

Group Briefing

February 2017

Consumer Protection: Central Bank outlines risks and priorities for 2017

The Central Bank's [Consumer Protection - Outlook Report](#), published on 15 February 2017, sets out its consumer protection priorities for the year ahead. The Report also draws the attention of boards and senior management in regulated firms to the consumer risks that they must consider. In his foreword to the Report, the Central Bank's Director of Consumer Protection, Bernard Sheridan, emphasised that firms must understand the risks that consumers face from products, services, the behaviour of regulated firms and the market.

The Report reiterates that the Central Bank puts the consumer at the centre of its '5Cs framework' (*Consumer, Culture, Confidence, Challenge, Compliance*) and stresses that regulated firms need to look at their customer relationships through the eyes of the customer.

CONSUMER PROTECTION RISKS

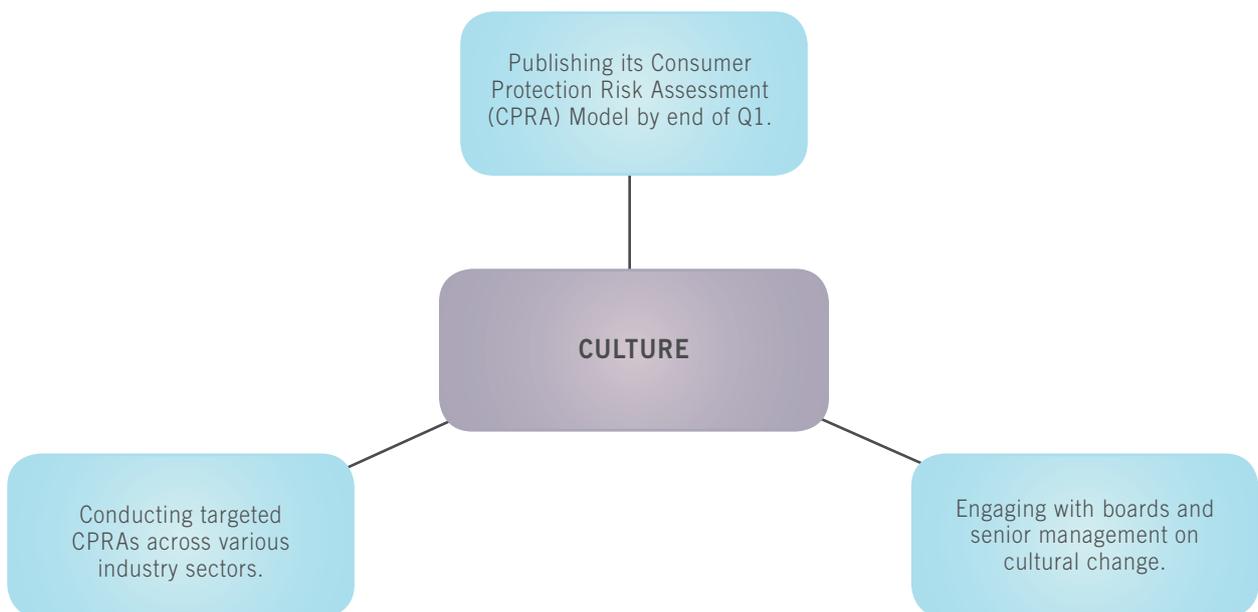
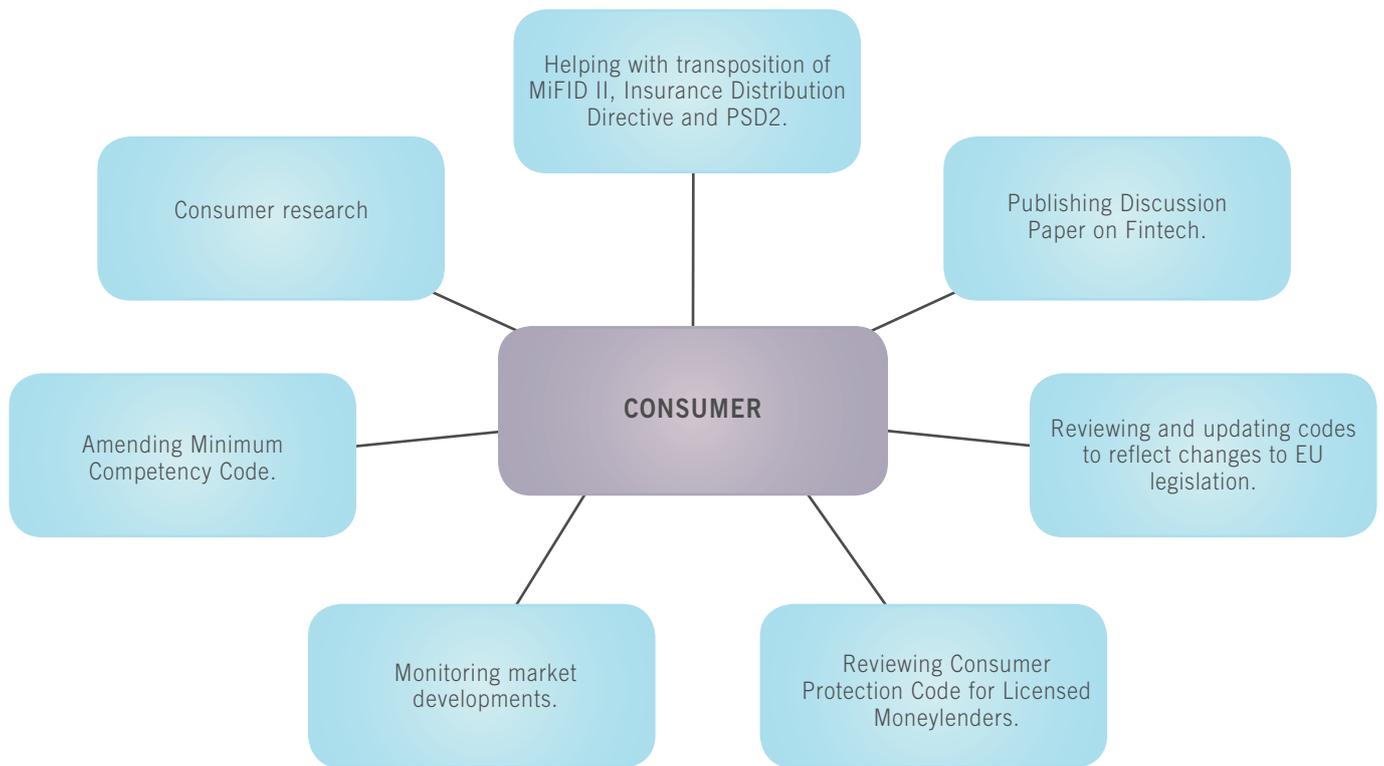
The Central Bank listed the following as the key risks for 2017, and also noted that the uncertainty surrounding Brexit adds a further layer of risk:

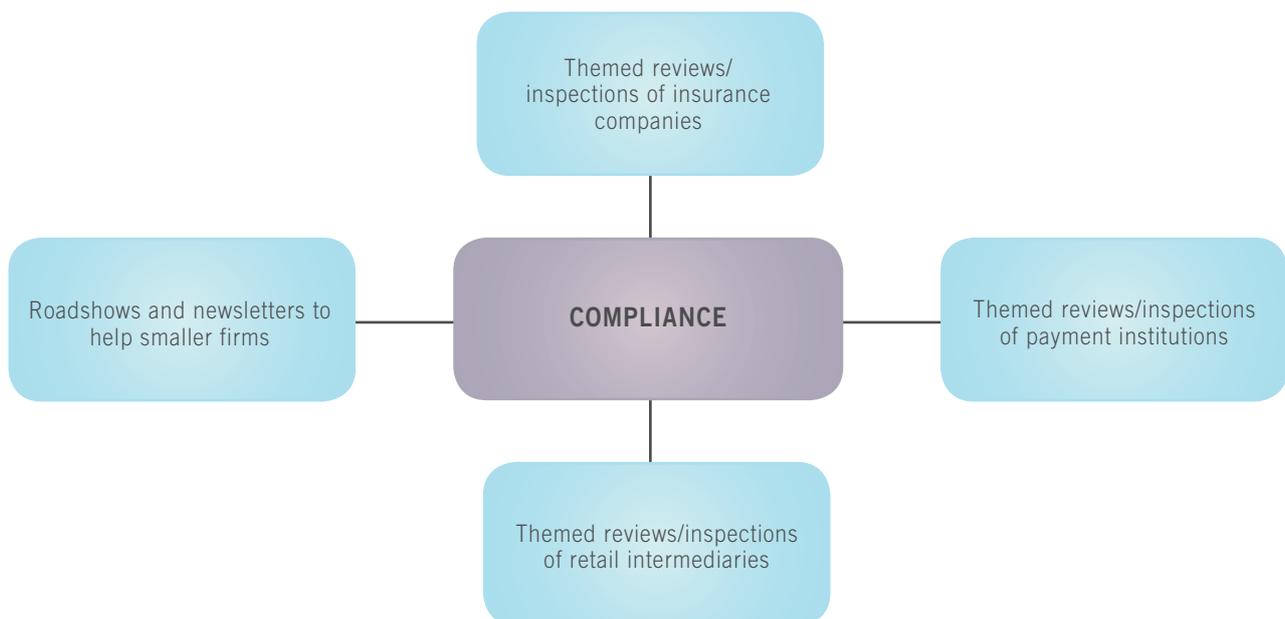
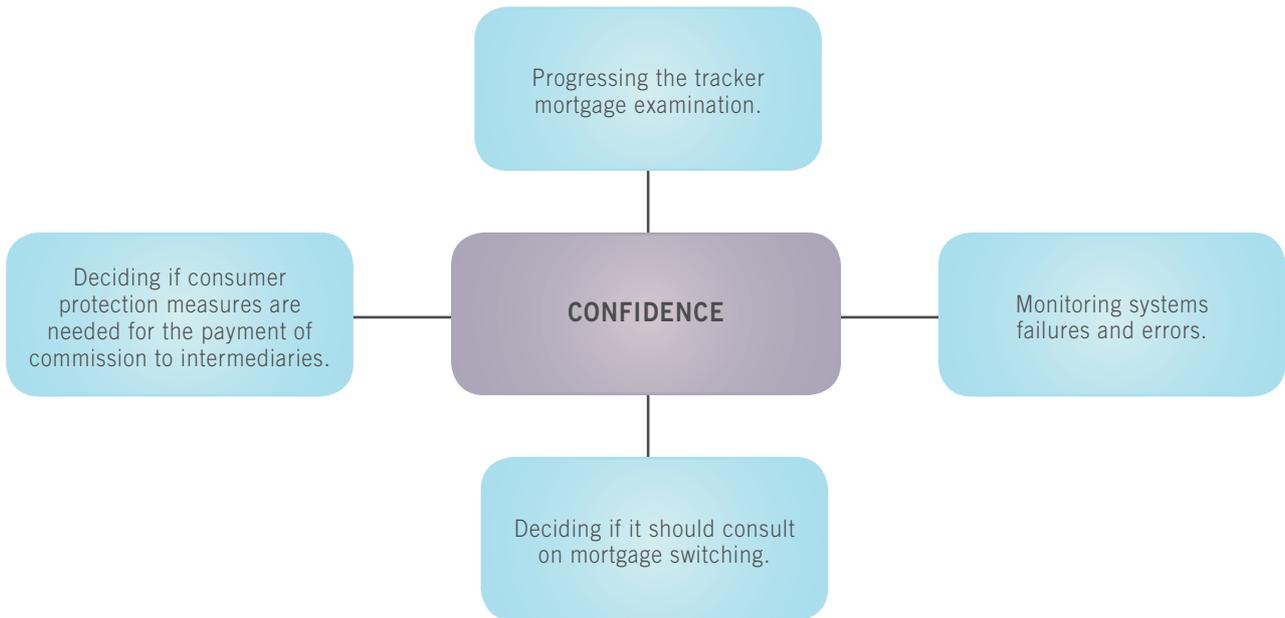
RISK	CENTRAL BANK COMMENTS
ABSENCE OF CONSUMER-FOCUSED CULTURE:	Firms must be open to customer feedback and willing to learn from past mistakes.
INDEBTEDNESS AND ARREARS:	Lenders must continue to be proactive in helping borrowers in arrears.
GROWTH IN NEW LENDING:	Lenders must ensure that new debt is affordable and suitable for consumers (see our recent Client Briefing on the Central Bank's Mortgage Regulations).
ONGOING LOW INTEREST RATE ENVIRONMENT:	Low interest rates mean that consumers may be offered higher-risk products/services to help them earn a better savings return or plan for retirement; firms need to ensure that such products/services are appropriate to consumers' risk appetites.
INSURANCE AND PROTECTION RISKS:	In light of insurance cost increases, consumers may decide to reduce insurance cover to save costs. The Central Bank has cautioned firms to ensure that accurate product information is provided, that key information is brought to the attention of consumers and that products are suitable.
RISKS FROM POOR PRODUCT DESIGN AND MARKETING:	The product oversight and governance processes that firms have in place need to focus on the ability of the consumer to understand what he/she is buying; products should be rigorously tested before being launched to ensure suitability.
FINTECH AND INNOVATION:	The Central Bank also emphasised the importance of product oversight and governance processes in this area as firms move towards providing advice online. It also cautioned against excluding the needs of vulnerable consumers if firms are using sophisticated delivery channels.
CYBER RISKS, DATA PROTECTION AND IT RESILIENCE:	Cyber risk was again reiterated as a key threat to regulated firms. The Central Bank had focused on this in its September 2016 Cross Industry Guidance in respect of Information Technology and Cybersecurity Risks .
CUSTOMER SERVICE:	The Central Bank reminded boards and senior management to focus on the outcomes that their customers receive, notwithstanding temptations to cut costs.

This document contains a general summary of developments and is not a complete or definitive statement of the law. Specific legal advice should be obtained where appropriate.

CONSUMER PROTECTION PRIORITIES

The Central Bank's priorities for 2017 are categorised according to its '5Cs framework' as follows:





KEY CONTACTS

For further information please speak to your usual Arthur Cox contact or:



ROBERT CAIN
PARTNER, FINANCIAL REGULATION
+353 1 618 1146
robert.cain@arthurcox.com



MAEDHBH CLANCY
PROFESSIONAL SUPPORT LAWYER, FINANCE
+353 1 618 0586
maedhbh.clancy@arthurcox.com

arthurcox.com

Dublin

+353 1 618 0000
dublin@arthurcox.com

Belfast

+44 28 9023 0007
belfast@arthurcox.com

London

+44 207 832 0200
london@arthurcox.com

New York

+1 212 782 3294
newyork@arthurcox.com

Silicon Valley

+1 650 943 2330
siliconvalley@arthurcox.com