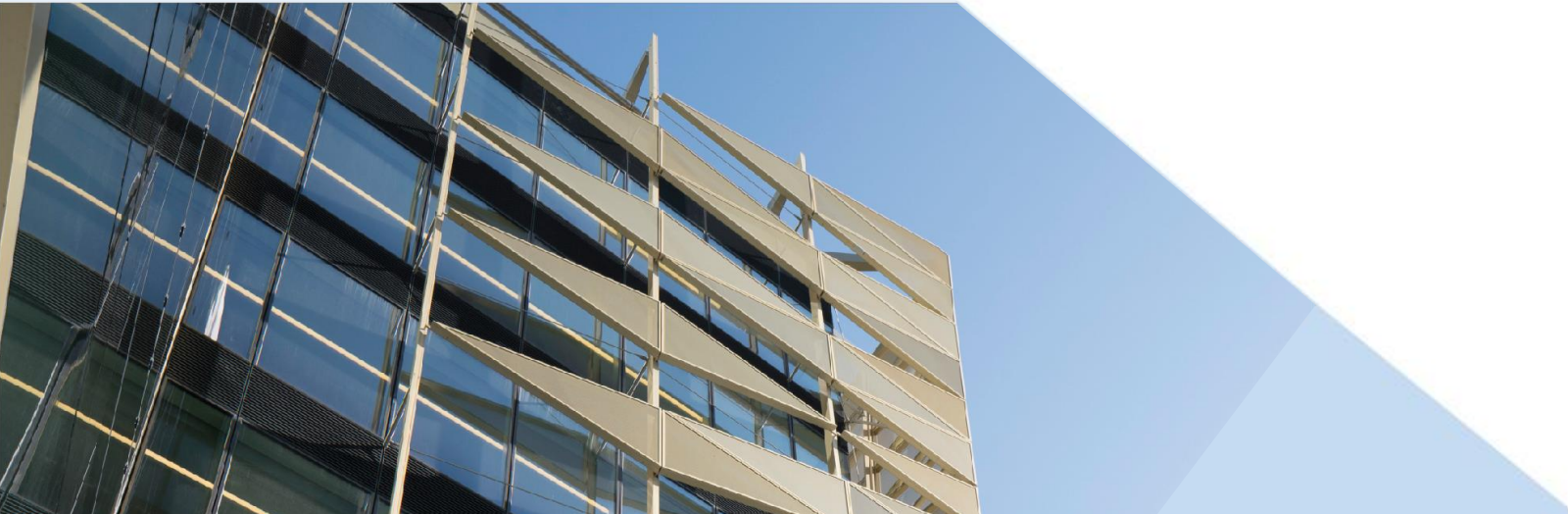




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The Evolution of the Irish Consumer Protection Framework

Address by Derville Rowland, Director General, Financial
Conduct, Prague, March 22nd 2018

St Patrick's Day - March 17th 2008



€3.5bn wiped off Iseq as financials hit hard

CIARÁN HANCOCK,
Business Affairs Correspondent

ABOUT €3.5 billion was wiped off the value of Irish shares in Dublin yesterday as the market felt the chill wind blow in across the Atlantic from the fire sale of US investment bank Bear Stearns.

The large loss was the result of the Irish stock market's heavy gearing towards financial and construction-related stocks, which took a hammering yesterday.

All of the Irish bank stocks declined in value. Anglo Irish Bank fared worse, losing just more than 15 per cent of its value to close in Dublin at €5.96. At one point, it

maintained its full-year guidance of 15 per cent earnings per share growth.

"There are, however, risks associated with further financial market disruption and the potential impact of a protracted deterioration in the wider economic environment," it added on March 6th.

That disruption was felt yesterday with news that Bear Stearns would be acquired by JP Morgan Chase for just \$2 a share, a 93 per cent discount on its closing price last Friday.

Central bankers and regulators around the world scrambled to shore up confidence in financial markets as panicky investors



Source: Connacht Tribune and Irish Times archives



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Safeguarding Stability, Protecting Consumers

- Excessive risk-taking and governance failures central to financial crisis
- Crisis had a very significant impact on Ireland – a small open economy
- Ireland learned lessons from the crisis
- Central Bank of Ireland's institutional framework strengthened
- Financial stability, prudential regulation and consumer protection are the core focus
- Consumers are best protected in a stable financial system



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Central Bank of Ireland Vision

- A financial services system underpinned by a strong culture of compliance with firms and the people working in those firms acting in the best interests of their customers
- We regulate 10,000 firms providing financial services in Ireland and abroad
- Comprehensive and enforceable legislation
- Gatekeeper role - fitness & probity, capital adequacy, internal controls and risk management
- Rigorous supervision
- A credible threat of enforcement
- Powers of redress when consumers have suffered detriment



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Consumer Protection

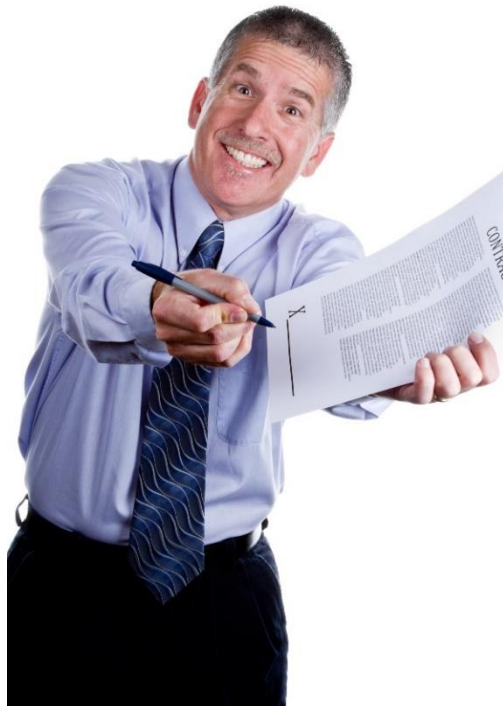
- Incorporating and influencing international best practice
- Consumer Protection Code – sets out how financial products should be sold
- Minimum Competency Code – sets minimum professional standards for service providers
- Financial Conduct Pillar – strengthens our approach to conduct supervision and consumer protection
- Consumer Protection Risk Assessment Model – more intrusive approach to managing conduct and consumer protection risks
- Product Oversight and Governance – from product development to sales
- Behavioural Economics – preventing “evil nudges,” helping consumers make better choices



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Thematic Inspections and Consultations



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Consultation proposes new rules on how financial intermediaries can be paid

22 Nov 2017 • Press Release

- Certain types of commission and other inducements would no longer be acceptable under proposals
- Proposals will establish requirements for financial intermediaries to tell consumers how they are paid and introduce restrictions on financial intermediaries describing themselves as 'independent'
- Proposals are supported by specific consumer focused research conducted by the Central Bank

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Research reveals most consumers do not understand what gadget insurance covers

5 Dec 2017 • Press Release

- Most consumers did not plan to buy insurance for gadgets such as smartphones and tablets until it was sold to them as an add-on at the point of sale
- Majority of consumers did not understand what was covered, while some consumers may be paying for cover



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Culture and Behaviour - Culture eats Strategy for Breakfast

- Globally banks' misconduct costs have reached \$320 billion
- Tracker Mortgage overcharging scandal in Ireland – banks have provided €900m so far
- Central Bank undertaking a culture review at five leading lending institutions
- Focus on leadership behaviour of the management board
- Review will shape our future supervisory and engagement strategy
- We are considering the merits of a Senior Managers Regime similar to the UK



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Enforcement

- 117 enforcement cases concluded
- €61.6 million in fines imposed *
- 45 proposed appointments to Pre-Approval Controlled Functions withdrawn following Central Bank challenge**
- Enforcement outcomes published on our website

*Since 2006; **since 2012



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A screenshot of the Central Bank of Ireland website showing a news article. The page header includes the bank's name in Irish and English, 'Eurosystem', and navigation links for 'HOME', 'ABOUT', 'NEWS & MEDIA', 'EVENTS', and 'CARI'. Below the header are dropdown menus for 'Financial System', 'Monetary Policy', and 'Regulation'. The article title is 'Central Bank of Ireland imposes a fine of €650,000 on New Ireland Assurance Company plc for breaches of the Consumer Protection Code 2012', dated 18 Jul 2016. The article text describes the fine and the breaches of the 2012 Code, including incomplete information to consumers and system failures. A quote from the Director of Enforcement, Derville Rowland, is also included.

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Central Bank of Ireland imposes a fine of €650,000 on New Ireland Assurance Company plc for breaches of the Consumer Protection Code 2012

18 Jul 2016 • Press Release

The Central Bank of Ireland (the "Central Bank") has fined New Ireland Assurance Company plc (the "Firm") €650,000 and reprimanded it for two breaches of the Consumer Protection Code 2012 (the "2012 Code").

The breaches of the 2012 Code occurred during the period from 1 July 2012 to 30 November 2014 and relate to:

The provision of incomplete information to consumers regarding their investment products, including the provision of incomplete information in respect of the performance of such products; and

Systems and controls failures associated with the provision of information to consumers. The breaches have been accepted by the Firm as part of the Settlement Agreement between the Central Bank and the Firm entered into on 13 July 2016.

The Central Bank's Director of Enforcement, Derville Rowland, has commented as follows:

"The Consumer Protection Code 2012 sets out the minimum standards the Central Bank expects regulated entities to comply with in their dealings with consumers. Chapter 6 Provision 6.16 of the 2012 Code requires regulated entities to provide certain information to consumers on at least an annual basis to enable them to assess the performance of their investment products over the previous year. It is of paramount importance that consumers receive such information in a complete and transparent manner, particularly in respect of longer term investment products, to enable them to analyse the performance and value of their investments and to assess whether those investments are on track to meet their personal financial goals and objectives. As the Firm was not providing all such information to consumers the Central Bank brought this enforcement action to protect consumers' interests.

In order to ensure that consumers receive complete information in respect of their investment products in a timely fashion, regulated entities must have adequate systems and controls in place regarding the provision of such information.

Derville Rowland: Thank you for your attention!



Speech and further information available at www.centralbank.ie



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