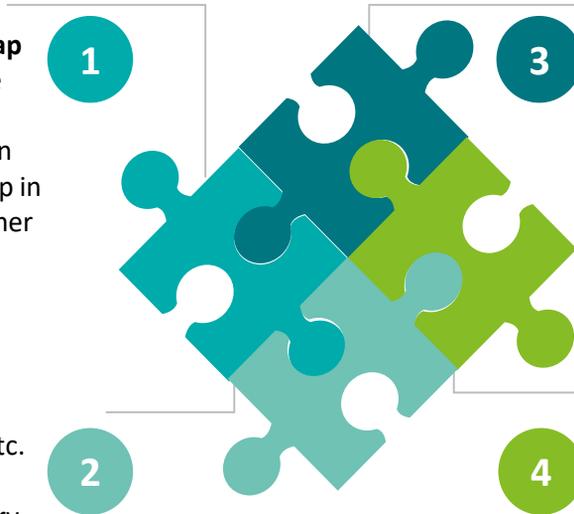
The below presents the different service offerings Deloitte can provide to support you in your consumer protection journey:

1 Gap analysis & implementation roadmap

Review the current state and propose recommendations and an implementation roadmap in line with existing consumer protection regulations

2 Conduct risk framework

Enhance policies, procedures, disclosure templates, governance etc. to meet regulatory requirements and industry good practice



3 Conduct analytics

Execute the following types of analyses to identify conduct concerns and propose recommendations:

- Complaints analysis
- Sample file reviews
- Identify indicators of poor conduct

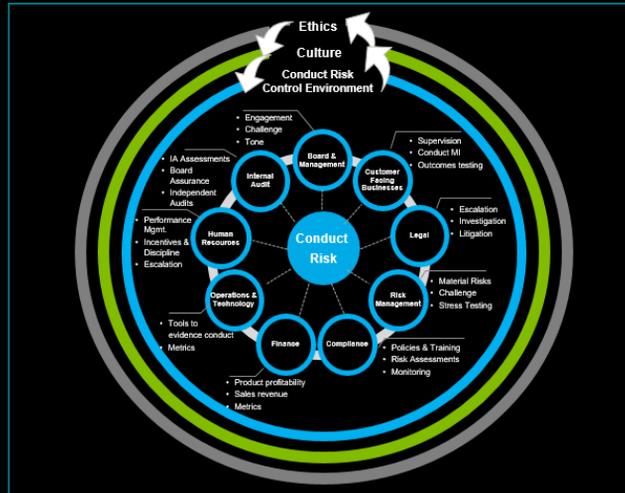
4 Trainings/risk culture enhancement

Conduct customized trainings on consumer protection and conduct risk and leverage Deloitte's "Culture Conscious Tool" to enhance risk culture

Our experience with consumer protection

Deloitte has worked with multiple financial institutions, globally, to implement consumer protection and conduct risk frameworks. In the region, Deloitte has worked with GCC regulators on different aspects of consumer protection regulations as well as financial institutions. Deloitte has ex-regulators specialized in conduct supervision.

Our conduct risk framework



Our team

We have a dedicated team of professionals who have worked with both global and local regulators and banks on consumer protection. Our team is skilled in regulatory advisory, consumer protection and conduct risk and has a deep understanding of retail consumers, products and processes.

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