

For Official Use**English - Or. English**

7 January 2022

COUNCIL**Council****REPORT ON THE IMPLEMENTATION OF THE RECOMMENDATION OF
THE COUNCIL ON HIGH-LEVEL PRINCIPLES ON FINANCIAL
CONSUMER PROTECTION****(Note by the Secretary-General)****JT03488006**

1. This document presents, in its Annex, a Report by the Committee on Financial Markets (“CMF”) on the implementation of the OECD Recommendation on High-Level Principles on Financial Consumer Protection [[OECD/LEGAL/0394](#)] (hereafter the “Recommendation”) and its conclusions regarding the Recommendation’s implementation, dissemination and continued relevance and whether it requires updating.
2. This Report has been developed by the Task Force on Financial Consumer Protection (“Task Force”).¹ A presentation of the Report was provided to the CMF at its meeting on 22 October 2021. The Report was approved by the Task Force on 25 November 2021 [[DAF/CMF/FCP/WD\(2021\)1/ADD1/REV1](#)] and by the CMF on 23 December 2021 [[DAF/CMF\(2021\)30](#)], for transmission to Council, to be noted and declassified.
3. In line with the Report’s findings and conclusions, the next step will be to revise the Recommendation to reflect policy developments that have evolved over the ten years since they were first adopted and to ensure that it continues to reflect best practice and is forward-looking. The Task Force has started working on the revision of the Principles embodied in the Recommendation. The revised Principles were presented to the CMF at its meeting on 22 October 2021 and circulated for comments on 4 January 2022 [[DAF/CMF\(2021\)33](#)].
4. It is anticipated that proposed revisions to the Recommendation will be submitted to the Council for adoption during the course of 2022, following public consultation, engagement with key stakeholders and finalisation of revisions via the Task Force and the CMF.

Background

5. The [G20/OECD High-Level Principles on Financial Consumer Protection](#) were developed by the Task Force, endorsed by G20 Leaders in November 2011 and adopted by the Council in the form of a Recommendation [[OECD/LEGAL/0394](#)] on 17 July 2012 (hereafter referred to as the “Recommendation” or “the Principles”). The Principles were developed in response to the call from G20 Leaders to enhance financial consumer protection in the wake of the global financial crisis.
6. The Principles are included in the Financial Stability Board (“FSB”) [Compendium of Standards](#), and are the leading international standard for financial consumer protection frameworks. The Principles set out the foundations of an effective and comprehensive framework for financial consumer protection. The Principles are designed and intended to apply to any jurisdiction and are cross-sectoral in nature, that is, they can be applied to credit, banking, payments, insurance, pensions and investment sectors.
7. All OECD Members, G20 countries and members of the FSB are Adherents to the Recommendation.² Other jurisdictions around the world have also referred to the Principles in the establishment or enhancement of financial consumer protection frameworks.

¹ The Task Force is a level II sub-committee of the CMF with responsibility for supporting the implementation of the Recommendation.

² The endorsement of the Principles by the Leaders of the G20 at the Cannes Summit on 3-4 November 2011 and by the members of the FSB, which have included the Principles in their [Compendium of Standards](#) (Recommendation 22), is equivalent to adherence to the Recommendation.

8. Ten years after their adoption by the Council and endorsement by G20 Leaders, the Task Force is conducting a Review of the Principles during 2021 and 2022, in line with its 2021-2022 Programme of Work and Budget (PWB).

9. In March 2020, the Task Force approved the objectives of the Review [[DAF/CMF/FCP\(2020\)1](#)], namely:

- to assess the implementation of the Recommendation and any impediments to full implementation;
- to evaluate the continued importance and relevance of the Recommendation; and
- to identify new or emerging developments or approaches in financial consumer protection policies (e.g. sustainability, digitalisation, etc) that warrant updates to the Recommendation to ensure they are fully up to date and are forward-looking, including longer-term policy implications arising the COVID-19 pandemic.

10. In October 2020, the Task Force agreed on the Project Plan for the Review [[DAF/CMF/FCP\(2020\)10](#)] setting out the key steps in the process to be followed. To support the Review, an informal expert group was set up.³

11. Following the launch of the Review, G20 Finance Ministers and Central Bank Governors included a forward-looking reference to the Review of the Principles in their October 2021 Communiqué.⁴ The G20 Global Partnership on Financial Inclusion (“GPI”)⁵ is therefore a key stakeholder for the Review. The GPI was briefed on the Review at its Plenary Meeting on 6 October 2021, and the Review is on the agenda for the first meeting of the GPI under the Indonesian Presidency in February 2022. The GPI will be updated about the progress made in the Review and will be consulted at the appropriate time(s), with a view to seeking endorsement of the revised Principles by the G20 in due course.

Methodology and process

12. The Report reflects the analysis of a wide range of inputs and findings from a detailed Questionnaire sent to Adherents, as well as inputs from external stakeholders, academic research, Task Force discussions, OECD and G20 reports, seminars and engagement with key stakeholders.

13. With 55 jurisdictions responding to the Questionnaire, including all G20 countries, all FSB jurisdictions, 35 OECD Members plus ten other countries, the strong participation in the Review demonstrates the importance of financial consumer protection to countries around the world and how much it has evolved in ten years.

14. The methodology and process for developing the Report was comprehensive, consultative and sought detailed data and information about the implementation status of each of the Principles, views on their continued importance and relevance, and information

³ The informal expert group comprised experts from Germany, Indonesia, Italy, the Netherlands, Portugal, South Africa, and the United Kingdom

⁴ G20 (2021) Italian G20 Presidency, Fourth G20 Finance Ministers and Central Bank Governors Meeting, “[Communiqué](#)”, 13 October 2021.

⁵ The GPI is the G20 Working Group responsible for the G20’s financial inclusion agenda and in particular the G20 Financial Inclusion Action Plan (FIAP). Financial consumer protection is as a cross-cutting issue in the G20 FIAP, which also references the Principles, given the inter-relationship between financial inclusion and financial consumer protection.

about developments in financial consumer protection policies from various viewpoints, including the Task Force and business and consumer stakeholders, and explored new or emerging policy areas in depth. The process was iterative with two rounds of comments and feedback sought from the Task Force [[DAF/CMF/FCP/WD\(2021\)1/ADD1](#), [DAF/CMF/FCP/WD\(2021\)1/ADD1/REV1](#)], as well as discussion on the draft Report at the Task Force meeting on 14-15 October 2021. The Report also reflects comments and feedback received from the Consumer Policy Committee and the OECD/International Network on Financial Education.

15. The Report was approved by the CMF on 23 December 2021 [[DAF/CMF\(2021\)30](#)] and is now transmitted to the Council to be noted and declassified. Thereafter a link to the Report will be included in the public webpage of the Recommendation on the [online Compendium of OECD Legal Instruments](#).

Summary of findings and conclusions

16. With regard to the implementation of the Recommendation, the key findings set out in the Report are:

- The majority of Adherents and other participating jurisdictions have fully implemented the Principles embodied in the Recommendation, with most of the remaining Principles being partially implemented.
- The topics addressed by the Principles continue to be both important and relevant.
- The Principles provide a solid foundation, and revisions should take the form of building on the existing Principles.
- It is important that the Principles continue to reflect best practices globally and are forward-looking. There are policy developments or approaches that have evolved since the Principles were first developed, as well as lessons from the COVID-19 pandemic, that should be incorporated in a revised set of Principles, in one way or another.
- Specifically in terms of COVID-19, an important input is the work conducted on behalf of the Task Force and the GPMI in support of the Italian G20 Presidency, i.e., the [G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and Support Financial Inclusion in the Context of COVID-19](#) and the [G20 Menu of Policy Options for Digital Financial Literacy and Financial Consumer and MSME Protection](#).

17. With regard to the dissemination of the Recommendation to non-Adherents, as noted above, ten non-Adherents responded to the Questionnaire. This demonstrates the global value of the Principles, which are included in the FSB Compendium of Standards, in lifting standards in non-Adherents. The Secretariat can engage with these jurisdictions further in due course to encourage them to request adherence to the Recommendation, should they so wish.

18. There are three main conclusions of the Report:

- The Principles have generally been well and widely implemented across jurisdictions, and they continue to be important and relevant. Taking into account the findings of the Report, and building on the solid foundation of the existing Principles, the Task Force and CMF should develop a proposal to revise the Principles embodied in the Recommendation to take account of policy areas and

developments that have emerged since they were adopted ten years ago, to ensure they are forward-looking and continue to reflect best practice;

- Adherents should be encouraged to examine ways to improve the dissemination of the Recommendation, particularly around communication; and
- Adherents should be encouraged to translate the Recommendation into their domestic languages, where relevant.

19. In line with the Report's findings and conclusions, the next step will be to revise the Recommendation to reflect policy developments that have evolved over the ten years since they were first adopted and to ensure the Principles continue to reflect best practice and are forward-looking. Once the Recommendation is revised, the Secretariat will work with Adherents to increase its dissemination.

Proposed action

20. In light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

- a) noted document [C\(2022\)7](#), in particular the Report set out in its Annex, and agreed to its declassification;
- b) invited the Committee on Financial Markets to propose a draft revised Recommendation on High-Level Principles on Financial Consumer Protection [[OECD/LEGAL/0394](#)] during the course of 2022.

Annex. Report on the Implementation of the OECD Recommendation on High-Level Principles on Financial Consumer Protection

Table of Contents

Background.....	2
Methodology and process.....	3
Summary of findings and conclusions.....	4
Proposed action	5
Annex. Report on the Implementation of the OECD Recommendation on High-Level Principles on Financial Consumer Protection.....	6
1. INTRODUCTION.....	8
2. BACKGROUND AND POLICY CONTEXT.....	10
2.1. Financial consumer protection.....	10
2.2. Background to the development of the Principles and the role of the Task Force on Financial Consumer Protection	11
2.3. Interrelated policy agendas that support financial well-being	13
2.4. Ten year review.....	14
2.5. Impacts of COVID-19 on financial consumers	15
3. METHODOLOGY AND PROCESS.....	16
3.1. Input by jurisdictions to the review	16
3.2. Liaison with Financial Stability Board.....	18
3.3. Input of business and consumer stakeholders to the review	18
4. IMPLEMENTATION.....	20
4.1. Findings and Evaluations: Implementation of the Principles	20
4.2. Implementation status of the Principles across jurisdictions	20
4.3. Implementation of the Principles across sectors.....	22
4.4. Implementation of each Principle.....	23
4.5. The nature of the financial consumer protection framework in jurisdictions	30
4.6. Definition of “consumer”	30
4.7. Evaluation of the effectiveness of implementing the Principles or of the whole financial consumer protection framework	30
4.8. Findings and Evaluations: Importance and Relevance of the Principles and Updates	31
4.9. Recent developments or emerging trends in jurisdictions	35
5. DISSEMINATION.....	38
6. FINDINGS AND EVALUATIONS: NEW OR EMERGING POLICY AREAS OR APPROACHES FOR FINANCIAL CONSUMER PROTECTION.....	40
6.1. New policy areas that should be reflected in revisions to the Principles	40
7. CONCLUSIONS.....	57
7.1. Conclusion 1: The Principles have generally been well and widely implemented across jurisdictions, and they continue to be important and relevant. Taking into account the findings of the Report, and building on the solid foundation of the existing Principles, the Task Force and CMF should develop a	

proposal to revise the Principles to take account of policy areas that have emerged since they were adopted ten years ago, to ensure they are forward-looking and continue to reflect best practice	58
7.2. Conclusion 2: Adherents should be encouraged to examine ways to improve dissemination of the Principles, particularly around communication	60
7.3. Conclusion 3: Adherents should be encouraged to translate the Recommendation into their own domestic languages, where relevant	60
Bibliography.....	61

Tables

Table 1. High-Level Principles on Financial Consumer Protection	12
Table 2. Jurisdictions who responded to the Questionnaire	17
Table 3. Summary of responses from jurisdictions: reflecting on importance and relevance	33
Table 4. Recent developments or emerging trends since the Principles were developed	35

Figures

Figure 1. Implementation status across all jurisdictions	21
Figure 2. Implementation status by jurisdictions	22
Figure 3. Implementation of the Principles by sector	23
Figure 4. Implementation of each Principle by jurisdiction	24
Figure 5. Importance and Relevance of the Principles	31
Figure 6. Reflecting on the Importance and Relevance of the Principles	32
Figure 7. Dissemination of the Principles	38
Figure 8. Implementation of the Principles	39
Figure 9. New policy areas or approaches that should be included in revisions to the Principles	41

1. INTRODUCTION

1. The G20/OECD High-Level Principles on Financial Consumer Protection were developed by the G20/OECD Task Force on Financial Consumer Protection (“Task Force”), endorsed by G20 Leaders in November 2011 and adopted by the OECD Council in the form of a Recommendation [[OECD/LEGAL/0394](#)] on 17 July 2012 [[C\(2012\)102](#)] (hereafter referred to as “the Recommendation” or “the Principles”). The Principles were developed in response to the call from G20 Leaders to enhance financial consumer protection in the wake of the global financial crisis.

2. The Principles are included in the Financial Stability Board (“FSB”) [Compendium of Standards](#), and are the primary and leading international standard for financial consumer protection frameworks. The Principles set out the foundations of an effective and comprehensive framework for financial consumer protection. The Principles are designed and intended to be applicable to any jurisdiction and are cross-sectoral in nature, that is, they can be applied to credit, banking, payments, insurance, pensions and investment sectors.

3. All OECD Members, non-OECD G20 members and members of the FSB are Adherents to the Recommendation on the Principles.¹ Adherents have largely implemented the Principles when establishing or enhancing their financial consumer protection frameworks, and this continues as other jurisdictions seek to put in place protections for financial consumers.

4. When the Council enshrined the Principles into an OECD Recommendation, it instructed the Committee on Financial Markets (“CMF”) to “*monitor the implementation of the Recommendation and report to the Council not later than three years following its adoption, and as appropriate therefore*”.

5. In 2015/16 the Secretariat conducted an initial stocktaking exercise among Task Force delegates to ascertain how the Principles were being implemented. The stocktake exercise found that Adherent jurisdictions had implemented, or were in the process of implementing the Principles. It was noted that, in many instances, aspects of financial consumer protection were relatively new and still developing, such that it was not practicable to conduct a full review at that time.² The stocktaking exercise identified many different approaches that were being adopted or trialled by jurisdictions to implement the Principles and the Secretariat commenced an exercise to progressively collect and document these in the form of Effective Approaches in support of each Principle.³

6. Over the course of 2021/22, ten years after their adoption by the OECD Council and endorsement by G20 Leaders, the OECD Secretariat is conducting a strategic review of the Recommendation via the Task Force. The objectives of the review are:

- to assess the implementation of the Principles by G20, OECD, FSB and other jurisdictions;
- to evaluate the continued importance and relevance of the Principles; and

¹ OECD Members are adherents to the Principles through the adoption of the Recommendation [[OECD/LEGAL/0394](#)]. The endorsement of the Principles by the Leaders of the G20 at the Cannes Summit on 3-4 November 2011 and by the members of the FSB, which have included the Principles in their [Compendium of Standards](#) (Recommendation 22), is equivalent to adherence to the Recommendation.

² See [DAF/CMF/FCP\(2015\)2](#), and implementation checklists were created, for example: [DAF/CMF/FCP/RD\(2016\)9/REV2](#) and [DAF/CMF/FCP/RD\(2017\)4/REV1](#).

³ See for example: [DAF/CMF/FCP\(2019\)6](#); [DAF/CMF/FCP\(2019\)15](#); [DAF/CMF/FCP\(2019\)10](#).

- to identify new or emerging developments or approaches in financial consumer protection policies (e.g. sustainability, digitalisation, COVID-19 lessons) that warrant updates to the Principles to ensure they are forward-looking and represent best practice.

7. This Report sets out the findings of the review and conclusions. It covers the implementation, dissemination and continued relevance of the Recommendation, and possible areas for revisions to the Principles based on new or emerging policy developments since the Principles were first developed.

8. Relevantly, demonstrating the support for financial consumer protection policies worldwide, the G20 Finance Ministers and Central Bank Governors included a forward-looking reference to the review of the Principles in their October 2021 Communiqué.⁴ Moving forward, the Secretariat is planning to engage with the Indonesian G20 Presidency to seek endorsement of the revised Principles by the G20, in addition to the revision of the Recommendation by the OECD Council, following further development by the Task Force, engagement with key stakeholders and public consultation.

⁴ G20 (2021) Italian G20 Presidency, Fourth G20 Finance Ministers and Central Bank Governors Meeting, “[Communiqué](#)”, 13 October 2021: “We look forward to the review of the G20/OECD High-Level Principles for Financial Consumer Protection in 2022.”

2. BACKGROUND AND POLICY CONTEXT

2.1. Financial consumer protection

9. Financial consumer protection refers to the framework of laws, regulations and other measures generally designed to ensure fair and responsible treatment of financial consumers in their purchase and use of financial products and services and their dealings with financial services providers.

10. Financial products and services are essential to most people's lives in the 21st century, including the use of credit such as home loans or credit cards, bank accounts and payment products, general and life insurance, retail investments and retirement savings funds including pensions. At the same time, many financial products and services are technically complex, difficult for consumers to inspect, compare or evaluate, infrequently purchased, long term in nature and have a significant risk of consumer detriment if things go wrong. For example, a lack of appropriate financial consumer protection in relation to the availability of credit and the terms of repayment can lead to over indebtedness and financial hardship, whilst in relation to savings and investments, including retirement savings, can lead to the loss of an individual's life savings.

11. In retail financial services, markets are characterised by information asymmetries and consumer risks, benefits and choices. This means that an appropriate level of financial consumer protection is an essential part of promoting trust and confidence in the financial system and supporting financial well-being. Traditional economic justifications for financial consumer protection include: for the enforcement of financial contracts where consumers tend to have less resources than firms; to increase positive and reduce negative externalities; to reduce search costs for consumers; to give consumers more market power; to treat information as a public good, and to lessen other information failures that can lead to poor outcomes for consumers (e.g., information asymmetries).⁵ More recently, justifications for financial consumer protection regulation can also be found in behavioural economics, a field which has documented cognitive patterns of consumers that divert them from behaving as the rational, self-interested actors that neo-classical economics would predict.⁶

12. The goals of financial consumer protection can be summarised as follows:

- to maintain consumer confidence in the financial system and facilitate consumer choice;
- to assure that a service provider that consumers rely on does not fail;
- to assure that consumers receive sufficient information to make “good” decisions and are dealt with fairly;
- to assure fair pricing of financial services;
- to protect consumers from fraud, exploitation and misrepresentation;

⁵ Campbell, J. Y., Jackson, H. E., Madrian, B. C., & Tufano, P. (2010) “The regulation of consumer financial products: an introductory essay with four case studies”, https://dash.harvard.edu/bitstream/handle/1/4450128/Madrian_TheRegulationof.pdf.

⁶ Such biases include: heuristics; present-based preferences; anchoring effect; hyperbolic discounting; overconfidence; mental accounting; endowment effect, and others. See OECD Working Papers on Finance, Insurance and Private Pensions No. 42, *Behavioural economics and financial consumer protection*, accessed at https://www.oecd-ilibrary.org/economics/behavioural-economics-and-financial-consumer-protection_0c8685b2-en.

- to set standards and procedures for complaints handling and redress; and
- to prevent invidious discrimination against individuals.⁷

13. These goals are even more relevant in today's dynamic financial services marketplace with increasing numbers of new financial products, services, market participants and distribution channels available to consumers, coupled with trends such as increasing digitalisation and the growth in sustainable finance. The importance of financial well-being and resilience are other relevant trends.

14. In addition, governments around the world have sought to encourage citizens to take greater responsibility for financial decisions, especially saving for retirement, underscoring the need for appropriate financial consumer protection policies to be in place to mitigate poor outcomes for consumers.

2.2. Background to the development of the Principles and the role of the Task Force on Financial Consumer Protection

15. The Task Force was established in 2010 as part of the response to the global financial crisis, which highlighted the importance of financial consumer protection as an essential requirement to ensuring consumer trust and confidence in the market. The impact of the financial and economic crisis, the growing complexity, sophistication and rapid technological advances determining the provision of financial products and services and the ongoing transfer of risk to individuals and households, had prompted governments and regulators across the world to enhance financial consumer protection. Governments also recognised that enhanced financial consumer protection would, in turn, promote financial system stability, growth, efficiency and innovation over the long-term.⁸

16. The Principles were developed by the Task Force in response to the [call](#) from G20 Finance Ministers and Central Bank Governors in February 2011 to enhance financial consumer protection. This entailed an extensive consultation process with national authorities and international organisations, including the FSB, Consumers International and other key stakeholders.

17. The Principles were [endorsed](#) by G20 Leaders in November 2011 and adopted by the OECD Council in the form of a Recommendation [[OECD/LEGAL/0394](#)] on 17 July 2012 [[C\(2012\)102](#)]. The Principles are included in the Financial Stability Board ("FSB") [Compendium of Standards](#).

18. The Principles are the leading international standard for effective and comprehensive financial consumer protection frameworks. As a high level standard, the Principles are specifically designed and intended to be applicable to any jurisdiction and are cross-sectoral in nature (i.e. they can be applied to credit, banking, payments, insurance, pensions and investment sectors).

19. The Task Force is the leading international forum for the development of financial consumer protection policy and it has primary responsibility for the Principles. The Task Force also leads research, analysis, sharing of information and expertise and the development of policy guidance on key areas relating to financial consumer protection.

⁷ Benston, G.J. (2000) "Consumer Protection as Justification for Regulating Financial-Services Firms and Products", *Journal of Financial Services Research* 17, 277–301.

⁸ These concepts are acknowledged in the Framework section of the G20/OECD High-Level Principles on Financial Consumer Protection, <https://www.oecd.org/daf/fin/financial-markets/48892010.pdf>.

20. The Principles are set out in Table 1 below. As can be seen, they are designed to be the foundation stones of effective and comprehensive financial consumer protection based on ten key concepts. Each Principle is supported by explanatory text covering key elements relevant to each Principle.

Table 1. High-Level Principles on Financial Consumer Protection

1. Legal, Regulatory and Supervisory Framework	6. Responsible Business Conduct of Financial Services Providers and Authorised Agents
2. Role of Oversight Bodies	7. Protection of Consumer Assets against Fraud and Misuse
3. Equitable and Fair Treatment of Consumers	8. Protection of Consumer Data and Privacy
4. Disclosure and Transparency	9. Complaints Handling and Redress
5. Financial Education and Awareness	10. Competition

Source: Recommendation of the Council on High-Level Principles on Financial Consumer Protection [[OECD/LEGAL/0394](#)] / G20/OECD High-Level Principles on Financial Consumer Protection.

21. All OECD Members, G20 countries and FSB jurisdictions are Adherents to the Principles.⁹ Many other jurisdictions have established or enhanced financial consumer protection frameworks aligned with the Principles, and continue to do so.

22. The Principles are designed to complement, not substitute other international financial standards so they do not address sector specific issues dealt with by relevant Standard Setting Bodies. The Principles can be adapted to specific national and sectoral contexts.

23. While the Principles are designed to be the foundations, they are also supported by relevant, practical and evidence-based guidance and examples about how they can be implemented in the form of Effective Approaches. The Effective Approaches, which are based on approaches in use or being trialled in different jurisdictions, support jurisdictions to learn from each other and share insights, and provide a “tool box” of policy options on how to enhance financial consumer protection. Most recently, the COVID-19 specific approaches that were implemented by jurisdictions are set out in the *G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and support Financial Inclusion in the Context of COVID-19*.¹⁰

24. In 2015/16 the Secretariat conducted an initial stocktaking exercise among Task Force delegates to ascertain how the Principles were being implemented. The stocktake exercise found that Adherent jurisdictions had implemented, or were in the process of implementing the FCP Principles. It was noted that, in many instances, aspects of financial consumer protection were

⁹ OECD Members are adherents to the Principles through the adoption of the Recommendation [[OECD/LEGAL/0394](#)]. The endorsement of the Principles by the Leaders of the G20 at the Cannes Summit on 3-4 November 2011 and by the members of the FSB, which have included the Principles in their [Compendium of Standards](#) (Recommendation 22), is equivalent to adherence to the Recommendation for those jurisdictions.

¹⁰ Other recent examples include the G20/OECD Task Force on Financial Consumer Protection, “[Compendium of Effective Approaches for Financial Consumer Protection in the Digital Age](#)” (Principles 1, 2, 3, 4, 6, 7, 8 and 9); and OECD (2020) “[Financial Consumer Protection Policy Approaches in the Digital Age: Protecting consumers' assets, data and privacy](#)” (Principles 5 and 10).

relatively new and still developing.¹¹ The stocktaking exercise identified many different approaches that were being adopted or trialled by jurisdictions to implement the Principles and the Secretariat commenced an exercise to progressively collect and document these in the form of Effective Approaches in support of each Principle.¹²

2.3. Interrelated policy agendas that support financial well-being

25. Financial consumer protection is interrelated with a number of policy agendas, most importantly, financial inclusion and financial literacy to support financial well-being. These three policy agendas are essential ingredients for supporting the financial resilience and well-being of individuals, families and communities.

26. *Financial inclusion* generally refers to the “effective and quality access to and usage of – at a cost affordable to the customers and sustainable for the providers – financial services provided by formal institutions”.¹³ Levels of financial inclusion vary widely around the world, with inclusion levels higher in developed than developing jurisdictions. According to Global Findex figures, 94% of adults in high-income economies have an account at a financial institution, compared with 63% of adults in developing economies.¹⁴

27. In 2016, the G20 Global Partnership on Financial Inclusion (GPFI) endorsed the [G20 High-Level Principles for Digital Financial Inclusion](#), which aim to drive the adoption of digital approaches to achieve financial inclusion goals, as well as the related G20 goals of inclusive growth and increasing women’s economic participation.¹⁵ The [G20 Financial Inclusion Action Plan 2020](#) identifies the need to analyse the COVID-19 implications for financial inclusion and the role of financial inclusion and financial consumer protection to mitigate the impact of COVID-19 on society.

28. In 2021 under the Italian G20 Presidency, the GPFI developed the *G20 GPFI Menu of Policy Options for digital financial literacy and financial consumer and MSME protection*,¹⁶ endorsed by G20 Leaders in October 2021.¹⁷ The Menu draws on the extensive evidence base in four reports produced by GPFI Implementing Partners, including inputs from the Task Force.¹⁸

¹¹ See [DAF/CMF/FCP\(2015\)2](#), and implementation checklists were created, for example: [DAF/CMF/FCP/RD\(2016\)9/REV2](#) and [DAF/CMF/FCP/RD\(2017\)4/REV1](#).

¹² See for example: [DAF/CMF/FCP\(2019\)6](#); [DAF/CMF/FCP\(2019\)15](#); [DAF/CMF/FCP\(2019\)10](#).

¹³ G20 GPFI (2017) G20 Financial Inclusion Action Plan, <https://www.gpfi.org/publications/g20-financial-inclusion-action-plan-fiap-2017>.

¹⁴ The Global Findex database 2017, accessed on 15 September 2021 at <https://globalfindex.worldbank.org/>.

¹⁵ Relevantly, Principle 5 is to “Establish Responsible Digital Financial Practices to Protect Consumers”, which is aimed at establishing a comprehensive approach to consumer and data protection that focuses on issues of specific relevance to digital financial services.

¹⁶ G20 GPFI (2021) “[Menu of Policy Options for digital financial literacy and financial consumer and MSME protection](#)”.

¹⁷ Endorsed by G20 Leaders on 31 October 2021, https://www.gpfi.org/sites/gpfi/files/7_G20%20Rome%20Leaders%27%20Declaration.pdf; and by G20 Finance Ministers and Central Bank Governors on 13 October 2021 in their “[Communiqué](#)”.

¹⁸ OECD (2021) G20/OECD Report on “[Lessons Learnt and Effective Approaches to Protect Consumers and support Financial Inclusion in the Context of COVID-19](#)”; OECD (2021) “[G20/OECD-INFE Report on supporting financial resilience and transformation through digital](#)”.

These reports were referenced by G20 Finance Ministers and Central Bank Governors in their Communiqué of 13 October 2021.¹⁹ The impact of the COVID-19 pandemic on financial consumers and how it has been taken into account in the review is covered in Section 2.5 below.

29. *Financial literacy* refers to the combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing. Financial education is the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being.²⁰

30. The OECD is the global leader in the field of financial literacy and financial education via the OECD/International Network on Financial Education. In 2020, the OECD Council adopted the Recommendation on Financial Literacy [[OECD/LEGAL/0461](#)], which replaced previous OECD standards in this area and presents a single, comprehensive, standard on financial literacy to assist governments, other public authorities, and relevant stakeholders in their efforts to design, implement and evaluate financial literacy policies. It is part of a holistic approach to financial-consumer issues, where financial literacy, together with improved financial access, adequate consumer protection, and regulatory frameworks, are expected to support financial resilience and well-being. G20 Finance Ministers and Central Bank Governors welcomed the Recommendation at their meeting on 9-10 July 2021.

31. Financial consumer protection, financial inclusion and financial literacy are all required in order to support financial well-being and trust and confidence in the financial system. This is because in addition to ensuring people have access to financial products and services, there must be appropriate levels of financial consumer protection to ensure consumers are treated fairly and adequately protected from harms, and financial literacy to support them to understand and make informed decisions about their finances.

2.4. Ten year review

32. As the Principles approach ten years since they were developed, the Task Force is undertaking a review of the Principles during the course of 2021/22. The objectives of the review are:

- to assess the implementation of the Principles by G20, OECD, FSB and other jurisdictions, which is also for the purposes of the FSB Implementation Monitoring Network;
- to evaluate the continued importance and relevance of the Principles; and
- to identify new or emerging developments or approaches in financial consumer protection policies, including the opportunity to reflect longer term policy implications of responding to the COVID-19 pandemic.

[financial literacy](#); World Bank (2021) “The impact of COVID-19 on digital financial inclusion”; World Bank (2021) “Update to Leaders on Progress Towards the G20 Remittance Target”.

¹⁹ G20 (2021) Italian G20 Presidency, Fourth G20 Finance Ministers and Central Bank Governors Meeting, “[Communiqué](#)” and “[Annex II: Reports and Documents Received](#)”, 13 October 2021.

²⁰ OECD/INFE (2012) “OECD/INFE High-level Principles on National Strategies for Financial Education” (endorsed by G20 Leaders in 2012), <https://www.oecd.org/finance/financial-education/OECD-INFE-Principles-National-Strategies-Financial-Education.pdf>.

33. This Report sets out the findings of the review and conclusions. It covers the implementation, dissemination and continued relevance of the Recommendation, and suggests possible revisions to the Principles based on new or emerging policy developments since the Principles were first developed.

2.5. Impacts of COVID-19 on financial consumers

34. The Report has been developed against the backdrop of the COVID-19 pandemic, which has impacted all parts of societies and economies around the world, including the personal finances of many financial consumers. Among other consequences, the COVID-19 pandemic has significantly affected many financial consumers in terms of their access to and use of personal financial services as a result of the loss or reduction of and/or employment, increased digitalisation and reduced access to physical services as a result of lockdowns and other health measures.²¹ In turn, the pandemic has had a significant impact on financial services providers, and on policy makers and oversight authorities responsible for financial consumer protection in terms of implementing and monitoring measures to protect and support financial consumers to weather the crisis.

35. Since the start of the pandemic, the Task Force has been leading work to gather and share data and information about the relevant measures implemented by member jurisdictions and beyond. Such measures have included credit moratoria to allow deferred loan repayments, significant shifts to digital forms of payment, measures to ensure continued access to banking services, deferral of premium payments or extensions to insurance policies and in some cases emergency access to funds for consumers suffering financial hardship.

36. The pandemic has highlighted the importance of robust and responsive financial consumer protection frameworks in terms of ensuring accessible arrangements are in place to alleviate financial hardship, ensuring financial consumers are treated fairly and ensuring coordination across relevant stakeholder groups including government agencies, oversight bodies, and industry and consumer representatives. In addition, the pandemic has highlighted new or exacerbated risks such as an increase in online frauds and scams requiring financial consumer protection responses.

37. These measures implemented by jurisdictions are comprehensively covered in the *G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and support Financial Inclusion in the Context of COVID-19*.²² This Report, produced by the OECD with contributions from the Task Force and the GPFi among others, is an important input to the review of the Principles. It provides a summary of the impact of the pandemic on financial consumers and financial inclusion, a global view of the measures implemented to support financial inclusion and protect financial consumers, and sets out the lessons learnt and effective approaches that can be drawn from the experience.

38. This Report was one of four input reports to the *G20 GPFi Menu of Policy Options for digital financial literacy and financial consumer and MSME protection* produced under the Italian Presidency in 2021 as referred to above. The review of the Principles fully reflects the issues raised in the Menu, which presents a range of policy options distilled from jurisdiction examples of good practices worldwide and focusses on digital financial education and financial consumer protection.

²¹ OECD (2021) “G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and support Financial Inclusion in the Context of COVID-19”, <https://www.oecd.org/finance/financial-education/g20-oecd-report-on-financial-consumer-protection-and-financial-inclusion-in-the-context-of-covid-19.htm>.

²² <https://www.oecd.org/finance/financial-education/g20-oecd-report-on-financial-consumer-protection-and-financial-inclusion-in-the-context-of-covid-19.htm>.

3. METHODOLOGY AND PROCESS

39. The methodology for developing the Report was comprehensive, consultative and sought perspectives on the Principles and financial consumer protection policies from various viewpoints, and explored new or emerging policy areas in depth. This is essential to deliver findings and conclusions to ensure the Principles remain important, relevant, forward-looking and representative of best practices.

40. The methodology comprised:

- Discussion of key issues among delegates and participants at Task Force meetings and other fora, including seminars and roundtable discussions, including discussion about possible new areas of coverage.²³
- Desk-based review and analysis of relevant research relating to new and emerging financial consumer protection approaches, including the growing body of academic literature, international policy developments, in particular leading trends and best practices in jurisdictions, and the work of International Organisations and Standard Setting Bodies.
- Collection of data, information, views and other inputs from Task Force and other jurisdictions via a detailed Questionnaire, and analysis of the responses.
- Collection of data, information, views and other inputs from business stakeholders and consumer stakeholders via Consultation Instruments and analysis of the responses.
- Consultation and discussion with the Task Force and other stakeholders, in particular the Expert Group (comprising of Delegates who provided expertise and guidance to the Secretariat throughout the review), the Task Force Bureau, the OECD CMF, the FSB and GPFIL.

41. Following a first round of consultation by Task Force Delegates by 29 October 2021, the Report was approved by the Task Force and the CMF at the end of 2021. The Council noted and declassified the Report in early 2022. A link to the approved Report is included in the public webpage of the Recommendation on the online Compendium of OECD Legal Instruments.

3.1. Input by jurisdictions to the review

42. In the first half of 2021, the Secretariat issued a detailed Questionnaire that sought quantitative and qualitative data and information from Adherents and any other jurisdictions that wished to participate. The responses to the Questionnaire were an important input into the review process and inform the outputs.

43. The purpose of the Questionnaire was to gather information and views from jurisdictions about:

- the implementation of the Principles;
- the continued importance and relevance of the Principles; and
- potential new areas of coverage in line with contemporary and emerging practice.

²³ For example, this includes Task Force roundtable discussions and seminars on topics such as vulnerability, the limits of disclosure and [performance-based regulation](#).

44. As such, the Questionnaire examined the level of implementation of the Principles in each jurisdiction, views about their effectiveness, dissemination as well as new or emerging areas of policy focus.

45. There was a very strong response to the Questionnaire from Task Force Delegates and other interested jurisdictions. Fifty five (55) jurisdictions submitted a response, representing 35 OECD Members, all G20 countries members²⁴, all FSB jurisdictions and ten other jurisdictions. The list of responding jurisdictions are in Table 2 below.

46. These responses provide a very comprehensive data set and demonstrate the importance of financial consumer protection to jurisdictions all around the world. This wide-ranging representation was important to ensure a fully global picture and capture the high level issues relating to financial consumer protection.

47. Ten jurisdictions participated in the review by responding to the Questionnaire, even though they are not formally Adherents to the Recommendation. This demonstrates that the review has been a valuable exercise to highlight jurisdictions who are engaged with the Principles. It also indicates the worldwide value of the Principles, included in the FSB Compendium of Standards, in lifting standards in non-Adherent jurisdictions. The Secretariat can engage with these jurisdictions further in due course to encourage them to formally adhere to the Recommendation, should they so wish.

48. The FSB and other International Organisations kindly circulated the Questionnaire throughout their networks and some also provided input themselves, for example the World Bank.

Table 2. Jurisdictions who responded to the Questionnaire

OECD Members	OECD Members (cont.)	G20 countries (and not OECD Members)	FSB jurisdictions only (and not OECD/G20 jurisdictions)
Australia	Latvia	Argentina	Hong Kong, China
Austria	Lithuania	Brazil	Singapore
Canada	Luxembourg	India	
Chile	Mexico	Indonesia	Non-Adherents to the Recommendation
Colombia	Netherlands	People's Republic of China	
Costa Rica	New Zealand	Russian Federation	Croatia
Czech Republic	Norway	Saudi Arabia	Ecuador
Denmark	Poland	South Africa	Kazakhstan
Estonia	Portugal		Malaysia
France	Slovak Republic		Peru
Germany	Slovenia		Philippines
Greece	Spain		Bulgaria
Hungary	Sweden		Mauritius
Ireland	Switzerland		Sri Lanka
Israel	Turkey		Thailand
Italy	United Kingdom		
Japan	United States		
Korea			

Source: OECD 2021 Jurisdiction Questionnaire: Review of the G20/OECD High-Level Principles on Financial Consumer Protection.

²⁴ All G20 countries actively participated via the Task Force.

49. This Report does not focus overly on providing examples of good practices demonstrated in jurisdictions, which have been extensively covered by previous Task Force Reports.²⁵ The focus of this Report is on the implementation of the Principles and evaluating new areas for consideration in a revision to the Principles/Recommendation.

50. That said, there are a small number of examples throughout this Report to highlight key points and demonstrate the diversity and breadth of financial consumer protection experiences by responding jurisdictions, while limiting the length of the Report.

3.1.1. Jurisdictions with shared responsibility for financial consumer protection

51. In terms of responses to the Questionnaire, a number of respondents have multiple jurisdictions with responsibility for different aspects of financial consumer protection, for example federal and state or provincial authorities, or multiple organisations responsible for different sectors of the financial services industry. In such cases, the response was consolidated into a single response that most appropriately reflected that jurisdiction as a whole. The Secretariat provided assistance to respondents to do this as required. It is noted that such arrangements may have an impact on whether one or more Principles may be considered to be Fully or Partially Implemented overall, given the implementation status may differ between the different areas of responsibility.

3.2. Liaison with Financial Stability Board

52. The FSB was liaised with in the course of the review, as well as other stakeholders. The Principles are included in the FSB Compendium of Standards (Recommendation 22) and they are included at a high level in the annual survey of implementation conducted via the FSB Implementation Monitoring Network (“INM”). Among other things, the Questionnaire for jurisdictions incorporated key elements from implementation reviews undertaken by the FSB INM.

3.3. Input of business and consumer stakeholders to the review

53. Consumer and business perspectives are important inputs into the review and their engagement with the review was welcomed. A Consultation Instrument was developed that sought inputs and perspectives from consumer stakeholders and business stakeholders.

54. The purpose of this Consultation Instrument was to seek inputs from external stakeholders on key issues at an early stage of the review, especially about potential new areas of coverage that could be covered in a revised version of the Principles. To guide and structure feedback from these stakeholders, stakeholders were invited to provide responses to the questions in the Consultation Instrument. Respondents were also welcome to share general comments, feedback or observations beyond the input questions. The responses received have informed the development of the review.

- For industry stakeholders, the Consultation Instrument was shared with Business at OECD (the OECD Business & Industry Advisory Committee, known as “BIAC”), which brings the officially recognised business voice to the OECD via its international business network. In particular, BIAC has sought responses to the

²⁵ Most recently, the COVID-19 specific approaches that were implemented by jurisdictions are set out in the [“G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and support Financial Inclusion in the Context of COVID-19”](#). Other recent examples include the G20/OECD Task Force on Financial Consumer Protection, [“Compendium of Effective Approaches for Financial Consumer Protection in the Digital Age: Principles 1, 2, 3, 4, 6, 7, 8 and 9”](#); and OECD (2020) [“Financial Consumer Protection Policy Approaches in the Digital Age: Protecting consumers’ assets, data and privacy”](#) (Principles 5 and 10).

consultation instrument from members of its Finance Committee and Consumer Committee.

- For consumer stakeholders, the Consultation Instrument was shared with Consumers International and its members focussed on financial services issues. Consumers International is the membership body for consumer organisations around the world.

4. IMPLEMENTATION

55. The main provision of the Recommendation provides that Adherents should “*promote the [Principles] and that, in this regard, governments, regulators, supervisors and other relevant public institutions take due account of and implement these Principles*”. Accordingly, this section will focus on the findings and evaluations of the implementation of the Principles.

4.1. Findings and Evaluations: Implementation of the Principles

56. This section sets out the findings and evaluation of the implementation of the Principles, based on the information and data provided to the Task Force by the Adherents and other jurisdictions, that is, the 55 jurisdictions that responded to the survey. This included all G20 countries, FSB jurisdictions, 35OECD Members and ten other jurisdictions. It also includes the perspectives of consumer and business groups on the implementation, importance and relevance of the Principles.

57. Importantly, this section demonstrates that the existing Principles have generally been well and broadly implemented by OECD, G20 and FSB jurisdictions (and to a lesser degree other responding jurisdictions). However, this section also indicates that there are some gaps that require attention.

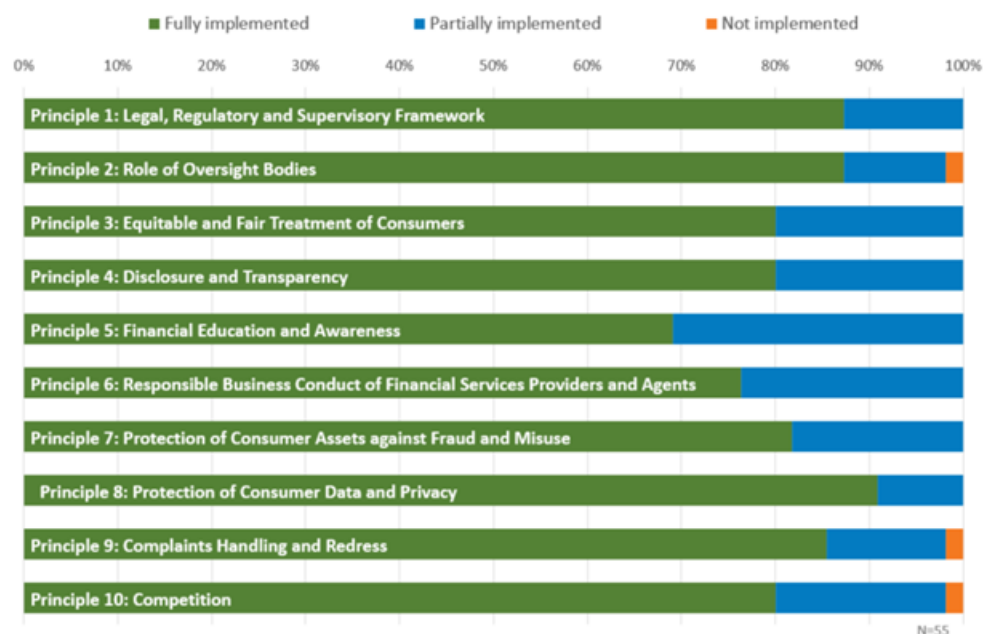
58. This section includes information and analysis of a comprehensive range of implementation indicators across the jurisdictions that provided a survey response.

4.2. Implementation status of the Principles across jurisdictions

59. Jurisdictions were invited to self-report, via the Questionnaire, on the implementation of each Principle in their jurisdiction. This involved an assessment of whether they considered the Principle to be Fully Implemented, Partially Implemented or Not Implemented in their jurisdiction. Figure 1 below shows the implementation status as reported by all jurisdictions.

60. Encouragingly, it indicates that the majority of jurisdictions have Fully Implemented each Principle, with most of the remaining Principles being Partially Implemented.

Figure 1. Implementation status across all jurisdictions

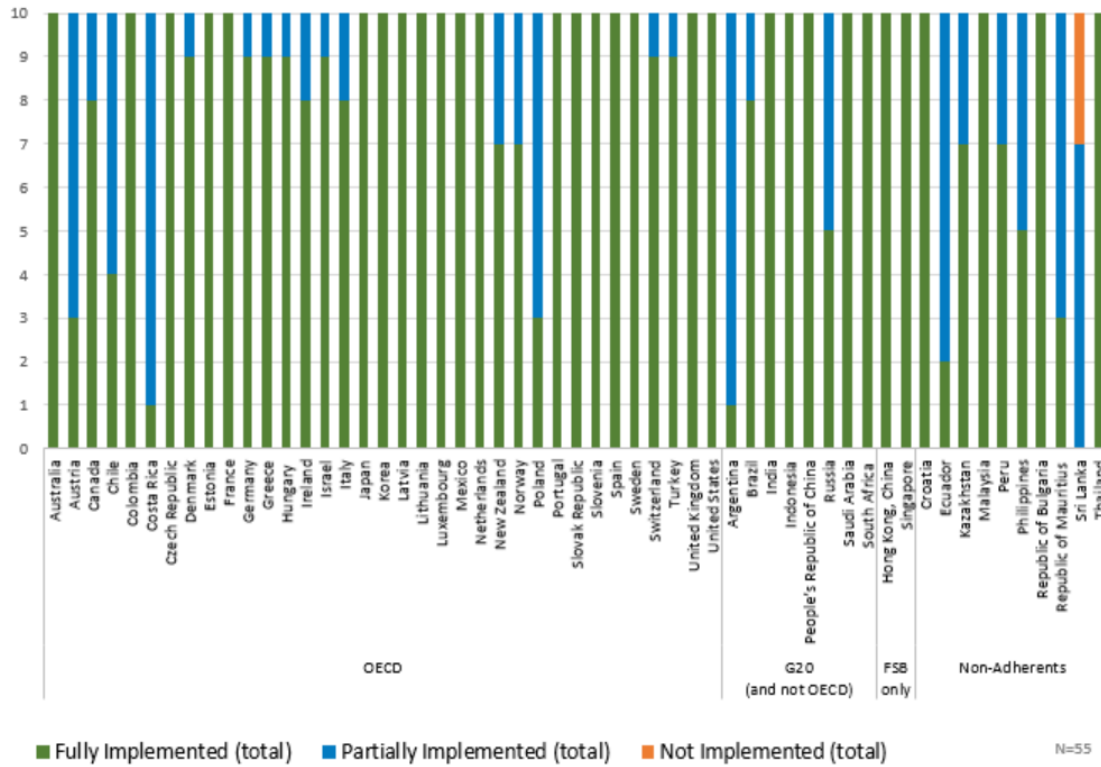


Note: Question text: “Please select the option that in your view best describes the implementation status of Principle 1 in your jurisdiction.”

Source: OECD 2021 Jurisdiction Questionnaire: Review of the G20/OECD High-Level Principles on Financial Consumer Protection.

61. Looking specifically at jurisdictions, Adherents have largely implemented all or most of the Principles. This is shown in Figure 2 below, which categorises jurisdictions by OECD Members, G20 countries, FSB only jurisdictions and Non-Adherent jurisdictions. This shows the implementation status based on their overall responses to each of the Principles, for example, the total number of Principles that a jurisdiction reported as being Fully Implemented.

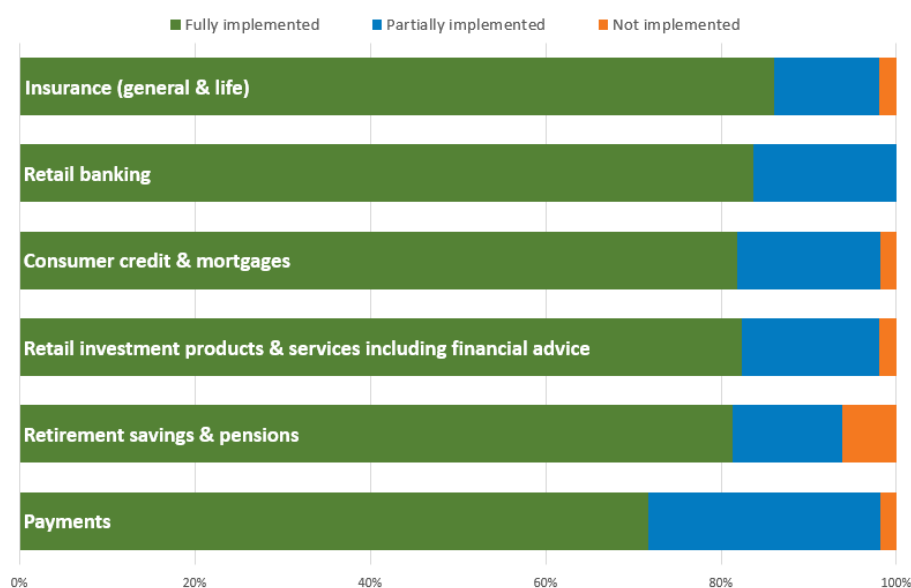
Figure 2. Implementation status by jurisdictions



Note: Question text: “Please select the option that in your view best describes the implementation status of each Principle in your jurisdiction.”
 Source: OECD 2021 Jurisdiction Questionnaire: Review of the G20/OECD High-Level Principles on Financial Consumer Protection.

4.3. Implementation of the Principles across sectors

62. As a high-level standard, the Principles are specifically designed and intended to be applicable to any jurisdiction and are cross-sectoral in nature. In relation to the existing Principles in general, jurisdictions were asked to what extent the Principles have been implemented in, or are they applicable to, the following sectors: Consumer credit and mortgages; Retail banking; Payments; Insurance (general and life); Retail investment products and services, including financial advice; and Retirement savings and pensions.

Figure 3. Implementation of the Principles by sector

Note: Question text: “To what extent have the Principles been implemented in, or are they applicable to, the following sectors?”

Source: OECD 2021 Jurisdiction Questionnaire: Review of the G20/OECD High-Level Principles on Financial Consumer Protection.

63. Figure 3 shows the implementation status of the Principles in each sector in their jurisdiction. Again, similar to the previous findings, the clear majority of respondents consider the Principles to be Fully Implemented across all sectors, but it also shows some gaps, with about 20% of the respondents reporting that they have Partially Implemented or Not Implemented the Principles in a given sector.

4.4. Implementation of each Principle

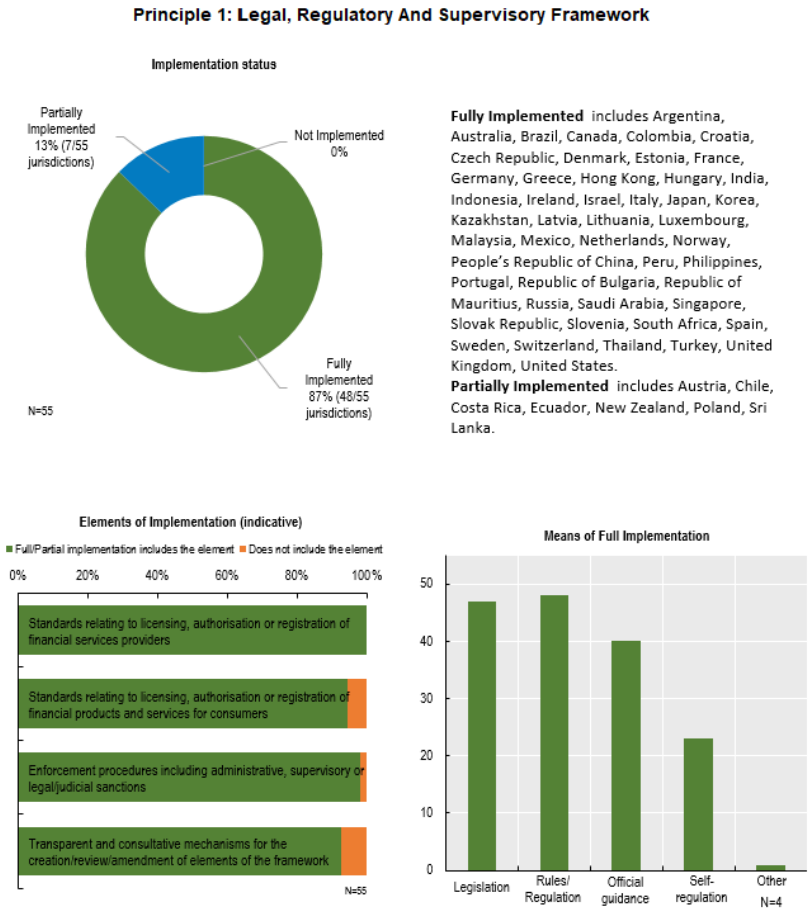
64. For each of the Principles, Figure 4 below contains more detailed information about implementation that was reported by jurisdictions. This includes the implementation status (i.e., Fully Implemented, Partially Implemented, Not Implemented), the key elements of each Principle that have been implemented, and the means by which Principles were implemented for those that were Fully Implemented.

65. It is important to note that key elements of each Principle are drawn from the explanatory text of the Principle, and they are not intended as conclusive evidence of the overall implementation status of the Principle, but to help respondents to consider different aspects that may have comprised implementation in their jurisdiction. This also gives valuable insights across jurisdictions. Reflective of the overall level of high implementation of each Principle, the key elements of each Principle have also been broadly implemented by jurisdictions.

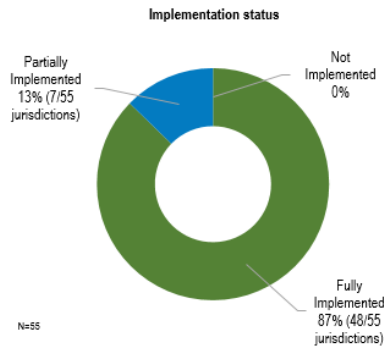
66. The means of implementation refers to legislation, rules/regulation, regulatory guidance and self-regulation. Generally, there was a mix of means of implementation for each Principle. This is not a surprising finding because the Principles are not prescriptive as to the implementation mechanism. It shows that a multi-faceted approach is important, using all levers of policy implementation depending on what is best in particular circumstances.

Figure 4. Implementation of each Principle by jurisdiction

This shows the implementation status reported by jurisdictions (Fully Implemented, Partially Implemented, Not Implemented), the key elements of each Principle that have been implemented, and the means by which Principles were implemented for those that were reported as Fully Implemented by jurisdictions.

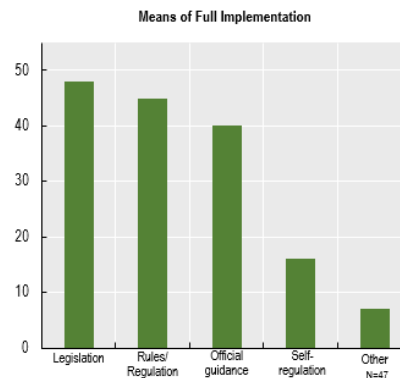
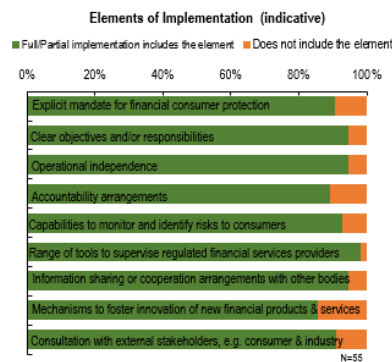


Principle 2: Role of Oversight Bodies

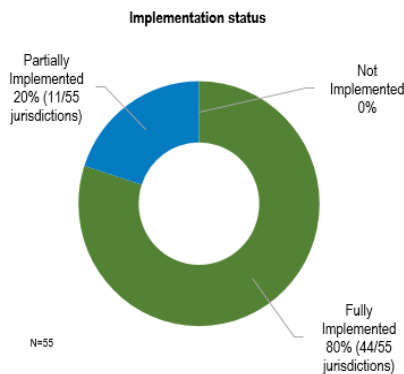


Fully Implemented includes Argentina, Australia, Brazil, Canada, Colombia, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Kazakhstan, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Netherlands, Norway, People's Republic of China, Peru, Philippines, Portugal, Republic of Bulgaria, Republic of Mauritius, Russia, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United Kingdom, United States.

Partially Implemented includes Austria, Chile, Costa Rica, Ecuador, New Zealand, Poland, Sri Lanka.

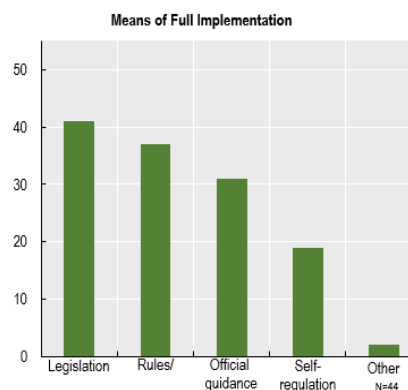
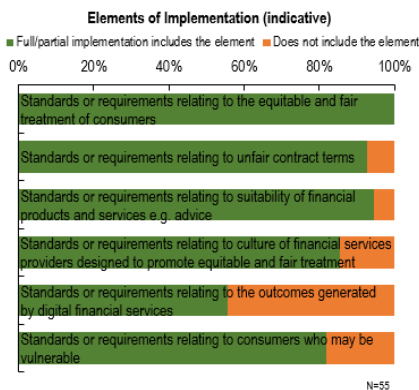


Principle 3: Equitable and Fair Treatment of Consumers

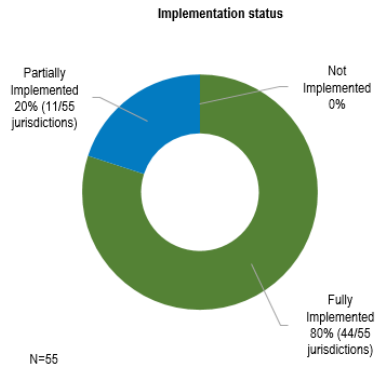


Fully Implemented includes Australia, Brazil, Canada, Colombia, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hong Kong, China, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Kazakhstan, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Netherlands, Norway, People's Republic of China, Portugal, Republic of Bulgaria, Russia, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United Kingdom, United States.

Partially Implemented includes Argentina, Austria, Chile, Costa Rica, Ecuador, New Zealand, Peru, Philippines, Poland, Republic of Mauritius, Sri Lanka.

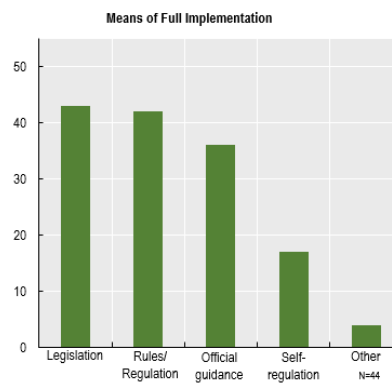
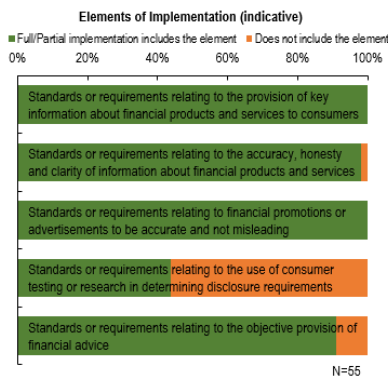


Principle 4: Disclosure and Transparency

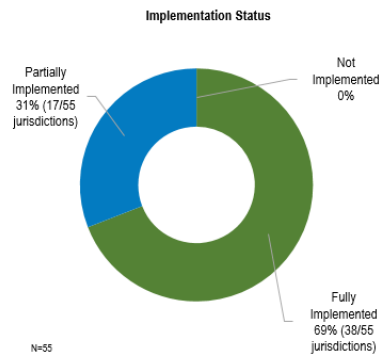


Fully Implemented includes Australia, Austria, Brazil, Canada, Colombia, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hong Kong, China, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, People’s Republic of China, Peru, Portugal, Republic of Bulgaria, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United Kingdom, United States.

Partially Implemented includes Argentina, Chile, Costa Rica, Ecuador, Kazakhstan, Norway, Philippines, Poland, Republic of Mauritius, Russia, Sri Lanka.

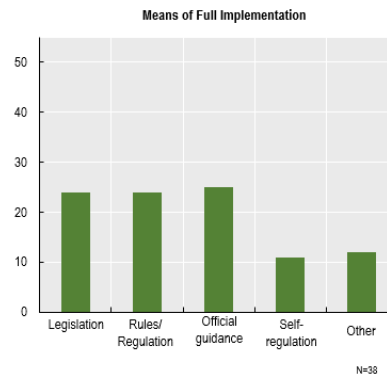
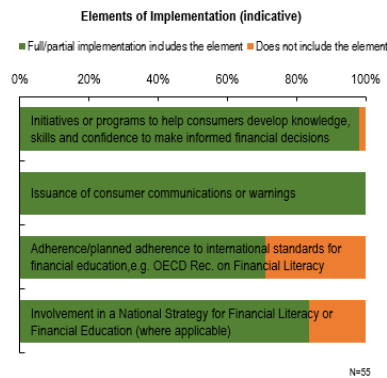


Principle 5: Financial Education and Awareness

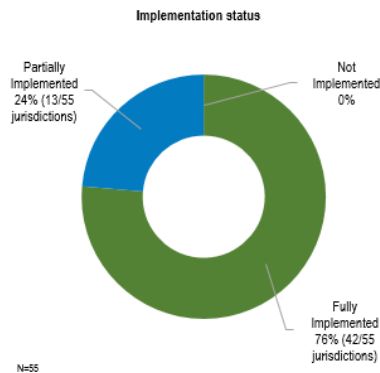


Fully Implemented includes Australia, Brazil, Canada, Chile, Colombia, Croatia, Czech Republic, Estonia, France, Hong Kong, Hungary, India, Indonesia, Japan, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, People’s Republic of China, Peru, Portugal, Republic of Bulgaria, Russia, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Thailand, United Kingdom, United States.

Partially Implemented includes Argentina, Austria, Costa Rica, Denmark, Ecuador, Germany, Greece, Ireland, Israel, Italy, Kazakhstan, Philippines, Poland, Republic of Mauritius, Sri Lanka, Switzerland, Turkey.

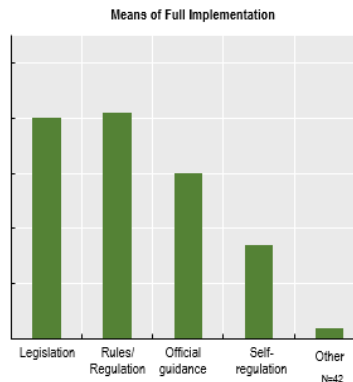
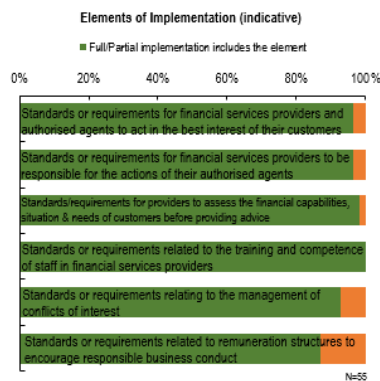


Principle 6: Responsible Business Conduct of Financial Services Providers and Authorised Agents

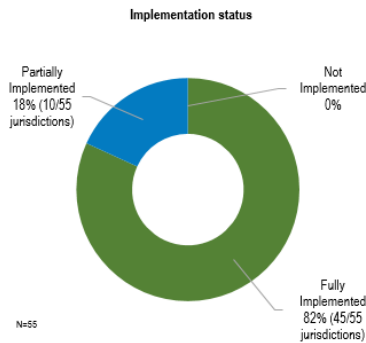


Fully Implemented includes Australia, Brazil, Colombia, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Kazakhstan, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Netherlands, People's Republic of China, Philippines, Portugal, Republic of Bulgaria, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United Kingdom, United States.

Partially Implemented includes Argentina, Austria, Canada, Chile, Costa Rica, Ecuador, New Zealand, Norway, Peru, Poland, Republic of Mauritius, Russia, Sri Lanka.

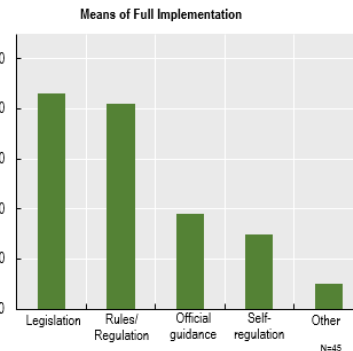
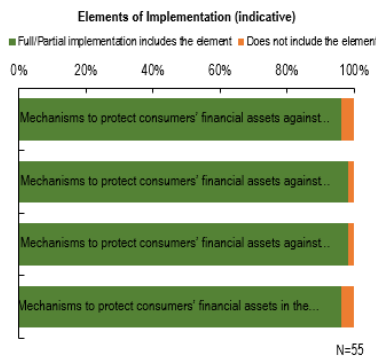


Principle 7: Protection of Consumer Assets against Fraud and Misuse

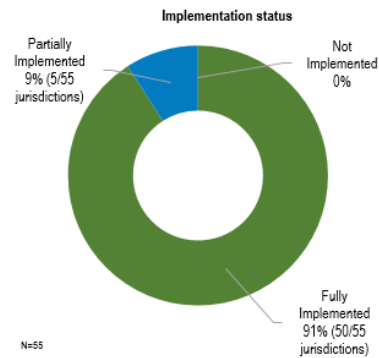


Fully Implemented includes Australia, Canada, Chile, Colombia, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Japan, Kazakhstan, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, People's Republic of China, Peru, Philippine, Poland, Portugal, Republic of Bulgaria, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United Kingdom, United States.

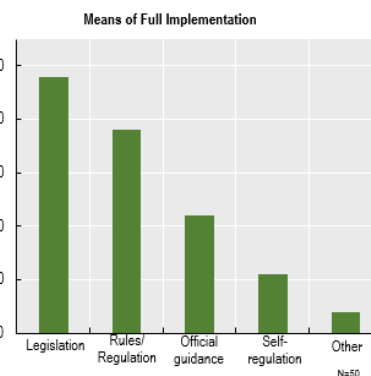
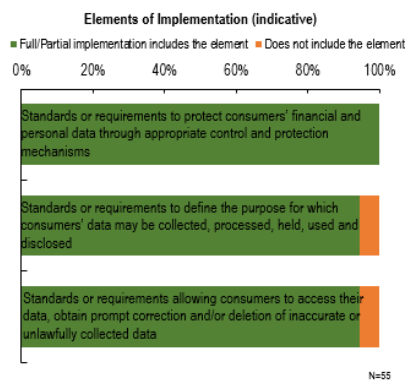
Partially Implemented includes Argentina, Austria, Brazil, Costa Rica, Ecuador, Italy, Norway, Republic of Mauritius, Russia, Sri Lanka.



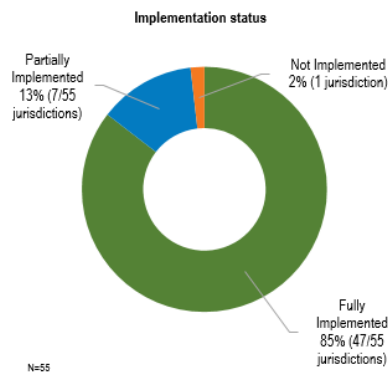
Principle 8: Protection of Consumer Data and Privacy



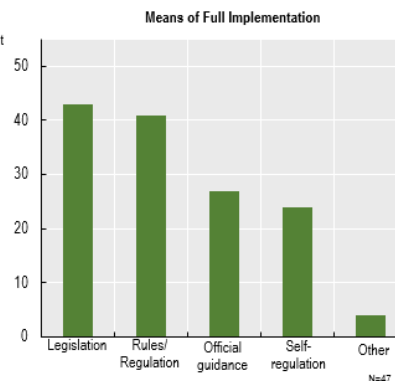
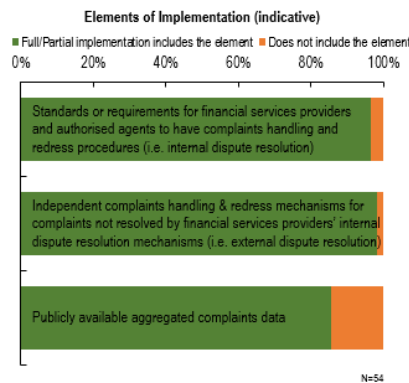
Fully Implemented includes Australia, Austria, Brazil, Canada, Colombia, Costa Rica, Croatia, Czech Republic, Denmark, Ecuador, Estonia, France, Germany, Greece, Hong Kong, China, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Kazakhstan, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, People’s Republic of China, Philippines, Poland, Portugal, Republic of Bulgaria, Republic of Mauritius, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United Kingdom, United States.
Partially Implemented includes Argentina, Chile, Peru, Russia, Sri Lanka.



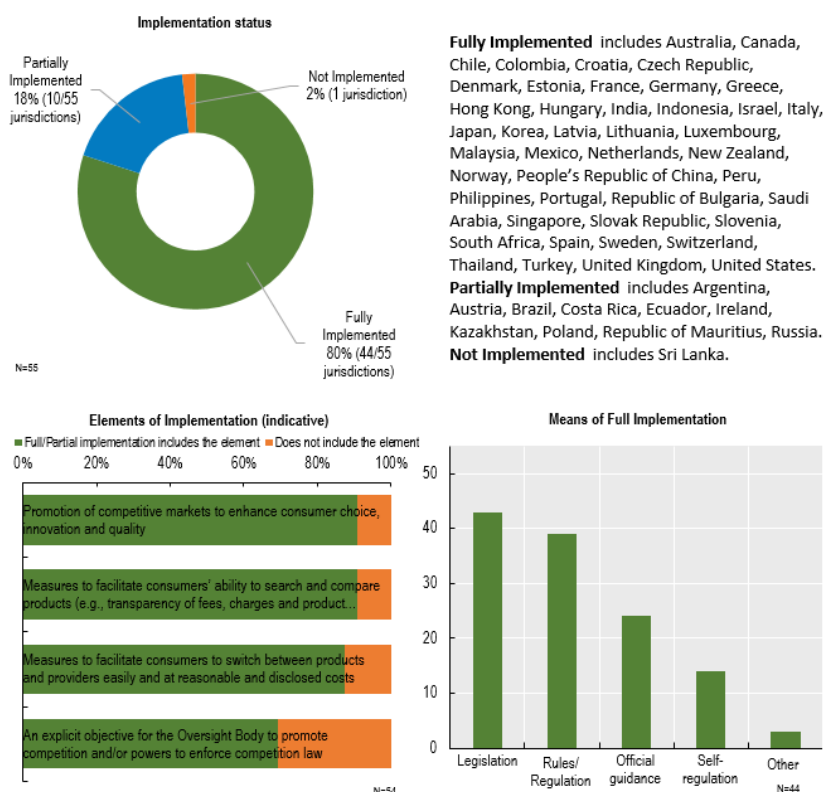
Principle 9: Complaints Handling and Redress



Fully Implemented includes Australia, Austria, Brazil, Colombia, Croatia, Czech Republic, Denmark, Ecuador, Estonia, France, Germany, Greece, Hong Kong, India, Indonesia, Ireland, Israel, Italy, Japan, Kazakhstan, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, People’s Republic of China, Peru, Poland, Portugal, Republic of Bulgaria, Russia, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United Kingdom, United States.
Partially Implemented includes Argentina, Canada, Chile, Costa Rica, Hungary, Philippines, Republic of Mauritius.
Not Implemented includes Sri Lanka.



Principle 10: Competition



Note: Question text: “Please select the option that in your view best describes the implementation status of Principle 1 in your jurisdiction.”; “If you have selected Fully Implemented or Partially Implemented, does the implementation of the Principle include any of the elements listed below? The elements are indicative only, and not intended as conclusive evidence of the overall implementation status of the Principle”; “If you have selected Fully Implemented for the Principle, please indicate the means of implementation (tick all that apply)”.
Source: OECD 2021 Jurisdiction Questionnaire: Review of the G20/OECD High-Level Principles on Financial Consumer Protection.

4.4.1. Challenges or impediments to implementation

67. For any Principles that have been Partially Implemented by jurisdictions, the following reasons were raised by jurisdictions as gaps or impediments to Full Implementation.

- There are general overarching legislations, but these have not been developed into standards or specific requirements when it comes to the implementation;
- Amendments to the existing Acts or new bills are proposed but not yet to be approved by the legislature (e.g., Congress or Parliament); and
- The lack of a general legal financial consumer protection framework for all sectors.

68. In relation to any Principles that have not been implemented by jurisdictions, an explanation of the challenges or impediments to doing so was that plans are underway to introduce or initiate a coordinated approach on consumer protection with other regulators, but this is yet to be realised.

4.5. The nature of the financial consumer protection framework in jurisdictions

69. The Report also examines the nature of the financial consumer protection framework in jurisdictions, that is, Principles-based, Rules-based or a mixture of Principles and Rules. This is an important aspect to examine, as it helps to understand the legal and regulatory framework within which jurisdictions are implementing the Principles. Further, it helps to inform how any updates to the Principles may be most effective for jurisdictions.

70. According to the responses to the survey asking the form of financial consumer protection arrangements in each jurisdiction, the overwhelming majority of jurisdictions (47, or 85% of respondents) ensure financial consumer protection on a mix of Principles and Rules. A small number of jurisdictions (8, or 15% of respondents) implement their framework on a Rules-based basis, while no jurisdiction has a solely Principles-based framework.

4.6. Definition of “consumer”

71. The review examined whether the definition of “consumer” in the context of financial consumer protection includes private individuals, small businesses and others in jurisdictions. While the Principles do not seek to define who is a “financial consumer”, it is important to have this understanding of how the Principles have been implemented and who is covered by them.

72. In summary, 26 out of 55 responding jurisdictions said that the definition of consumer, in the context of financial consumer protection, included small businesses. This reflects the way that different legal and regulatory systems distinguish or not between private individuals and business entities.

73. Of those jurisdictions that included small businesses in their definition of consumers, most respondents provided details about how a small business is defined in their jurisdiction. The common responses to this question were:

- Small business is defined in different ways and there is no common definition in their jurisdiction.
- Small business is defined based on revenue/turnover under a certain amount, or fewer than a certain number of employees.
- Small business does not need to be defined for this purpose, because all legal persons (including small businesses) are considered to be financial consumers.
- Small business is not defined for these purposes in the jurisdiction.

4.7. Evaluation of the effectiveness of implementing the Principles or of the whole financial consumer protection framework

74. Jurisdictions were asked whether they have conducted an evaluation of the effectiveness of implementing any of the Principles or of the financial consumer protection framework as a whole, in their jurisdiction. Fifteen jurisdictions (about a third) indicated that they had conducted an evaluation.

75. Irrespective of whether jurisdictions had conducted their own evaluation at a jurisdiction-level, this finding supports the importance and timeliness of this review to provide jurisdictions with a global perspective. It also ensures that evaluation of the implementation of financial consumer protection frameworks is occurring and that lessons learnt are being shared.

4.8. Findings and Evaluations: Importance and Relevance of the Principles and Updates

4.8.1. Importance and Relevance of the Principles

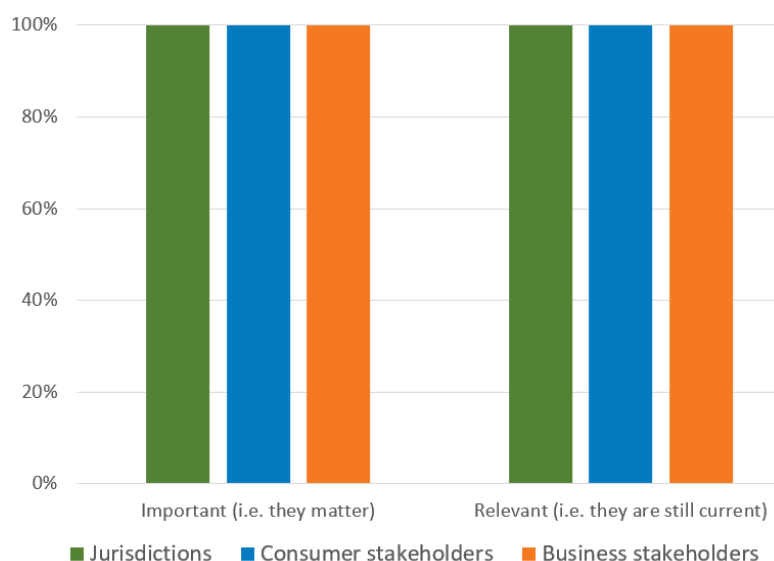
76. This section sets out the findings and evaluation of the continued importance and relevance of the Principles based on feedback from jurisdictions, consumer stakeholders and business stakeholders.

77. Jurisdictions, consumer stakeholders and business stakeholders were invited to provide their views on whether, overall, the topics addressed by the Principles continue to be important and relevant.

- “Important” refers to the relative significance or consequence of the topics addressed by the Principles insofar as they contribute to effective financial consumer protection, i.e., do the Principles matter?
- “Relevant” refers to the applicability or appropriateness of the topics addressed by the Principles, in light of the current financial consumer protection issues in jurisdictions, i.e., are the Principles still current?

78. There was very strong support for the continuing importance and relevance of the Principles, with all respondents – from jurisdictions, business stakeholders and consumer stakeholders – considering that the Principles continue to be both important and relevant. This is a key finding of the review.

Figure 5. Importance and Relevance of the Principles



Note: Question text: “Overall, would you say the topics addressed by the Principles continue to be important in the context of a comprehensive financial consumer protection framework? By “important”, we refer to the relative significance or consequence of the topics addressed by the Principles insofar as they contribute to effective financial consumer protection – i.e. do the Principles matter?”;

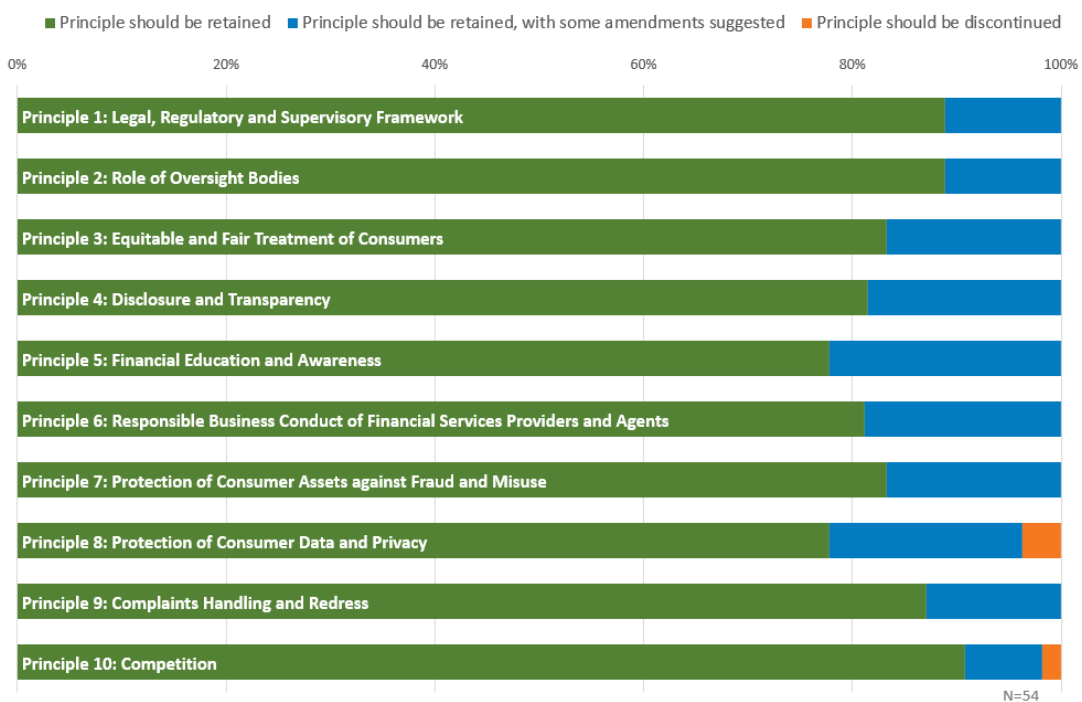
“Overall, would you say the topics addressed by the Principles continue to be relevant in the context of a comprehensive financial consumer protection framework? By “relevant”, we refer to the applicability or appropriateness of the topics addressed by the Principles, in light of the current financial consumer protection issues in your jurisdiction – i.e. are the Principles still current?”

Source: OECD 2021 Jurisdiction Questionnaire: Review of the G20/OECD High-Level Principles on Financial Consumer Protection; OECD 2021 Stakeholder Consultation Survey: Review of the G20/OECD High-Level Principles on Financial Consumer Protection.

79. Jurisdictions were invited to reflect on the importance and relevance of each Principle, and whether they thought the Principle should be ‘Retained’, ‘Retained with some amendments suggested’ or ‘Discontinued’.

80. As evidenced by Figure 6 below, the overwhelming majority of jurisdictions (all but 3 responses across all of the Principles), considered that each Principle should be retained, or retained with some amendments. This is an important confirmation about the existing Principles, indicating that any updates should focus more on refining them and taking into account new areas or developments. A number of jurisdictions provided suggestions for how they think the Principles could be revised to ensure the continued importance and relevance of the Principles, which are outlined in Table 3 below.

Figure 6. Reflecting on the Importance and Relevance of the Principles



Note: Question text: “In reflecting on the importance and relevance of the Principles, please select one of the following options for each Principle.”

Source: OECD 2021 Jurisdiction Questionnaire: Review of the G20/OECD High-Level Principles on Financial Consumer Protection.

Table 3. Summary of responses from jurisdictions: reflecting on importance and relevance

Jurisdictions reflected on the importance and relevance of the Principles, and considered whether each Principle should be retained, retained with some amendments or discontinued.

Principle 1: Legal, Regulatory and Supervisory Framework		
Retain Principle	Retain Principle, with some amendments suggested	Discontinue Principle
48	6	0
Suggestions for amendments included:		
- Legal & Regulatory settings need to take account of changes to the regulatory perimeter		
- Consider including a focus on consumer outcomes rather than rules-based legislation		
Principle 2: Role of Oversight Bodies		
Retain Principle	Retain Principle, with some amendments suggested	Discontinue Principle
48	6	0
Suggestions for amendments included:		
- Consider new developments in regulatory and supervisory approaches		
- Assess supervision tools and effectiveness, more efficient and simple sanctions mechanisms		
Principle 3: Equitable and Fair Treatment of Consumers		
Retain Principle	Retain Principle, with some amendments suggested	Discontinue Principle
45	9	0
Suggestions for amendments included:		
- Greater focus on vulnerable groups, digital needs, and fair outcomes as well as treatment (links in with outcomes-based regulation, as examined in the research, literature and certain jurisdictions)		
Principle 4: Disclosure & Transparency		
Retain Principle	Retain Principle, with some amendments suggested	Discontinue Principle
44	10	0
Suggestions for amendments included:		
- There are limits to disclosure by itself in terms of ensuring good consumer outcomes		
- Include digitalisation, sustainability and the use of behavioural insights		
Principle 5: Financial Education and Awareness		
Retain Principle	Retain Principle, with some amendments suggested	Discontinue Principle
42	12	0
Suggestions for amendments included:		
- Refer to the 2020 OECD Financial Literacy Recommendation to expand the scope of the Principle, which has more information about implementation of financial literacy strategies and programmes, and could also assist with streamlining the Principle		
- Not just knowledge, need to focus on attitudes, behavioural changes and supporting resilience		
Principle 6: Responsible Business Conduct		
Retain Principle	Retain Principle, with some amendments suggested	Discontinue Principle
43	10	0
Suggestions for amendments included:		
- Update conflicts aspects to include mention of behavioural insights and the limits of disclosure of conflicts of interest		
- Impacts of digitisation and automated IT systems used by financial service providers should be included		
- Add references to suitability, e.g. only suitable products or services should be recommended to financial consumers		
- Promote the training and evaluation of agents		

Principle 7: Protection against Fraud and Misuse		
Retain Principle	Retain Principle, with some amendments suggested	Discontinue Principle
45	9	0
Suggestions for amendments included: <ul style="list-style-type: none"> - Digital channels, include references to the importance of adapting to new technologies and new ways of fraud and misuse - Tools should be adjusted so that consumers lacking basic financial literacy are protected - The scope could be more generic than “assets” 		
Principle 8: Protection of Consumer Data and Privacy		
Retain Principle	Retain Principle, with some amendments suggested	Discontinue Principle
42	10	2
Suggestions for amendments included: <ul style="list-style-type: none"> - Include reference that financial service providers should only collect the data required (proportional use of data), appropriate use of information, transparency and informed consent, trade-offs between data protection and access to financial products and services - Rules need to permit innovation Explanation for suggestion to discontinue: There are rules elsewhere		
Principle 9: Complaints Handling and Redress		
Retain Principle	Retain Principle, with some amendments suggested	Discontinue Principle
47	7	0
Suggestions for amendments included: Explore alternative channels, e.g. online dispute resolution where cross-border e-commerce predominates		
Principle 10: Competition		
Retain Principle	Retain Principle, with some amendments suggested	Discontinue Principle
49	4	1
Suggestions for amendments included: <ul style="list-style-type: none"> - Include mention that competition should not drive down standards of financial consumer protection - Importance of technological neutrality, i.e. level playing field for online and offline services Explanation for suggestion to discontinue: There are rules elsewhere		

Note: 55 jurisdictions responded to the survey. This table summaries these responses.

Question text: “In reflecting on the *importance* and *relevance* of the Principles, please select one of the following options for each Principle.”; “If you have selected ‘Principle should be retained, with some amendments suggested’ for any Principle(s), please describe any proposed changes to the title or content of the relevant Principles”; “If you have selected ‘Principle should be discontinued’ for any Principle(s), please select an explanation for your response.”

Source: OECD 2021 Jurisdiction Questionnaire: Review of the G20/OECD High-Level Principles on Financial Consumer Protection.

81. Regarding the small number (3) of suggestions to discontinue Principles 8 and 10, the explanation for the suggestion was that the rules for Data Protection and Privacy and Competition are already provided elsewhere. While there may be rules elsewhere, these rules tend to be economy-wide, indicating that it is appropriate for these Principles to be retained in the context of a discrete set of Principles relating to financial consumer protection. This was confirmed through the Task Force’s recent development of dedicated guidance on the implementation of the Principles.²⁶

²⁶ The G20/OECD Task Force on Financial Consumer Protection, “[Compendium of Effective Approaches for Financial Consumer Protection in the Digital Age: Principles 1, 2, 3, 4, 6, 7, 8 and 9](#)”; and OECD (2020) “[Financial Consumer Protection Policy Approaches in the Digital Age: Protecting consumers' assets, data and privacy](#)” (Principles 5 and 10).

4.9. Recent developments or emerging trends in jurisdictions

Considering the evolutions in financial consumer protection, it is useful to examine recent developments or emerging trends in jurisdictions since the adoption of the Principles/Recommendation. A summary of the responses from jurisdictions to the survey is below, with an example from a small number of jurisdictions to illustrate the nature of some of these trends.

Table 4. Recent developments or emerging trends since the Principles were developed

Jurisdictions were invited to share recent developments or emerging trends in their institutions relating to:

Principle 1 – Legal, Regulatory and Supervisory Framework: 26 jurisdictions responded, giving specific examples of changes in their jurisdictions relating to this Principle. For instance, in Chile, a new law that has now been approved enables the Financial Market Commission (Comisión para el Mercado Financiero) to regulate the fees charged by financial services companies to their customers within the framework of interest rate limits. It also prohibits joint contracts for credit and non-credit related insurance. In Norway, a new Financial Contracts Act has been adopted by the Norwegian Parliament. In Mexico, there is a new fintech law to regulate new participants and in the Slovak Republic fintech activities are monitored by competent authorities and could be part of supervised areas if they become relevant to the market. Similarly, following the growing trend across jurisdictions, fintech or innovation hubs have been established in Colombia, Estonia, Slovenia and Switzerland.

Principle 2 – Role of Oversight Bodies: 21 jurisdictions responded, giving specific examples. For example, in Turkey, the Insurance Regulatory and Supervisory Agency was established in June 2020. Brazil is implementing the ‘twin peaks’ model within the Central Bank of Brazil. In France, like many jurisdictions, the development of regtech and suptech might change the way oversight and supervision are conducted in the near future, with regtech changes also occurring in the Czech Republic. Similarly, the Danish Financial Supervisory Authority has created the ‘FT Lab’, where selected companies can test their technology or business model, and it also enables the Authority to better understand Fintech. Fintech hubs or similar arrangements have been established in other jurisdictions, including Lithuania and Turkey. In Saudi Arabia, the new Central Bank Law has strengthened the legal mandate of the Saudi Central Bank (SAMA) by addressing its role of issuing directives and developing procedures to protect consumers of financial institutions.

Principle 3 – Equitable and Fair Treatment of Consumers: 22 jurisdictions responded, giving specific examples. For instance, New Zealand mentioned that the pandemic and its associated challenges have reinforced the need for financial service providers to stay focused on the needs of investors and consumers. It noted that issues such as consumer vulnerability were coming to the fore as the uncertain economic climate left many customers in, or about to be placed in, a vulnerable position depending on their circumstances. Another example is the Financial Superintendency of Colombia (SFC) recently implementing a new regulation that aims at a culture of due care, fair treatment, protection, respect and service to financial consumers within the supervised entities.

Principle 4 – Disclosure and Transparency: 22 jurisdictions responded, giving specific examples, including work done by jurisdictions on the limits to disclosure by itself in terms of ensuring good consumer outcomes, for example the report by the Australian Securities and Investments Commission and the Dutch Authority for the Financial Markets “Disclosure: Why it shouldn’t be the default”.²⁷

In Peru in 2017, testing was conducted on the impact and relevance of different information on consumer choice. This resulted in a regulation being passed that reduced the list of information required to be disclosed in the key fact statements for both loans and deposits, as well as requiring that some of this information be disclosed and placed in a prominent manner. After a similar study in Peru in 2019, similar disclosure changes were made in relation to the balance statements of credit cards.

²⁷ ASIC & AFM (2019) “Disclosure: Why it shouldn’t be the default”, Australian Securities and Investments Commission & the Dutch Authority for the Financial Markets, <https://asic.gov.au/regulatory-resources/find-a-document/reports/rep-632-disclosure-why-it-shouldn-t-be-the-default/>.

Another example is in Sweden, where over the last few years there have been discussions in different contexts, for example at the European Union level, on the importance of behavioural finance, recognising that the quantity of information is not necessarily the most important aspect, but rather how and when it is presented.

Principle 5 – Financial Education and Awareness: 28 jurisdictions responded, with many jurisdictions having implemented national strategies for financial literacy. In relation to Principle 5, the Republic of Bulgaria has approved its first National Strategy on Financial Literacy and the Action Plan for the period 2021-2025, Austria has just released its first national strategy, with Greece and Poland in the early stages of developing their first national strategy on financial literacy. Many other jurisdictions have revised their national strategies for financial literacy/education since the development of the Principles, for example Indonesia, and one jurisdiction has developed their third national strategy. Many jurisdictions supported relevant stakeholders being encouraged to adhere to international standards for financial education such as the [OECD Recommendation on Financial Literacy](#),²⁸ or supported specific elements that are extensively covered in this Recommendation.

Principle 6 – Responsible Business Conduct of Financial Services Providers and Authorised Agents: 21 jurisdictions responded and there have been a variety of developments in jurisdictions. For example, in Russia the Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor) and the Bank of Russia are issuing joint letters on key issues of responsible business conduct on consumers' rights to refuse additional paid services. In Saudi Arabia, there are updates to the Code of Conduct and Work Ethics in Financial Institutions requirements. In the United Kingdom, the Senior Managers and Certification Regime encourages greater individual accountability and sets a new standard of personal conduct in financial services.

Principle 7 – Protection of Consumer Assets against Fraud and Misuse: 21 jurisdictions responded, with many jurisdictions giving examples about fraud, scams and misuse of consumer assets. Many jurisdictions reported a rise in frauds and scams during COVID-19, for example, Italy, Portugal, Costa Rica and Latvia for instance, described there being incidents of misleading phone calls from abroad to consumers encouraging them to invest in cryptocurrencies, with different methods of persuasion resulting in consumers giving fraudsters access to their assets. Other jurisdictions, including Austria and Korea also reported that investment fraud is especially rising in the field of cryptocurrencies.

In combating this trend, co-ordination among regulators, supervisors and other stakeholders has proved effective in tackling financial scams and frauds, for example via coordinated awareness campaigns that highlight the benefits and risks of digital financial products and services and communicate basic elements of digital safety including how to recognise online threats. Other effective approaches to address frauds and scams include issuing specific warnings (with details about frequent types of scams and how consumers can identify them), sharing lists of unauthorised or banned entities, establishing task forces comprising different regulatory and law enforcement authorities, shutting down or blocking access to websites, monitoring and analysing data on unauthorised transactions and strengthening authentication and security obligations for providers of payment services.

Principle 8 – Protection of Consumer Data and Privacy: 18 jurisdictions responded, giving specific examples of the evolving developments in their jurisdiction. For example, Sweden stated that recent trends being widely discussed are: big data, digitalisation and consumer protection. An example of rules being implemented related to the trends is in Australia, where following a review into Open Banking in 2018, Consumer Data Right rules will give customers consumers greater control over their data allowing them to share their data with accredited data recipients when shopping around for better services.

Principle 9 – Complaints Handling and Redress: 19 jurisdictions responded, giving specific examples about the developments relating to this Principle. For example, the Central Bank of Brazil is revising its methodology for classifying complaints according to product or service, channel and customer experience. Consumer complaints are used as an indicator to provide subsidies for supervisory actions in Brazil. To strengthen this, improvements are planned for the systems that collect, aggregate and classify complaints received, which will be aided by analytics and will aim to support conduct supervision actions. Further, in 2021 in Brazil a chatbot was launched, to assist consumers, which uses artificial intelligence and machine learning technologies. The initiative is aligned with the Central Bank's strategy of using technological innovations to improve its services to consumers.

In 2018, the People's Bank of China and the China Banking and Insurance Regulatory Commission implemented industry standards for statistical classification and coding of complaints filed by financial consumers of banking financial institutions, which involves a multidimensional and multilevel system. It has improved the regulation and

²⁸ The [OECD Recommendation on Financial Literacy](#) [OECD/LEGAL/0461] was developed by the OECD International Network on Financial Education and adopted by the OECD Council in October 2020, and welcomed by G20 Finance Ministers and Central Bank Governors in July 2021.

standardisation of banking institutions' management of consumer complaints and the quality and efficiency of complaint handling.

Principle 10 – Competition: 15 jurisdictions responded, giving specific examples. There is a trend towards Open Banking regimes in jurisdictions, for example, in Mexico, there are financial portability laws to make it easier for consumers to switch their financial services firms. In terms of other types of competition, in Israel, like many other jurisdictions, it has been observed that the range of means of payment have widened with the addition of digital wallets at consumers' discretion.

Note: The jurisdiction examples are not intended to be exhaustive, they merely aim to indicate the general nature of some of the developments.

Source: OECD 2021 Jurisdiction Questionnaire: Review of the G20/OECD High-Level Principles on Financial Consumer Protection.

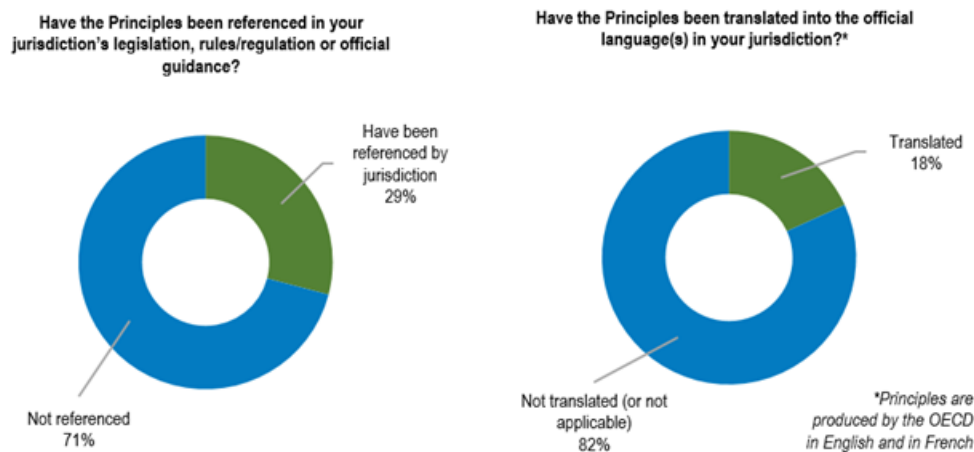
5. DISSEMINATION

82. The Recommendation provides that Adherents should “ensure the widest possible dissemination of the Principles and encourage their active use by all relevant stakeholders, including consumer and private institutions”.

83. In relation to dissemination of the Principles by jurisdictions, a third of jurisdictions surveyed reported that the Principles have been referenced in their jurisdiction, either in the jurisdictions legislation, rules/regulations or official guidance.

84. Relatedly, 18% of jurisdictions surveyed responded that they have translated the Principles into their domestic language. The official languages of the Recommendation are English and French, and these languages are sufficient for many jurisdictions. However, there may be an opportunity to encourage jurisdictions to translate the Recommendation into their own domestic languages and there could be links to such translations on the Task Force website and the webpage of the Recommendation on the online Compendium of OECD Legal Instruments.

Figure 7. Dissemination of the Principles

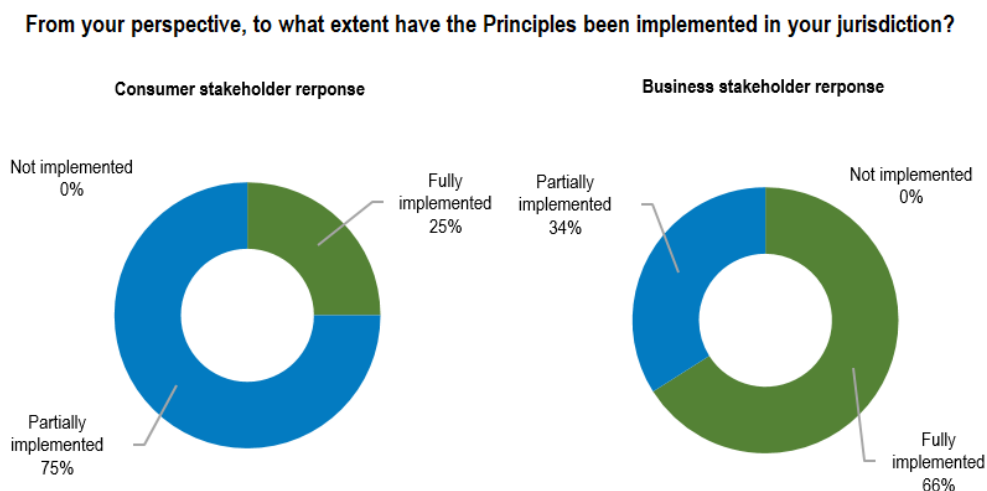


Note: Question text: “Have the Principles been referenced in your jurisdiction’s legislation, rules/regulation or official guidance?”; “Have the Principles been translated into the official language(s) in your jurisdiction? [NB the Principles are produced by the OECD in English and in French.]”

Source: OECD 2021 Jurisdiction Questionnaire: Review of the G20/OECD High-Level Principles on Financial Consumer Protection.

85. Consumer and business stakeholders also provided their views about implementation in jurisdictions. As shown in Figure 8 below, only 25% of consumer stakeholders reported that the Principles had been Fully Implemented in their jurisdictions. This perspective seems to differ from that of jurisdictions themselves, who reported much higher rates of implementation (approximately 75-90%, depending on the specific Principle).

Figure 8. Implementation of the Principles



Note: Question text: “From your perspective, to what extent have the Principles been implemented in your jurisdiction (i.e., to what extent does legislation, rules/regulation, official guidance or self-regulation in your jurisdiction incorporate the concepts covered by the Principles)?”

Source: OECD 2021 Stakeholder Consultation Survey: Review of the G20/OECD High-Level Principles on Financial Consumer Protection.

86. This indicates that there may be a need for improved:

- communication to raise the visibility of the implementation of the Principles; or
- communication about the outcomes for consumers from the consumer protection framework in place; or
- more effective, visible consultation, and possibly this aspect of Principle 1 could be implemented more effectively.

87. It may also indicate that enforcement itself may not be considered effective from a consumer perspective, even if appropriate and necessary rules are in place.

88. As such, these responses may indicate that there is more that jurisdictions could be doing relation to dissemination of the Principles, particularly around communication.

6. FINDINGS AND EVALUATIONS: NEW OR EMERGING POLICY AREAS OR APPROACHES FOR FINANCIAL CONSUMER PROTECTION

89. The environment in which policy makers, industry and financial consumers operate is dynamic in terms of policy, market and technological changes. In the decade since the Principles were developed, there have been significant changes in financial consumer protection policy approaches and in the surrounding environment. This section examines the new or emerging policy areas or approaches that may warrant updates to the Principles to ensure they continue to set the standard in terms of contemporary and forward-looking best practice.

90. This section comprehensively draws on a wide variety of sources, including inputs from jurisdictions, consumer stakeholders and business stakeholders, discussions at Task Force and other stakeholder meetings, updates by Task Force delegates, Seminars on relevant topics and review of relevant research and literature relating to contemporary financial consumer protection approaches.

6.1. New policy areas that should be reflected in revisions to the Principles

91. This section addresses new or emerging policy areas, including relevant literature and how they have been implemented in jurisdictions to date. The policy areas or approaches covered in this section have been identified as possible new areas of coverage to be incorporated as updates to a revised version of the Principles, for example, by being integrated into the current Principles, as the basis for a new Principle(s) or considered as a cross-cutting theme(s).

92. There is an extensive and growing body of literature and research on each of these policy areas or approaches, which is highlighted in more detail in this section, as relevant.

93. To complement this, the Questionnaire asked jurisdictions, businesses and consumers whether they thought any of the following areas or approaches should be considered in the review of the Principles. The following areas in Figure 9 below were all supported by jurisdictions, and also had support among business and consumer stakeholders. As such, combined with the literature, there is support for all these policy areas or approaches to be included, in one way or another, in a revised set of Principles that are forward-looking and reflect leading practices in financial consumer protection.

Figure 9. New policy areas or approaches that should be included in revisions to the Principles



Note: Question text: “The following policy areas or approaches have been identified as possible new areas of coverage for a revised or updated version of the Principles, e.g. integrated into current Principles, the basis for a new Principle(s), or considered as a cross-cutting theme(s). Do you think any of the following areas or approaches should be considered in the review of the Principles?”

Source: OECD 2021 Jurisdiction Questionnaire: Review of the G20/OECD High-Level Principles on Financial Consumer Protection; OECD 2021 Stakeholder Consultation Survey: Review of the G20/OECD High-Level Principles on Financial Consumer Protection.

94. Consumer and business stakeholders were also invited to share their thoughts about which new or emerging policy approaches were important to them. They provided specific feedback that in particular, the objective of identifying developments in financial consumer protection policies or approaches over the last ten years that may require changes to the existing Principles or the addition of new Principles, was of great relevance, considering the sheer number of consultations and legislative changes in different business areas.

95. Business stakeholders indicated that, generally, the most important concepts from their perspective were:

- Access to financial products and services (financial inclusion).
- Facilitating innovation in terms of new financial products or services.
- Behavioural insights relating to consumers.
- Promoting good consumer outcomes from regulation.
- Consumer risks linked to sustainable finance.

96. Consumer stakeholders reported that, generally, the most important concepts from their perspective were:

- Governance and oversight of financial products to support suitability.
- Regulatory or supervisory powers to intervene in specific financial products that present significant risks to consumers.
- Access to financial products and services (financial inclusion).

- Enhanced protection or measures relating to consumers experiencing vulnerability or financial hardship.
- The impact of digitalisation and technological advancements on financial consumers.

97. As such, the responses from both business and consumer stakeholders to the Consultation Instrument also support the inclusion of the new or emerging areas in the review. It also reinforces what jurisdictions reported was important to them and it supports the direction of the review, indicating that these areas should be incorporated into the Principles in an appropriate way.

98. The review found that in raising the idea to revise the Principles, stakeholders considered that simplicity is important, balanced with the need for the Principles to evolve to cover new and emerging policy areas in order to continue to reflect best practice and be forward-looking. As such, the overall approach in considering possible updates to the Principles is to update the existing Principles and incorporate important new areas or approaches where possible in a simple way.

6.1.1. Policy implications arising from the COVID-19 response

99. Respondents to the Questionnaire and Consultation Instrument considered that financial consumer protection policy implications, including those relevant to COVID-19, were covered by the existing Principles and by the new or emerging policy areas summarised below. This indicates that the review has comprehensively covered the relevant new or emerging policy areas that warrant consideration in an updated set of Principles.

100. Some of the key themes raised related to the policy implications and impacts of COVID-19 on financial consumers were:

- The impacts of digitalisation on financial consumers;
- The implications of the COVID-19 pandemic on the financial well-being and resilience of consumers, and the intersection of this with financial consumer protection frameworks;
- Protecting consumers experiencing vulnerability, and determining what ‘consumer vulnerability’ means from a regulatory perspective; and
- Increased protections and financial education to mitigate scams and fraud.

101. These themes are comprehensively covered by the review process, including by drawing on other inputs, such as the recent *G20 GPMI Menu of Policy Options for digital financial literacy and financial consumer and MSME protection*²⁹ and the *Report on G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and support Financial Inclusion in the Context of COVID-19*.³⁰

²⁹ G20 GPMI (2021) “Menu of Policy Options for digital financial literacy and financial consumer and MSME protection”, https://www.gpmi.org/sites/gpmi/files/1_G20%20Menu%20of%20Policy%20Options.pdf.

³⁰ OECD (2021) “G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and support Financial Inclusion in the Context of COVID-19”, <https://www.oecd.org/finance/financial-education/g20-oecd-report-on-financial-consumer-protection-and-financial-inclusion-in-the-context-of-covid-19.htm>.

6.1.2. Financial well-being

102. Financial well-being was an important area that was raised in the review, including the impact of the COVID-19 pandemic on the resilience of financial consumers, and how effective financial consumer protection can enhance financial well-being. An OECD working definition of individual financial well-being refers to being in control, feeling secure and having freedom about one's own current and future finances, based on objective and subjective factors.

103. Financial well-being can be considered as an important goal of policies aiming at greater consumer empowerment, including financial inclusion, financial consumer protection and financial education. It is stated at the ultimate goal of financial literacy policies in the OECD Recommendation on Financial Literacy.³¹ Moreover, improving financial well-being is particularly important due to the financial difficulties and increased uncertainties associated with the COVID-19 pandemic, and there were suggestions that an update to the Principles should include the concept of financial well-being.

104. The OECD developed a broad international framework for defining and measuring financial well-being, which allows users to discuss financial well-being in a consistent way, whilst maintaining flexibility with respect to similar frameworks developed at the national level.³² The OECD financial well-being framework takes into account objective and subjective elements of financial well-being, including in particular: objective factors contributing to resilience, including disposable income, personal wealth and financial control; and subjective evaluation of day-to-day financial life and longer-term financial plans. This framework also acknowledges the importance of a wide range of factors associated with, or supporting, financial well-being, such as knowledge and skills, including adaptability and self-control; physical and mental health; support of friends, family and the broader community; and economic stability and growth.

105. Others have described financial well-being as the extent to which consumers can comfortably meet their current financial commitments and needs while also having the financial resilience to continue doing so in the future.³³ The Consumer Financial Protection Bureau (CFPB) of the USA defines financial well-being as a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.³⁴ Further, the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA) is also working on defining and measuring financial health or wellbeing.³⁵

³¹ OECD (2020) [Recommendation of the Council on Financial Literacy](https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0461), [OECD/LEGAL/0461](https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0461), <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0461>.

³² OECD (2019) "Financial well-being and inclusiveness", in *Financial Markets Insurance and Pensions: Inclusiveness and Finance*, <https://www.oecd.org/finance/Financial-markets-insurance-pensions-inclusiveness-and-finance.pdf>.

³³ Kempson, E., Finney, A., & Poppe, C. (2017) "Financial well-being: A conceptual model and preliminary analysis" (project note no. 3-2017), retrieved from https://www.researchgate.net/publication/318852257_Financial_Well-Being_A_Conceptual_Model_and_Preliminary_Analysis.

³⁴ CFPB (2015) *Financial well-being: The goal of financial education*, Consumer Financial Protection Bureau, https://files.consumerfinance.gov/f/201501_cfpb_report_financial-well-being.pdf.

³⁵ UNSGSA (2021) *Financial Health: An Introduction for Financial Sector Policymakers*, <https://www.unsgsa.org/sites/default/files/resources-files/2021-10/unsgsa%20financial%20health%20summary%20report.pdf>.

106. Moreover, there has been recent work on well-being by many jurisdictions, for instance, the Financial Consumer Agency of Canada has conducted research to better understand the financial well-being of Canadians,³⁶ and a similar survey had previously been completed in Norway, Ireland, Australia and New Zealand. The US CFPB has also developed a scale to measure financial well-being.³⁷

107. In Ireland, The Competition and Consumer Protection Commission’s “Financial Capability and Well-being in Ireland in 2018” study recommended that Ireland should consider following the approach of a significant number of other jurisdictions and develop a national strategy to promote financial well-being.³⁸

6.1.3. Digitalisation and technological advancements

108. There have been significant impacts, opportunities and risks of digitalisation and technological advancements on financial consumers, and this has been particularly prevalent given the impact of the COVID-19 pandemic and the increasing shift to digital delivery.³⁹ This also includes the increased use of analytics underpinned by artificial intelligence or machine learning by financial services providers, which brings many benefits in terms of service delivery, but may exacerbate risks such as discrimination, financial exclusion and lack of recourse.⁴⁰

109. Regarding this area, 20 jurisdictions reported that there are already some standards or measures in place about the digitalisation and technological improvements on financial consumers. In December 2020, Singapore launched the world’s first public digital infrastructure, which uses a national digital identity and centrally managed online consent system to enable individuals to access, through applications, their financial information held across different government agencies and financial institutions. Another example is that the Reserve Bank of India has established a composite Digital Payments Index to capture the extent of digitisation of payments with five parameters. A further example is in the United States, where the Consumer Financial Protection Bureau is gathering more information on the use of machine learning in making credit decisions.

110. In response to the survey, most jurisdictions supported digitalisation being considered in the review. Among the jurisdictions that supported consideration of this area, the key themes of the comments were about the following aspects:

³⁶ 2018 *Financial well-being in Canada: Survey results*: <https://www.canada.ca/en/financial-consumer-agency/programs/research/financial-well-being-survey-results.html>.

³⁷ Consumer Financial Protection Bureau (CFPB) of the USA, <https://www.consumerfinance.gov/consumer-tools/educator-tools/financial-well-being-resources/>.

³⁸ Competition and Consumer Protection Commission of Ireland (2018) “Financial Capability and Well-being in Ireland in 2018”, <https://www.ccpc.ie/business/research/market-research/financial-capability-and-well-being-in-ireland/>.

³⁹ Chalwe-Mulenga, M. and Duflos, E. (CGAP, 2021) “The Evolving Nature and Scale of Consumer Risks in Digital Finance”, <https://www.cgap.org/blog/evolving-nature-and-scale-consumer-risks-digital-finance>.

⁴⁰ Johnson, K., Pasquale, F. and Chapman J. (2019) “Artificial Intelligence, Machine Learning, and Bias in Finance: Toward Responsible Innovation”, 88 *Fordham Law Review* 499, <https://ir.lawnet.fordham.edu/flr/vol88/iss2/5>.

Gillis, T.B. and Spiess, J.L. (2019) “Big Data and Discrimination”, *The University of Chicago Law Review*, <https://lawreview.uchicago.edu/publication/big-data-and-discrimination>.

European Commission (2019) “Behavioural study on the digitalisation of the marketing and distance selling of retail financial services”, <https://op.europa.eu/s/ovdA>.

- Increasing digitalisation has an impact on financial consumer protection. While digitalisation and technological advancements brings many benefits, including improved efficiency and increased financial inclusion, consumers can be exposed to new or exacerbated risks that digital financial products and services may entail.
- Digitalisation has become more pervasive in financial products and services, particularly given the accelerating pace of digitalisation during the pandemic.
- Therefore, the area should be paid attention to by considering the risks and opportunities of digitalisation for financial consumers.
- A number of jurisdictions mentioned that digitalisation and technological advancements could negatively impact competition, which imposes regulatory challenges in the near future.

111. There is a clear link between competition and consumer protection, as evidenced by the inclusion of a Principle on Competition. A competitive market delivers many benefits to consumers, for example, consumers stand to benefit from increased competition in the digitalisation of finance in terms of expanded choice, and improved service and value. An example of this is Open Banking regimes, which have emerged or are under consideration in a number of jurisdictions, to facilitate the exchange of data among banks or between banks and fintechs and other third parties. One of the objectives of Open Banking is to foster competition and innovation, which may result in new entrants and applications entering the market.

112. At the same time, digitalisation may undermine competition due to certain characteristics of digital markets, such as network effects (where the value of a good or service increases the more people use it).⁴¹ Further, recent research indicates that in the presence of consumer decision failures, more competition has the potential to lead to negative outcomes for consumers.⁴² Due to the increasing attention paid to competition in digital markets and the accelerating digitalisation of the financial sector, it is critical that financial consumer protection frameworks maintain a strong link to competition law and policy.

113. Many specific digitalisation topics are captured in the [G20/OECD Policy Guidance Financial Consumer Protection Approaches in the Digital Age](#). This policy guidance focuses on the implementation and application of key elements of the G20/OECD High-Level Principles on Financial Consumer Protection in a digital environment and G20 High-level Principles on Digital

⁴¹ OECD (2021) “Data portability, interoperability and digital platform competition, OECD Competition Committee Discussion Paper”, <http://oe.cd/dpic>. Such dynamics can give rise to user ‘lock-in’, increased vertical integration (especially through product ‘ecosystems’), user inertia and weakened contestability of markets owing to the primacy of data.

⁴² See for example:

Garz S, Giné X, Karlan D, Mazer R, Sanford C, and Zinman J (2021) “Consumer Protection for Financial Inclusion in Low- and Middle-Income Countries: Bridging Regulator and Academic Perspectives”, <https://www.annualreviews.org/doi/pdf/10.1146/annurev-financial-071020-012008>;

Heidhues P, and Kőszegi B (2018) “Behavioral Industrial Organization.” In the Handbook of Behavioral Economics: Applications and Foundations 1, edited by Bernheim D, DellaVigna S, and Laibson D, 1:517–612. Elsevier;

Stucke M.E (2013) “Is Competition Always Good?” *Journal of Antitrust Enforcement* 1 (1): 162–97;

Gabaix X, and Laibson D (2006) “Shrouded Attributes, Consumer Myopia, and Information Suppression in Competitive Markets”, *The Quarterly Journal of Economics* 121 (2): 505–40.

Financial Inclusion with respect to Principle 5.⁴³ It focuses on areas related to the role of oversight bodies and disclosure and transparency. Following an extensive consultation process with Delegates of the Task Force, the GPMI and other stakeholders, the note was approved by the Task Force and the CMF in May 2018 and endorsed by the GPMI in June 2018.

6.1.4. Sustainable finance

114. Sustainable finance is a priority for many financial policy makers globally. The 2021 OECD Ministerial Council Statement looked forward to analysis of how environmental, social, and governmental risk is addressed across OECD workstreams to foster integrated approaches to sustainable finance, including on principles for climate transition finance.⁴⁴ Further, G20 Leaders adoption of the Rome Declaration in October 2021 references sustainable finance and acknowledges that sustainable finance is crucial for promoting orderly and just transitions towards green and more sustainable economies and inclusive societies.⁴⁵

115. In terms of consumer finance, financial services firms are increasingly incorporating environmental, social and governance (ESG) factors into their operations, products and services and there is growing consumer demand for such products and services. As such, the impact, opportunities and risks for consumers linked to sustainable finance are increasingly important in a financial consumer protection framework.

116. Sustainable finance and the growth in “green” or ESG financial products and services raises many questions for financial consumers, policy makers, oversight bodies and providers. As one example, the topic relates to, the risk of greenwashing (where a product is passed off as being more environmentally sound than it is), disclosure, transparency and advertising standards. Furthermore, the topic is much broader than just disclosure impacts or risks related to conduct, and for example is relevant to areas such as oversight arrangements, product oversight and governance, suitability, consumer awareness and competition.⁴⁶

⁴³ Principle 5 is: Establish Responsible Digital Financial Practices to Protect Consumers: Establish a comprehensive approach to consumer and data protection that focuses on issues of specific relevance to digital financial services.

See also the UN Principles for Responsible Digital Payments, <https://responsiblepayments.org/>.

⁴⁴ OECD (2021) OECD Ministerial Council Statement, <https://www.oecd.org/mcm/MCM-2021-Part-2-Final-Statement.EN.pdf>.

⁴⁵ G20 (2021) G20 Rome Leaders’ Declaration, https://www.gpmi.org/sites/gpmi/files/7_G20%20Rome%20Leaders%27%20Declaration.pdf.

⁴⁶ See, for example:

BEUC (2020) “Fact Sheet: How to make sustainable finance real for consumers?”, BEUC-X-2020-102, <https://www.beuc.eu/publications/how-make-sustainable-finance-real-consumers/html>.; BEUC (2021) Affordable Green Loans: Getting Consumers on Board of the Green Transition https://www.beuc.eu/publications/beuc-x-2021-076_affordable_green_loans.pdf.

EBA (2021) Environmental statement in the context of the 2021 United Nations Climate Change Conference (COP26), <https://www.eba.europa.eu/eba-reaffirms-its-commitment-support-green-finance-view-un-climate-change-conference>.

FCA (2019) “Climate Change and Green Finance: summary of responses and next steps, Feedback to DP18/8”, FCA Feedback Statement FS19/6, <https://www.fca.org.uk/publication/feedback/fs19-6.pdf>; and FCA (2021) “Sustainability Disclosure Requirements and investment labels”, FCA Discussion Paper DP21/4: <https://www.fca.org.uk/publications/discussion-papers/dp21-4-sustainability-disclosure-requirements-investment-labels>.

117. Regarding this area, 22 jurisdictions reported that there are some requirements in place for sustainability that protects consumers from financial risks. One example is that Japan revised the Green Bond Guidelines to prevent greenwashing in light of the latest market trends, and established the Green Loan and Sustainability Linked Loan Guidelines. In order to ensure the correct understanding of information on green bonds, they disseminate information to users through the Green Bond Issuance Promotion Platform. In Hong Kong, China, enhanced disclosure guidance was issued to ESG funds to address greenwashing concerns.⁴⁷ Further, following a public consultation on proposed changes to the Fund Managers Code of Conduct, fund managers are expected to integrate climate considerations in their investment and risk management processes and make appropriate disclosures on a mandatory basis from August 2022.

118. Another example comes from the European Union, where new legislation has been introduced and there are national guidelines on marketing of funds and self-regulation on marketing of funds in relation to sustainability (greenwashing). Further, in Colombia, there is a scheme that includes a classification criteria for economic and investment activities that are inherently related to environmental goals.

119. In response to the survey, the majority of jurisdictions supported sustainability being considered in the review. Among the jurisdictions that supported consideration of this area, the key themes of the comments were about the following aspects:

- As sustainable investment is rapidly gaining traction, the risks of greenwashing and the lack of comparability of disclosures have become common and need to be addressed.
- Sustainable finance disclosure can be a key to ensuring that investors make informed decisions and avoid misleading disclosures and greenwashing.

6.1.5. Enhanced protection or measures relating to consumers experiencing vulnerability or financial hardship

120. Enhanced protections for consumers who may be vulnerable are an important part of many financial consumer protection regimes around the world.⁴⁸ Consumer vulnerability can however

IOSCO (2021) Final Report on “Recommendations on Sustainability-Related Practices, Policies, Procedures and Disclosure in Asset Management”, <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD688.pdf> and accompanying Media release, “Setting regulatory and supervisory expectations for asset managers is fundamental to address greenwashing concerns, says IOSCO”, <https://www.iosco.org/news/pdf/IOSCONEWS624.pdf>.

Dupre S, Bayer C and Santacruz T (2020) “A Large Majority of Retail Clients Want to Invest Sustainably; Survey of French and German retail investors’ sustainability objectives”, Two Degrees Investing Initiative, <https://2degrees-investing.org/resource/retail-clients-sustainable-investment/>.

Dupre, S and Felmer Roa P (2020) “EU Retail Funds’ Environmental Impact Claims Do Not Comply with Regulatory Guidance”, Two Degrees Investing Initiative, <https://2degrees-investing.org/resource/marketing-claims/>.

⁴⁷ Securities and Futures Commission, Hong Kong, China (2021) Circular to ESG funds: <https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/products/product-authorization/doc?refNo=21EC27>.

⁴⁸ See, for example:

Autorité des marchés financiers (2019) “Protecting vulnerable clients - A practical guide for the financial services industry”,

take different forms and be applicable in different circumstances, requiring a nuanced understanding and approach to the subject. The experience of the COVID-19 pandemic has particularly highlighted the ways in which consumers may be vulnerable, including those who may not have traditionally been considered as such.

121. Academics from various fields including psychology, economics, sociology and marketing have studied consumer vulnerability and developed different definitions and conceptions of consumer vulnerability. Broadly speaking, these definitions generally include three dimensions:

- individual characteristics (for example, age, sex, disability, ethnicity, socio-economic status);
- individual states/circumstances (for example, changes in family structures, grief, divorce, loss of job); and
- external conditions (for example, distribution of resources, inequality, discrimination, lack of access to services such as health care, retail services, education or affordable housing).⁴⁹

122. These three dimensions interact to produce situations where consumers may experience vulnerability. As one author describes: “Consumer vulnerability involves exposure to the risk of detriment whether it results from personal or market dimensions. The personal dimension includes the attributes and circumstances of individuals which affect consumption decisions...The market dimension relates both to the nature of the markets generally and the characteristics of the specific market in issue.”⁵⁰

123. Regarding this area, 34 jurisdictions reported that there are some standards or requirements in place for enhanced protections for consumers experiencing vulnerability or financial hardship. For example, in 2021, the Financial Conduct Authority of the United Kingdom published finalised guidance for firms on the fair treatment of vulnerable customers, issued under their Principles for

https://lautorite.qc.ca/fileadmin/lautorite/grand_public/publications/professionnels/tous-les-pros/guide-bonnes-pratiques-personnes-vulnerables_an.pdf.

The Canadian Securities Administrators issued a [News Release](#) and amendments will apply to all provinces and territories in Canada to enhance the protection of older and vulnerable clients by providing tools and guidance to address issues of financial exploitation and diminished mental capacity: https://www.osc.ca/sites/default/files/2021-07/ni_20210715_31-103_ongoing-registrant-obligations.pdf.

Council of Financial Regulators New Zealand (2021) “Consumer Vulnerability Framework”, <https://www.fma.govt.nz/assets/CoFR/CoFR-Consumer-Vulnerability-Framework-April-2021.pdf>.

European Commission (2016) “Consumer vulnerability across key markets in the European Union”, https://ec.europa.eu/info/sites/default/files/consumers-approved-report_en.pdf.

Financial Conduct Authority UK (2021) “FG21/1 Guidance for firms on the fair treatment of vulnerable customers”, <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf>.

Ombudsman for Banking Services South Africa, “Vulnerable Consumers”, <https://www.obssa.co.za/vulnerable-consumers/>.

⁴⁹ Baker S, Gentry J, Rittenburg T (2005) “Building understanding of the domain of consumer vulnerability”, *Journal of Macromarketing*, Vol. 25/2, pp. 128-139, <http://dx.doi.org/10.1177/0276146705280622>.

⁵⁰ Cartwright P (2014) “Understanding and Protecting Vulnerable Financial Consumers”, *Journal of Consumer Policy* 2014 38:2, Vol. 38/2, pp. 119-138, <http://dx.doi.org/10.1007/S10603-014-9278-9>.

Business. The Guidance explains that to achieve good outcomes for vulnerable customers, firms should:

- understand the needs of their target market/customer base;
- make sure staff have the right skills and capability to recognise and respond to the needs of vulnerable customers;
- respond to customer needs throughout product design, flexible customer service provision and communications; and
- monitor and assess whether they are meeting and responding to the needs of customers with characteristics of vulnerability, and make improvements where this is not happening.⁵¹

124. Another example is that in Spain a new law has been enacted to protect consumers and users against situations of social and economic vulnerability.⁵² This includes the concept of vulnerable consumers and sets provisions to protect them against unfair commercial practices and abusive clauses in contracts.

125. In response to the survey, the majority of jurisdictions supported enhanced protections for consumers experiencing vulnerability or financial hardship being considered in the review. Among the jurisdictions that supported consideration of this area, the key themes of the comments were about the following aspects:

- Financial firms and their financial service providers have a role to play in addressing vulnerable financial consumers whether due to aging or other reasons (health or financial precariousness or diminished mental capacity) needs
- Particularly considering the COVID-19 pandemics, enhanced protection of financially vulnerable consumers should be a main area of focus

6.1.6. Access to financial products and services, i.e. financial inclusion

126. Promoting the access to and inclusion of consumers to financial products and services are key objectives of many jurisdictions and international organisations. This includes both encouraging new financial consumers to enter the financial system as well as ensuring that existing consumers do not fall out of the financial system, indicating that it is applicable for both developing and developed jurisdictions.

127. More specifically, financial inclusion generally refers to the “effective and quality access to and usage of – at a cost affordable to the customers and sustainable for the providers – financial services provided by formal institutions”.⁵³ Financial consumer protection is interrelated with a number of policy agendas to support financial well-being, importantly, financial inclusion. These policy agendas are essential for supporting the financial resilience and well-being of individuals, families and communities. This is because in addition to appropriate levels of financial consumer protection to ensure consumers are treated fairly and adequately protected from harms,

⁵¹ Financial Conduct Authority UK (2015) “Consumer Vulnerability”, <https://www.fca.org.uk/publication/occasional-papers/occasional-paper-8.pdf> (accessed on 19 August 2021).

⁵² Royal Decree-Law 1/2021.

⁵³ G20 GPMI (2017) G20 Financial Inclusion Action Plan, <https://www.gpmi.org/publications/g20-financial-inclusion-action-plan-fiap-2017>.

governments, oversight bodies and financial services providers should ensure people have access to financial products and services and that they then remain included in the financial system.⁵⁴

128. Regarding this area, 35 jurisdictions reported that there are some standards or requirements in place relating to access to financial products and services. One example is in Indonesia, where the Indonesian Financial Services Authority (OJK), regulates financial education and financial inclusion activities by the financial services institutions and in 2021 they are focusing on the theme of accelerating access to savings accounts and financing services which are easy, fast, and low-cost. In Singapore, consumers are able to compare life insurance products of different companies using a web portal maintained by the Monetary Authority of Singapore. Another example is in the European Union, where access to a basic payment account is enforced by law and access is guaranteed regardless of the consumer's economic situation, including employment status and income level. For example, since 2001, Portugal has in place a basic bank account regime, promoting financial inclusion, by regulating the accounts that offer a set of essential banking services at a reduced cost. Further, in South Africa, access to financial products is embedded in legislation.

129. Business and consumer groups who responded to the survey also supported the consideration of digitalisation and commented that it was having a significant impact on financial consumers. The majority of jurisdictions who responded to the survey also supported access to financial products and services being considered in the review. Among the jurisdictions that supported consideration of this area, the key themes of the comments were about the following aspects:

- Digital inclusion and financial inclusion is an important part of the financial consumer protection framework and key to financial well-being, especially due to the impact of the pandemic.
- Given the recent trend of digital transformation, while not all consumers may be ready for abrupt or radical changes, the transformation may contribute to greater financial inclusion.

130. Also, a number of jurisdictions highlighted that financial inclusion has to be achieved simultaneously with greater financial literacy through the provision of financial education.⁵⁵

⁵⁴ See, for example:

Financial Conduct Authority UK (2016) "Access to Financial Services in the UK", Occasional Paper 17;

Aspen Institute (2019) "Why Now is the Time for a National Strategy to Build an Inclusive Financial System", The Aspen Institute Financial Security Program, Washington DC, <https://www.aspeninstitute.org/publications/why-now-is-the-time-for-a-national-strategy-to-build-an-inclusive-financial-system/>;

Basel Committee on Banking Supervision (2015) "Range of practice in the regulation and supervision of institutions relevant to financial inclusion", Bank for International Settlements, <https://www.bis.org/bcbs/publ/d310.htm>.

⁵⁵ For example, Argentina, Croatia, Mexico, Portugal and Thailand.

6.1.7. *Quality financial products*

131. Over the past ten years, and since the existing Principles were adopted, there has been an increasing trend across jurisdictions for a greater focus on quality financial products,⁵⁶ including appropriate governance and oversight of financial products. This policy area reflects the broader concept of ensuring that financial products are designed and distributed to meet the interests and objectives of (target) customers. The existing Principles do not cover this.

132. Regarding this area, 37 jurisdictions reported that there are requirements in place to promote and encourage quality financial products, including appropriate governance and oversight of products to support suitability for consumers. For jurisdictions in the European Union, the European Banking Authority has issued guidelines about product oversight and governance for the retail banking sector,⁵⁷ and there is delegated regulation for the insurance and investment sectors. The guidelines provide a framework for manufacturers and distributors to design and market their products in a robust and responsible manner. Further, one example is Poland, where there are product intervention measures developed by the Polish Financial Supervision Authority (KNF) in the insurance sector, which may result in the design of insurance products being more suitable for customers.

133. It has also been a recurring theme in United Kingdom regulation, with one of the six consumer outcomes (fair treatment of customers) including expectations on firms around the design of products.⁵⁸ Similarly, an example is the Design and Distribution Obligations regime in Australia, which requires product issuers to identify and distribute their products to appropriate consumers to reduce the risk of consumers acquiring or being sold products that do not meet their needs. Further, Canada's new Financial Consumer Protection Framework includes a requirement for banks to have policies in place to ensure consumers receive products and services that are appropriate to their needs.

134. In response to the survey, the majority of jurisdictions supported requirements encouraging quality financial products being considered in the review. Among the comments from jurisdictions that supported consideration of this area, the following key themes emerged:

- The complexity of financial products and the limits to the efficacy of disclosure-based approaches result in the need for product governance rules or guidance.
- Product governance arrangements are crucial to ensure that the products that financial institutions develop and distribute are appropriate for the needs of the target market.

135. This policy area is interrelated with a number of existing principles and new areas being considered in the review, for example, promoting good consumer outcomes from regulation and the fair treatment of consumers.

⁵⁶ For example, Australia, the UK (<https://www.fca.org.uk/firms/fair-treatment-customers>) and European Union guidelines. See also: FinCoNet (2021) "Financial Product Governance and Culture", <http://www.finconet.org/Financial-Product-Governance-Culture.pdf>.

⁵⁷ For example, the European Union Guidelines on product oversight and governance arrangements for retail banking products, <https://www.eba.europa.eu/guidelines-on-product-oversight-and-governance-arrangements-for-retail-banking-products>.

⁵⁸ Financial Conduct Authority UK, <https://www.fca.org.uk/firms/fair-treatment-customers> and FCA Principle 6: <https://www.handbook.fca.org.uk/handbook/PRIN/2/1.html>.

6.1.8. Promoting good consumer outcomes from regulation

136. Outcomes-based financial consumer protection regulation is an emerging trend in a number of jurisdictions⁵⁹ and legal and policy research⁶⁰ that aims to lead to better outcomes for consumers. Outcomes-based or performance-based regulation is generally described as regulation that seeks to support good outcomes for consumers by specifying required outcomes or objectives, rather than the means by which they must be achieved. It is a forward-looking approach where, for example, in certain circumstances regulators/supervisors might decide to focus on the desired outcomes for consumers, as well as, or instead of, the means. Examples of jurisdictions implementing this approach were discussed at the recent joint Task Force/FinCoNet International Seminar⁶¹ on this topic.

137. Regarding this area, 19 jurisdictions reported that there are requirements in place for performance-based consumer protection regulation. As an example, the Bank of Thailand has requested all financial service providers as specified in the Regulation on Market Conduct to raise the standard of work in nine dimensions of market conduct, including ‘Corporate culture and roles and responsibilities of board of directors and senior management’. Another example is that in Hungary where the Hungarian National Bank (Magyar Nemzeti Bank) promoted the strengthening of consumer-friendly financial products by establishing a ‘consumer-friendly’ certification system. In this framework institutions can apply to be certified to distribute ‘Certified Consumer-Friendly’ products (e.g. mortgage, personal loan) by the fulfilment of special requirements, which are mainly consumer protection related.

138. In response to the survey, many jurisdictions supported promoting good consumer outcomes from regulation being considered in the review. In their written comments, these jurisdictions touched upon the following themes:

- It is key for regulators to consider the benefits of performance-based consumer protection.
- While measuring the impact of financial consumer protection regulation on consumers is challenging, performance-based rules can be useful to help promote innovation and reduce the regulatory burden.

⁵⁹ For example, Netherlands, Singapore, South Africa, and the United Kingdom.

⁶⁰ For example:

Izaguirre J.C. (2020) “Making Consumer Protection Regulation More Customer Centric,” CGAP, Washington, <https://www.cgap.org/research/publication/making-consumer-protection-regulation-more-customer-centric>.

Baker T.H. and Stone C. (2020) “Making Outcomes Matter: An Immodest Proposal for a New Consumer Financial Regulatory Paradigm”, Business and Finance Law Review Vol. 4 No. 1, https://gwbflr.org/wp-content/uploads/2020/11/Article-1_V4I1_Baker.pdf.

Willis L.E. (2014) “Performance-Based Consumer Law”, 82 University of Chicago Law Review 1309, <https://ssrn.com/abstract=2485667>.

Willis, L.E. (2017) “The Consumer Financial Protection Bureau (CFPB) and the quest for consumer comprehension”, The Russell Sage Foundation Journal of the Social Sciences, 74 – 93.

⁶¹ FinCoNet & G20/OECD Task Force on Financial Consumer Protection (2021) Report on “Performance-based Regulation & Financial Consumer Protection”, International Seminar http://www.finconet.org/Performance-based_Regulation-FCP_Summary-Report_March-2021.pdf.

6.1.9. The role of culture within financial services firms and its link to better consumer outcomes

139. There is an increasing trend in regulatory approaches adopted by jurisdictions⁶² and the evidence from the literature,⁶³ to give more explicit focus to the important role of firm culture, as well as conduct, as a contributor to financial consumer protection and better outcomes for consumers.

140. Regarding this area, 27 jurisdictions reported that there are some requirements in place regarding the role of culture within financial services firms and its link to better consumer outcomes, with many jurisdictions undertaking substantial work in this area. As an example the Bank of Russia pays particular attention to the development of trust in the financial market. In Argentina, the role of culture is reflected in the Code of Good Banking Practices and guidelines on corporate governance applicable to financial institutions and the financial user protection framework. In the case of the framework, a user protection committee or appointment of an accountable officer in that respect is required. Another example is that the Financial Consumer Agency of Canada has conducted a review of the domestic retail sales operations of six of Canada's largest banks, and the new framework includes a ban on banks exerting undue pressure on consumers or taking advantage of them for any reason.

141. In response to the survey, many jurisdictions supported culture being considered in the review. In their written comments in support of considering culture in the review, these jurisdictions touched upon the following key themes:

- Embedding value and respect for consumers into the culture of financial services companies will lead to better outcomes for consumers.
- It could be informative for regulators to consider how certain types of cultures correspond to the achievement of consumer outcomes.
- It is crucial that employees of financial firms who provide investment advice and information about financial products and services have the necessary knowledge and competence to act in the interests of financial consumers.

6.1.10. Regulatory or supervisory powers to intervene in specific financial products that present significant risks to consumers

142. Many jurisdictions have introduced regulatory or supervisory powers to intervene in specific financial products that present significant risks to consumers, with 43 jurisdictions reporting requirements in place.⁶⁴ As an example, in Germany the product intervention tool allows the Federal Financial Supervisory Authority (BaFin) to restrict or completely prohibit the marketing, distribution or sale of certain financial products if there are serious concerns about

⁶² FinCoNet (2021) "Financial Product Governance and Culture", <http://www.finconet.org/Financial-Product-Governance-Culture.pdf> and some examples include Netherlands, Singapore, UK and Australia.

⁶³ FinCoNet (2021) "Financial Product Governance and Culture -- Annex C: Literature Review", <http://www.finconet.org/Annex-C-Literature-review-Financial-Product-Governance-Culture.pdf>.

⁶⁴ ASIC & AFM (2019) "Disclosure: Why it shouldn't be the default", Australian Securities and Investments Commission & the Dutch Authority for the Financial Markets, <https://asic.gov.au/regulatory-resources/find-a-document/reports/rep-632-disclosure-why-it-shouldn-t-be-the-default/> also canvases why relying on disclosure alone may not be enough, and that more targeted interventions may be warranted.

investor protection or if there is a threat to the stability or soundness of the financial system or financial markets.

143. Another example is in Colombia, where the Financial Superintendency of Colombia can intervene in financial products and services where the conduct of financial institutions harms consumers or might potentially harm consumers. Luxemburg also has an intervention power, mainly in the field of structured securities and derivatives sold or advised to retail clients, and the financial regulator in Luxemburg (Commission de Surveillance du Secteur Financier) may also suspend the marketing or sale of all products under certain conditions.

144. Similarly, India has intervention powers in relation to banking companies, where the Reserve Bank of India can issue regulatory directions to banks with respect to various financial services offered by them. The Reserve Bank of India has also issued a Fair Practices Code and Outsourcing Guidelines to address customer protection issues related to non-banking finance companies, which play a critical role to meet the needs of consumers but also expose them to various risks.

145. In response to the survey, the majority of jurisdictions supported intervention powers being considered in the review. Among these jurisdictions, the key themes were that the ability to prevent products that exploit gaps in financial consumer knowledge or that are unsuitable for their target market is important for adequate consumer protection. While this is an effective tool for regulators to protect consumers from significant risks, this is balanced with the caution that such intervention should be used as the last resort since it potentially has a large impact on the market.

6.1.11. Use of behavioural insights relating to consumers

146. A better understanding of consumers' decision-making processes and of the biases likely to influence their financial decisions are of interest to financial services policy makers, regulators and supervisors and financial service providers. An increased understanding of how consumers are influenced can help inform efforts to guide them toward better decisions and protect them from making harmful decisions.⁶⁵ Behavioural insights have also proved useful in assessing the effectiveness of disclosure-based regimes; in particular, behavioural research has demonstrated the limitations of an approach that relies too heavily on disclosure (see Table 3, section Recent developments or emerging trends in jurisdictions and the section below on 'Quality Financial Products' for further discussion on disclosure).

147. Regarding this area, 22 jurisdictions reported that there are some requirements in place for using behavioural insights relating to consumers. One example is that in Australia, the Behaviour Economics Team of Australia (BETA) was established in 2016 to provide behavioural insights to agencies as part of the policy development process and the regulators, including ASIC and Australian Competition and Consumer Commission (ACCC), are also building internal capability

⁶⁵ OECD (2017) Working Papers on Finance, Insurance and Private Pensions No. 42, *Behavioural economics and financial consumer protection*, accessed at https://www.oecd-ilibrary.org/economics/behavioural-economics-and-financial-consumer-protection_0c8685b2-en.

Schneider C and Ben-Shahar O (2010) "The Failure of Mandated Disclosure", John M. Olin Program in Law and Economics Working Paper No. 516, University of Chicago, https://chicagounbound.uchicago.edu/law_and_economics/520/.

Willis, L.E. (2013) "When Nudges Fail: Slippery Defaults", *The University of Chicago Law Review* (80), 1154 – 1229.

Adams P, Hunt S, Palmer C, et al. (2021) "Testing the effectiveness of consumer financial disclosure: Experimental evidence from savings accounts", *Journal of Financial Economics*, <https://doi.org/10.1016/j.jfineco.2020.05.009>.

in this area. Another example is that the Banco de Portugal established best practices to enhance information transparency on digital channels in 2020, which takes into consideration behavioural insights.⁶⁶ Behavioural finance and cognitive science has been informing the Italian Commissione Nazionale per le Società e la Borsa ('CONSOB', authority responsible for regulating the Italian securities market) activities in many fields.⁶⁷ Relevant studies have also been conducted in Peru in 2017 and 2019, to test the impact and relevance of different information on consumer choice, which resulted in regulations being passed that actually reduced the list of information required to be disclosed to consumers in key documents for loans, deposits and credit cards. IOSCO has also done relevant work in this field.⁶⁸

148. In response to the survey, the majority of jurisdictions supported behavioural insights being considered in the review. Among the jurisdictions that supported consideration of this area, the following key themes emerged from their written comments:

- The use of behavioural insights by firms should be considered by policy makers as it may increase asymmetries between the financial provider and consumers and it can affect consumers when making decisions on financial products and services.
- Understanding the behaviour and experiences of consumers facilitates regulators to design effective policies since behavioural insights have the potential to identify ways to improve consumers' ability to make decisions that mitigate risks and enhance their financial well-being.

6.1.12. Facilitating innovation in terms of new financial products or services

149. Many jurisdictions are seeking to facilitate innovation of new financial products or services while ensuring an appropriate level of financial consumer protection in a variety of ways, for example, via regulatory sandboxes, innovation hubs and similar initiatives.

150. Thirty-nine jurisdictions reported that there are some requirements in place for facilitating innovation relating to new financial products or services. One example is in India, the Insurance Regulatory and Development Authority (IRDAI) issued Regulatory Sandbox Regulations to promote innovation. Further, the Reserve Bank of India has established a Regulatory Sandbox, a controlled environment where supervised entities and FinTech operators are able to test, for a

⁶⁶ More information on the practices established by the Banco de Portugal is in Circular Letter No CC/2020/00000044 (<https://clientebancario.bportugal.pt/en/noticias/banco-de-portugal-establishe-best-practice-enhance-information-transparency-digital>) and the article "The Banco de Portugal regulates information transparency on digital channels reinforcing consumer protection during the COVID-19 pandemic" published in the September 2020 [FinCoNet Newsletter](#).

⁶⁷ For example, in 2019 and 2020, CONSOB delved deeper into investors' demand for robo advice, investigating also behavioural traits that can drive interest and demand through an experimental study ("Do investors rely on robots? Evidence from an experimental study", https://www.consob.it/documents/46180/46181/FinTech_7.pdf/6c1115c7-280f-471c-a332-5a43d78bbd0e) and a qualitative study ("Financial advice and robo advice in the investors' perception Evidence from a qualitative study", <https://www.consob.it/web/area-pubblica/ft6en>).

⁶⁸ IOSCO (2019) "The Application of Behavioural Insights to Retail Investor Protection", <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD626.pdf>.

limited period of time, technologically innovative products and services, initially focusing on retail payments.⁶⁹

151. Another example is in Italy, where, in 2021, Banca d'Italia, CONSOB and the Institute for the Supervision of Insurance (IVASS) set up a regulatory sandbox in the banking, financial and insurance sectors. Previously, sector-specific initiatives to support the digital evolution of the financial market and encourage the attraction of talent and investments had been undertaken by each supervisory authority.⁷⁰ Many other similar initiatives are being implemented by jurisdictions.⁷¹

152. In response to the survey, many jurisdictions supported innovation being considered in the review. Among the jurisdictions that supported consideration of this area, the following key themes emerged from their written comments:

- Regulatory and supervisory approaches need to be flexible to provide appropriate consumer protection while encouraging innovation to meet the modern needs of consumers. Innovation hubs provide an effective channel of communication between the financial services industry and regulators/supervisors in relation to financial innovation.
- Creating a controlled environment to test experimental and innovative financial products and services, with lower regulatory costs, can support the development of these products and services, while at the same time monitoring their impact on financial consumers. This can help to implement consumer protection principles from the earliest stage of product or service development.
- Facilitating innovation can improve the accessibility of financial products and services and can improve financial inclusion.

⁶⁹ The products and services which, among others, will be considered for inclusion under the Reserve Bank of India Regulatory Sandbox are mobile payments including phone based payment services, offline payment solutions and contactless payments.

⁷⁰ For further detail about sandboxes in Italy see the [Banca d'Italia](#), [IVASS](#) or [CONSOB](#) websites.

⁷¹ World Bank (2020) "Global Experiences from Regulatory Sandboxes", Fintech Note No. 8, World Bank, Washington, DC, <https://openknowledge.worldbank.org/handle/10986/34789>.

Leshner M (2020) "Bringing new digitally enabled products and services to market: Sandboxes and the role of policy experimentation", <https://voxeu.org/article/sandboxes-and-role-policy-experimentation>.

7. CONCLUSIONS

153. This section sets out the conclusions arising from the findings of the review of the implementation, dissemination and continued relevance of the Recommendation. It is based on inputs from jurisdictions, consumer groups, business groups, and the growing body of academic literature, policy research and market trends. In particular, it also incorporates insights from the policy responses to the COVID-19 pandemic.⁷²

154. The evidence points to a solid foundation for the existing Principles, while looking for ways to add, build and refine them to take account of support of new areas/topics to be reflected in an updated set of Principles.

155. The Report concludes that the existing Principles have generally been well implemented and broadly implemented by Adherents (and to a lesser degree by other responding jurisdictions). However, there are some gaps which require attention. This includes areas where the Principles are not as Fully Implemented in some sectors, and the need for enhanced communication to raise the visibility of the implementation of the Principles and the outcomes for consumers from the consumer protection framework in place.

156. The strong engagement from jurisdictions, with 55 jurisdictions providing a response to the Questionnaire, including non-Adherents, demonstrates the importance of financial consumer protection to jurisdictions around the world. It also indicates the importance of ensuring the Principles are updated to incorporate new developments and trends, so that they continue to support the development and implementation of financial consumer protection frameworks around the world.

157. Notably, the Report concludes that the Principles continue to be very strongly supported as being both important (that is, that they matter) and relevant (that is, that they are still current).

158. While seeking to preserve the important aspects of the existing Principles, the Report looks to the future and identifies that there is also the opportunity to build on the existing Principles with updates to reflect new or emerging approaches to financial consumer protection policy (for example, digitalisation, sustainability, COVID-19 lessons) that warrant updates to the Principles to ensure they continue to reflect leading best practices and are forward-looking.

159. Relevantly, demonstrating the support for financial consumer protection policies worldwide, the G20 Finance Ministers and Central Bank Governors included a forward-looking reference to the review of the Principles in their October 2021 Communiqué.⁷³ Following the approval of this Report, the Secretariat is planning to engage with the Indonesian G20 Presidency to seek endorsement of the revised Principles by the G20, in addition to the revision of the Recommendation by the Council, following further development by the Task Force, engagement with key stakeholders and public consultation.

160. Drawing on the experiences of jurisdictions, business groups and stakeholder groups responding to OECD questionnaires, the available evidence, recent research and the practices of leading jurisdictions identified in this Report, the following conclusions are put forward.

⁷² In particular, the [Information Note on Financial Consumer Protection Responses to COVID-19; “G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and support Financial Inclusion in the Context of COVID-19”](#); G20 GPMI [“Menu of Policy Options for digital financial literacy and financial consumer and MSME protection”](#).

⁷³ G20 (2021) Italian G20 Presidency, Fourth G20 Finance Ministers and Central Bank Governors Meeting, [“Communiqué”](#), 13 October 2021: “We look forward to the review of the G20/OECD High-Level Principles for Financial Consumer Protection in 2022.”

7.1. Conclusion 1: The Principles have generally been well and widely implemented across jurisdictions, and they continue to be important and relevant. Taking into account the findings of the Report, and building on the solid foundation of the existing Principles, the Task Force and CMF should develop a proposal to revise the Principles to take account of policy areas that have emerged since they were adopted ten years ago, to ensure they are forward-looking and continue to reflect best practice

161. The key conclusion of the Report is that the Principles have generally been well and widely implemented across jurisdictions, they continue to be important and relevant to provide a solid foundation to guide the development of financial consumer protection frameworks. The Principles should be updated to take account of the findings about the implementation, dissemination and continued importance and relevance of the Recommendation, and importantly to reflect policy developments since the Principles were first developed, including lessons from the COVID-19 pandemic.

162. In revising the Principles, simplicity would be important, balanced with the need for the Principles to evolve to cover the new or emerging policy areas. As such, the overall approach in considering possible updates to the Principles is to build on the existing Principles and incorporate important new areas or approaches as far as possible.

163. This Report demonstrates the importance of retaining the existing concepts covered by the Principles but also including revisions to reflect new or emerging policy areas or approaches evaluated in Chapter 6 to ensure the Principles continue to reflect best practice and are forward-looking. These revisions could be incorporated in several ways to balance the number and scope of revisions with simplicity for jurisdictions to implement the Principles, for example:

- Incorporating some revisions into the existing Principles. Some examples of how this could be done include specifically highlighting vulnerability in Principle 3: Equitable and Fair Treatment of Consumers; including a reference to culture in Principle 6: Responsible Business Conduct of Financial Services Providers and Authorised Agents; and/or weaving the COVID-19 lessons throughout, including for example, mentioning scams in the Principle 7: Protection of Consumer Assets against Fraud and Misuse.
- Adding a small number of new Principles to cover concepts that are not currently provided for in the existing Principles, for example, on ‘Access and Inclusion’ and ‘Quality Financial Products’ as these topics do not neatly fit within one of the existing Principles; and
- Adding cross-cutting themes that are relevant to the implementation of all the Principles, for example, this could include themes about digitalisation, sustainability and financial well-being.

7.1.1. Incorporating COVID-19 lessons throughout the Principles

164. In revising the Principles, the high-level lessons arising in light of the COVID-19 pandemic could be threaded throughout the Principles to ensure that these lessons are long-lasting and not forgotten. For example, the importance of digitalisation, enhanced protections for vulnerable consumers and protecting consumers from scams and fraud (the latter could be specifically included in Principle 7: *Protection of Consumer Assets against Fraud and Misuse*).

165. The Report does not indicate that there is a need for a separate Principle specifically on COVID-19, because while COVID-19 had accelerated some trends, it is important that the Principles are future-proof and remain adaptive to the next challenge. Further, many of the

COVID-19 impacts from the pandemic fit within the remit of the existing principles or the new or emerging approaches evaluated in this Report.

7.1.2. Incorporation of new Principles

166. The Report concludes that there is support for adding new Principles only where they are needed, with the incorporation of as many amendments/updates into the existing Principles, where possible. There are areas that may be appropriate to consider in a revision to the Principles because the current Principles do not cover these topics, including:

- **Access and Inclusion:** the findings of the Report suggest that access to, and inclusion of, consumers to financial products and services should be key objectives of governments, oversight bodies and financial service providers. This includes both addressing barriers that prevent consumers from accessing the formal, regulated financial system, as well as ensuring consumers remain included in the financial system for example, in the event of financial hardship. This covers issues for both developing and developed jurisdictions and is an opportunity to reflect lessons from the COVID-19 pandemic where this issue has been more prominent.
- **Quality financial products:** Currently there is no Principle that focuses on the quality of financial products themselves, in particular the broader concept that there should be appropriate financial product oversight and governance by manufacturers, providers and representatives to ensure that products are designed and distributed to meet the interests and objectives of the target consumers. This may mean firms should have appropriate systems in place to design, approve and manage financial products through their life cycle to ensure that they meet the interests and objectives of consumers that the product is designed for, as well as the relevant regulatory requirements. In order to promote quality financial products, Oversight bodies could also require firms to define a target market for a financial product, conduct research to understand the target market and, depending on the type, complexity and risk of the product, carry out testing before launching the product.

This could be considered an appropriate precursor for Principle 6, which is about the responsible business conduct of providers, and it would complement the area of ‘Access and Inclusion’ since once consumers enter the financial system they should have access to quality financial products that meet their needs and contribute to their financial well-being. This would reflect the increasing trend across jurisdictions for a greater focus on quality financial products (a trend which has emerged in the years since the existing Principles were adopted).

7.1.3. Incorporation of cross-cutting themes

167. The Report indicates that there are areas that are relevant to and support the implementation of each and all of the Principles, which could be considered for inclusion as themes to avoid unnecessary repetition, for example:

- The impact on the **financial well-being** of financial consumers and their resilience. Financial consumer protection policies should contribute to the overall financial well-being and resilience of consumers. An OECD working definition of individual financial well-being refers to being in control, feeling secure and having freedom about one’s own current and future finances, based on objective and subjective factors.

- The impact, opportunities and risks of **digitalisation and technological advancements** for financial consumers. This includes considering the impact of greater use of artificial intelligence and machine learning technology, algorithms, and the increasingly digital ways that consumers can interact with financial products and services, as well as the corresponding protections that are required, particularly given new, emerging or exacerbated risks.
- The impact, opportunities and risks of **sustainable finance** for financial consumers. This includes considering that financial services firms are increasingly incorporating ESG factors into their operations, products and services, and growing consumer demand.

7.2. Conclusion 2: Adherents should be encouraged to examine ways to improve dissemination of the Principles, particularly around communication

168. Adherents should be encouraged to improve their communication with relevant stakeholders to raise the visibility of the implementation of the Principles. There may also be a need for enhanced communication about the outcomes for consumers from the consumer protection framework in place. A more effective, visible consultation process with relevant stakeholders (in line with this aspect of Principle 1) could be considered when implementing financial consumer protection policies.

7.3. Conclusion 3: Adherents should be encouraged to translate the Recommendation into their own domestic languages, where relevant

169. The Recommendation has two official languages, English and French, which are sufficient for many Adherents and non-Adherents. However, the Report found that 18% of jurisdictions surveyed responded that they have translated the Principles into the domestic language of their jurisdiction. This indicates that there may be an opportunity to encourage jurisdictions to translate the Recommendation (preferably after their revision if approved) into their own domestic languages, where relevant, and links to such translations could be added to a central repository of translated versions accessible on the Task Force website and on the webpage of the Recommendation on the online Compendium of OECD Legal Instruments.

Bibliography

Adams P, Hunt S, Palmer C, et al. (2021) “*Testing the effectiveness of consumer financial disclosure: Experimental evidence from savings accounts*”, *Journal of Financial Economics*, <https://doi.org/10.1016/j.jfineco.2020.05.009>.

ASIC & AFM (2019) “*Disclosure: Why it shouldn't be the default*”, Australian Securities and Investments Commission & the Dutch Authority for the Financial Markets, <https://asic.gov.au/regulatory-resources/find-a-document/reports/rep-632-disclosure-why-it-shouldn-t-be-the-default/>.

Aspen Institute (2019) “*Why Now is the Time for a National Strategy to Build an Inclusive Financial System*”, The Aspen Institute Financial Security Program, Washington DC, <https://www.aspeninstitute.org/publications/why-now-is-the-time-for-a-national-strategy-to-build-an-inclusive-financial-system/>.

Autorité des marchés financiers (2019) “*Protecting vulnerable clients - A practical guide for the financial services industry*”, https://autorite.qc.ca/fileadmin/autorite/grand_public/publications/professionnels/tous-les-pros/guide-bonnes-pratiques-personnes-vulnerables_an.pdf.

Baker S, Gentry J, Rittenburg T (2005) “*Building understanding of the domain of consumer vulnerability*”, *Journal of Macromarketing*, Vol. 25/2, pp. 128-139, <http://dx.doi.org/10.1177/0276146705280622>.

Baker T.H. and Stone C. (2020) “*Making Outcomes Matter: An Immodest Proposal for a New Consumer Financial Regulatory Paradigm*”, *Business and Finance Law Review* Vol. 4 No. 1, https://gwblfr.org/wp-content/uploads/2020/11/Article-1_V4I1_Baker.pdf.

Banco de Portugal (2020) Circular Letter No CC/2020/00000044, <https://clientebancario.bportugal.pt/en/noticias/banco-de-portugal-establishes-best-practice-enhance-information-transparency-digital>.

Basel Committee on Banking Supervision (2015) “*Range of practice in the regulation and supervision of institutions relevant to financial inclusion*”, Bank for International Settlements, <https://www.bis.org/bcbs/publ/d310.htm>.

Benston, G.J. (2000) “*Consumer Protection as Justification for Regulating Financial-Services Firms and Products*”, *Journal of Financial Services Research* 17, 277–301.

BEUC (2021) “*Affordable Green Loans: Getting Consumers on Board of the Green Transition*” https://www.beuc.eu/publications/beuc-x-2021-076_affordable_green_loans.pdf.

BEUC (2020) “*Fact Sheet: How to make sustainable finance real for consumers?*”, BEUC-X-2020-102, <https://www.beuc.eu/publications/how-make-sustainable-finance-real-consumers/html>.

Campbell, J. Y., Jackson, H. E., Madrian, B. C., & Tufano, P. (2010) “*The regulation of consumer financial products: an introductory essay with four case studies*”, https://dash.harvard.edu/bitstream/handle/1/4450128/Madrian_TheRegulationof.pdf.

Cartwright P (2014) “*Understanding and Protecting Vulnerable Financial Consumers*”, *Journal of Consumer Policy* 2014 38:2, Vol. 38/2, pp. 119-138, <http://dx.doi.org/10.1007/S10603-014-9278-9>.

CFPB (2015) “*Financial well-being: The goal of financial education, Consumer Financial Protection Bureau*”, https://files.consumerfinance.gov/f/201501_cfpb_report_financial-well-being.pdf.

Chalwe-Mulenga, M. and Duflos, E. (CGAP, 2021) “*The Evolving Nature and Scale of Consumer Risks in Digital Finance*”, <https://www.cgap.org/blog/evolving-nature-and-scale-consumer-risks-digital-finance>.

Competition and Consumer Protection Commission of Ireland (2018) *Financial Capability and Well-being in Ireland in 2018*, <https://www.ccpc.ie/business/research/market-research/financial-capability-and-well-being-in-ireland/>.

CONSOB (2020) “*Financial advice and robo advice in the investors’ perception Evidence from a qualitative study*”, <https://www.consob.it/web/area-pubblica/ft6en>.

CONSOB (2019) “*Do investors rely on robots? Evidence from an experimental study*”, https://www.consob.it/documents/46180/46181/FinTech_7.pdf/6c1115c7-280f-471c-a332-5a43d78bbd0e.

Consumer Financial Protection Bureau (CFPB) of the USA, <https://www.consumerfinance.gov/consumer-tools/educator-tools/financial-well-being-resources/>.

Council of Financial Regulators New Zealand (2021) “*Consumer Vulnerability Framework*”, <https://www.fma.govt.nz/assets/CoFR/CoFR-Consumer-Vulnerability-Framework-April-2021.pdf>.

Dupre S, Bayer C and Santacruz T (2020) “*A Large Majority of Retail Clients Want to Invest Sustainably; Survey of French and German retail investors’ sustainability objectives*”, Two Degrees Investing Initiative, <https://2degrees-investing.org/resource/retail-clients-sustainable-investment/>.

Dupre, S and Felmer Roa P (2020) “*EU Retail Funds’ Environmental Impact Claims Do Not Comply with Regulatory Guidance*”, Two Degrees Investing Initiative, <https://2degrees-investing.org/resource/marketing-claims/>.

EBA (2021) Environmental statement in the context of the 2021 United Nations Climate Change Conference (COP26), <https://www.eba.europa.eu/eba-reaffirms-its-commitment-support-green-finance-view-un-climate-change-conference>.

European Commission (2019) “*Behavioural study on the digitalisation of the marketing and distance selling of retail financial services*”, <https://op.europa.eu/s/ovdA>.

European Commission (2016) “*Consumer vulnerability across key markets in the European Union*”, https://ec.europa.eu/info/sites/default/files/consumers-approved-report_en.pdf.

European Union Guidelines on product oversight and governance arrangements for retail banking products, <https://www.eba.europa.eu/guidelines-on-product-oversight-and-governance-arrangements-for-retail-banking-products>.

Financial Conduct Authority UK (2021) “*Sustainability Disclosure Requirements and investment labels*”, FCA Discussion Paper DP21/4: <https://www.fca.org.uk/publications/discussion-papers/dp21-4-sustainability-disclosure-requirements-investment-labels>.

Financial Conduct Authority UK (2019) “*Climate Change and Green Finance: summary of responses and next steps, Feedback to DP18/8*”, FCA Feedback Statement FS19/6, <https://www.fca.org.uk/publication/feedback/fs19-6.pdf>.

Financial Conduct Authority UK (2021) “*FG21/1 Guidance for firms on the fair treatment of vulnerable customers*”, <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf>.

Financial Conduct Authority UK (2016) “*Access to Financial Services in the UK*”, Occasional Paper 17.

Financial Conduct Authority UK (2015) “*Consumer Vulnerability*”, <https://www.fca.org.uk/publication/occasional-papers/occasional-paper-8.pdf> (accessed on 19 August 2021).

Financial Conduct Authority UK, <https://www.fca.org.uk/firms/fair-treatment-customers>.

Financial Conduct Authority UK Principle 6: <https://www.handbook.fca.org.uk/handbook/PRIN/2/1.html>.

FinCoNet (2021), “*Financial Product Governance and Culture*”, <http://www.finconet.org/Financial-Product-Governance-Culture.pdf>.

FinCoNet (2021), “*Financial Product Governance and Culture -- Annex C: Literature Review*”, <http://www.finconet.org/Annex-C-Literature-review-Financial-Product-Governance-Culture.pdf>.

FinCoNet & G20/OECD Task Force on Financial Consumer Protection (2021), Report on “*Performance-based Regulation & Financial Consumer Protection*”, International Seminar <http://www.finconet.org/Performance-based-Regulation-FCP-Summary-Report-March-2021.pdf>.

G20 (2021) G20 Rome Leaders’ Declaration, https://www.gpfi.org/sites/gpfi/files/7_G20%20Rome%20Leaders%27%20Declaration.pdf.

G20 (2021) Italian G20 Presidency, Fourth G20 Finance Ministers and Central Bank Governors Meeting, “*Communiqué*”, 13 October 2021.

G20 (2021) Italian G20 Presidency, Fourth G20 Finance Ministers and Central Bank Governors Meeting, “*Annex II: Reports and Documents Received*”, 13 October 2021.

G20 GPFI (2021) “*Menu of Policy Options for digital financial literacy and financial consumer and MSME protection*”, https://www.gpfi.org/sites/gpfi/files/1_G20%20Menu%20of%20Policy%20Options.pdf <https://www.g20.org/wp-content/uploads/2021/10/G20-Menu-of-Policy-Options-Enhancing-digital-financial-inclusion-beyond-the-COVID-19-crisis.pdf>.

G20 GPFI (2017) *G20 Financial Inclusion Action Plan*, <https://www.gpfi.org/publications/g20-financial-inclusion-action-plan-fiap-2017>.

G20/OECD (2021) “*G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and support Financial Inclusion in the Context of COVID-19*”.

G20/OECD Task Force on Financial Consumer Protection, *Compendium of Effective Approaches for Financial Consumer Protection in the Digital Age* (Principles 1, 2, 3, 4, 6, 7, 8 and 9).

Gabaix X, and Laibson D (2006) “*Shrouded Attributes, Consumer Myopia, and Information Suppression in Competitive Markets*”, *The Quarterly Journal of Economics* 121 (2): 505–40.

Garz S, Giné X, Karlan D, Mazer R, Sanford C, and Zinman J (2021) “*Consumer Protection for Financial Inclusion in Low- and Middle-Income Countries: Bridging Regulator and Academic Perspectives*”, <https://www.annualreviews.org/doi/pdf/10.1146/annurev-financial-071020-012008>.

Gillis, T.B. and Spiess, J.L. (2019) “*Big Data and Discrimination*”, The University of Chicago Law Review, <https://lawreview.uchicago.edu/publication/big-data-and-discrimination>.

Heidhues P, and Kőszegi B (2018) “*Behavioral Industrial Organization*” In the Handbook of Behavioral Economics: Applications and Foundations 1, edited by Bernheim D, DellaVigna S, and Laibson D, 1:517–612. Elsevier.

IOSCO (2021) Final Report on “*Recommendations on Sustainability-Related Practices, Policies, Procedures and Disclosure in Asset Management*”, <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD688.pdf> and accompanying Media release, “*Setting regulatory and supervisory expectations for asset managers is fundamental to address greenwashing concerns, says IOSCO*”, <https://www.iosco.org/news/pdf/IOSCONEWS624.pdf>.

IOSCO (2019) “*The Application of Behavioural Insights to Retail Investor Protection*”, <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD626.pdf>.

Izaguirre J.C. (2020) “*Making Consumer Protection Regulation More Customer Centric*” CGAP, Washington, <https://www.cgap.org/research/publication/making-consumer-protection-regulation-more-customer-centric>.

Johnson, K., Pasquale, F. and Chapman J. (2019) “*Artificial Intelligence, Machine Learning, and Bias in Finance: Toward Responsible Innovation*”, 88 Fordham Law Review 499, <https://ir.lawnet.fordham.edu/flr/vol88/iss2/5>.

Kempson, E., Finney, A., & Poppe, C. (2017) “*Financial well-being: A conceptual model and preliminary analysis*” (project note no. 3-2017), retrieved from https://www.researchgate.net/publication/318852257_Financial_Well-Being_A_Conceptual_Model_and_Preliminary_Analysis.

Leshner M (2020) “*Bringing new digitally enabled products and services to market: Sandboxes and the role of policy experimentation*”, <https://voxeu.org/article/sandboxes-and-role-policy-experimentation>.

OECD (2021) OECD Ministerial Council Statement, <https://www.oecd.org/mcm/MCM-2021-Part-2-Final-Statement.EN.pdf>.

OECD (2021) “*Data portability, interoperability and digital platform competition, OECD Competition Committee Discussion Paper*”, <http://oe.cd/dpic>.

OECD (2021) “*G20/OECD-INFE Report on supporting financial resilience and transformation through digital financial literacy*”, <https://www.oecd.org/finance/financial-education/supporting-financial-resilience-and-transformation-through-digital-financial-literacy.htm>.

OECD (2021) “*G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and support Financial Inclusion in the Context of COVID-19*”, <https://www.oecd.org/finance/financial-education/g20-oecd-report-on-financial-consumer-protection-and-financial-inclusion-in-the-context-of-covid-19.htm>.

OECD (2020) [Recommendation of the Council on Financial Literacy](https://www.oecd.org/finance/financial-education/g20-oecd-report-on-financial-consumer-protection-and-financial-inclusion-in-the-context-of-covid-19.htm), [OECD/LEGAL/0461](https://www.oecd.org/finance/financial-education/g20-oecd-report-on-financial-consumer-protection-and-financial-inclusion-in-the-context-of-covid-19.htm), <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0461>.

OECD (2020) [Financial Consumer Protection Policy Approaches in the Digital Age](https://www.oecd.org/finance/financial-education/g20-oecd-report-on-financial-consumer-protection-and-financial-inclusion-in-the-context-of-covid-19.htm): Protecting consumers' assets, data and privacy (Principles 5 and 10).

- OECD (2019) “*Financial well-being and inclusiveness*”, in Financial Markets Insurance and Pensions: Inclusiveness and Finance, <https://www.oecd.org/finance/Financial-markets-insurance-pensions-inclusiveness-and-finance.pdf>.
- OECD (2017) Working Papers on Finance, Insurance and Private Pensions No. 42, *Behavioural economics and financial consumer protection*, accessed at https://www.oecd-ilibrary.org/economics/behavioural-economics-and-financial-consumer-protection_0c8685b2-en.
- OECD/INFE (2020) [OECD Recommendation on Financial Literacy \[OECD/LEGAL/0461\]](#).
- OECD/INFE (2012) “*OECD/INFE High-level Principles on National Strategies for Financial Education*” (endorsed by G20 Leaders in 2012), <https://www.oecd.org/finance/financial-education/OECD-INFE-Principles-National-Strategies-Financial-Education.pdf>.
- Ombudsman for Banking Services South Africa, “*Vulnerable Consumers*”, <https://www.obssa.co.za/vulnerable-consumers/>.
- Schneider C and Ben-Shahar O (2010) “*The Failure of Mandated Disclosure*”, John M. Olin Program in Law and Economics Working Paper No. 516, University of Chicago, https://chicagounbound.uchicago.edu/law_and_economics/520/.
- Securities and Futures Commission, Hong Kong, China (2021) Circular to ESG funds: <https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/products/product-authorization/doc?refNo=21EC27>.
- Stucke M.E (2013) “*Is Competition Always Good?*” *Journal of Antitrust Enforcement* 1 (1): 162–97.
- The Global Findex database 2017, accessed on 15 September 2021 at <https://globalfindex.worldbank.org/>.
- UN (2021) *Principles for Responsible Digital Payments*, <https://responsiblepayments.org/>.
- UNSGSA (2021) *Financial Health: An Introduction for Financial Sector Policymakers*, <https://www.unsgsa.org/sites/default/files/resources-files/2021-10/unsgsa%20financial%20health%20summary%20report.pdf>.
- Willis, L.E. (2017) “*The Consumer Financial Protection Bureau (CFPB) and the quest for consumer comprehension*”, *The Russell Sage Foundation Journal of the Social Sciences*, 74 – 93.
- Willis L.E. (2014) “*Performance-Based Consumer Law*”, 82 *University of Chicago Law Review* 1309, <https://ssrn.com/abstract=2485667>.
- Willis, L.E. (2013) “*When Nudges Fail: Slippery Defaults*”, *The University of Chicago Law Review* (80), 1154 – 1229.
- World Bank (2021) “*The impact of COVID-19 on digital financial inclusion*”.
- World Bank (2021) “*Update to Leaders on Progress Towards the G20 Remittance Target*”.
- World Bank (2020) “*Global Experiences from Regulatory Sandboxes*”, Fintech Note No. 8, World Bank, Washington, DC, <https://openknowledge.worldbank.org/handle/10986/34789>.