Consumer protection & conduct risk

Improving financial institutions by understanding drivers of conduct
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

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

01 Disclosure & transparency
Provision of accurate, clear and complete information at various stages of the consumer lifecycle

02 Management oversight
Effective oversight mechanisms to govern, assess, monitor, mitigate and report conduct

03 Market conduct
Fair, ethical and sound conduct to promote a level playing field and a competitive marketplace

04 Business conduct
Staff conduct, sales, remuneration, product suitability etc. policies and procedures to ensure fair treatment of consumers

05 Data protection
Safeguarding personal & financial data and assets of consumers against misuse

06 Complaints management
Transparent, accessible and effective processes to manage and resolve complaints in a timely and fair manner

07 Financing/lending practices
Appropriate lending and credit practices to prevent indebtedness and financial stress in society

08 Financial education
On-going initiatives to improve financial education and awareness

09 Islamic banking
Upholding values of Shari’ah Law in all aspects of consumer protection & conduct risk management

10 Financial inclusion
Improving access to financial products and services amongst vulnerable groups and promoting anti-discrimination practices
The below presents the different service offerings Deloitte can provide to support you in your consumer protection journey:

**Gap analysis & implementation roadmap**
Review the current state and propose recommendations and an implementation roadmap in line with existing consumer protection regulations.

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

**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

**Trainings/risk culture enhancement**
Conduct customized trainings on consumer protection and conduct risk and leverage Deloitte’s “Culture Conscious Tool” to enhance risk culture.

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**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.

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**Our conduct risk framework**

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**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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