

# **The Financial Consumer Protection Framework for Kenya (Draft)**

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**Capital Markets Authority,  
Central Bank of Kenya,  
Insurance Regulatory Authority,  
Retirement Benefits Authority,  
Sacco Societies Regulatory Authority,  
Communications Authority of Kenya,  
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## Abbreviations

ADR	Alternative Dispute Resolution
AML/CFT/CPF	Anti-Money Laundering, Combating Financing of Terrorism and Countering Proliferation Financing
CA	Communications Authority of Kenya
CAK	Competition Authority of Kenya
CBK	Central Bank of Kenya
CMA	Capital Markets Authority
FCP	Financial Consumer Protection
FSD-K	Financial Sector Deepening Kenya
FSP	Financial Service Providers
IRA	Insurance Regulatory Authority
KFS	Key Facts Statement
JFSR	Joint Financial Sector Regulators
RBA	Retirement Benefits Authority
SASRA	Sacco Societies Regulatory Authority

## **Acknowledgement**

Kenya has emerged as a global leader in digital financial innovation, with rapid technological advancements dramatically improving access, efficiency, and convenience for millions of citizens. These developments have driven significant economic growth and positioned the country at the forefront of financial inclusion in Africa. However, the fast pace of change has also introduced new and complex consumer risks including digital fraud, cybersecurity threats, data misuse, and over-indebtedness underscoring the need for strengthened and harmonized consumer protection measures.

In recognition of these evolving dynamics, the financial sector regulators supported by the National Treasury, have jointly developed the Kenya Financial Consumer Protection Framework (the “Framework”). This Framework provides a comprehensive and harmonized approach to consumer protection and market conduct supervision across the financial services sector. It also sets out key obligations for financial services providers, with the aim of promoting fairness, transparency and accountability.

Overall, the Framework is a landmark achievement for Kenya’s financial sector. It provides a unified, robust, and implementable blueprint for protecting consumers, reinforcing market integrity, and ensuring that innovation and inclusion progress in a safe, transparent, and equitable manner. By aligning regulatory standards, strengthening supervision, and centering the needs of consumers, the Framework positions Kenya as a regional leader in responsible financial services governance and lays the foundation for a resilient, inclusive, and trustworthy financial system.

The preparation of this Framework has been made possible through the dedicated collaboration and partnership of the National Treasury and Economic Planning, Capital Markets Authority, Central Bank of Kenya, Insurance Regulatory Authority, Retirement Benefits Authority, Sacco Societies Regulatory Authority, Communications Authority of Kenya, and Competition Authority of Kenya.

We acknowledge the contributions of financial industry participants, led by the Kenya Bankers Association, consumer representatives, development partners, and other stakeholders whose insights and feedback were instrumental in shaping a responsive and forward-looking Framework. We also recognize the support of the World Bank Group and Financial Sector Deepening (FSD) Kenya, who provided quality assurance throughout the development process, contributing to the successful completion of the Framework. Their collaboration ensured that this document not only addresses emerging risks but also supports innovation, inclusion, and sustainable growth within Kenya’s financial system.

The Joint Financial Sector Regulators remain committed to ongoing collaboration with all stakeholders, and to undertaking periodic reviews of this Framework, to ensure its continued relevance and effectiveness, while fostering innovation, strengthening consumer confidence, and safeguarding the integrity and stability of the financial system.

**Chairperson**

**Joint Financial Sector Regulators Forum**

## **Interpretation of Terms**

The following terms used in the FCP Framework have the meanings described below.

**Account:** refers to a current, savings, or transaction account, or an electronic wallet (e-wallet).

**Advertisement:** a reference to advertisement includes sales material or any other document intended to be given to a consumer before a contract for a financial product or service is concluded, including leaflets, brochures, application forms and pamphlets and any electronic equivalent.

**Annual percentage rate:** a rate which reflects the present value of the total cost of credit under a credit contract, including all interest charges and standard fees and charges, which is calculated using a method prescribed by the relevant Regulator.

**Appropriate and proportionate:** where Chapter 2 (Regulatory Standards) refers to an FSP taking appropriate and proportionate steps, this means that the FSP is expected to take steps that are appropriate and proportionate to the nature, scale and complexity of the FSP and nature (including potential risks to consumers) and complexity of the relevant financial product or service.

**Complaint:** an expression of dissatisfaction submitted by a consumer in respect of a financial product or service.

**Consumer:** a person who:

- (a) Is contemplating obtaining, obtains, uses or has used a financial product or service; or
- (b) Provides a form of security in relation to a financial product or service.

**Digital platform:** an online system, website or application which an FSP may use to interact with a consumer.

**Financial product or service:** any financial product or service offered by an FSP.

**Financial Service Provider (FSP):** a person licensed or authorised by any Regulator to provide financial products or services to consumers.

**Informed consent** – Consent which is:

- (a) freely given and unambiguous
- (b) in plain language
- (c) given for a specific purpose
- (d) separate from consent for other purposes
- (e) able to be withdrawn in a way which is as easy as giving consent

- (f) able to be retained for future reference and
- (g) given on an “opt-in” and “opt-out” basis

**Plain language:** Refers to an FSP using clear expression which:

- (a) should be easily understood by customers in the target audience, including those with low levels of financial capability
- (b) is appropriate to the subject matter;
- (c) is well organised;
- (d) is concise;
- (e) gives prominence to key information (such as key risks, costs and obligations for retail consumers); and
- (f) does not use convoluted expressions or legal or technical jargon

**Representative:** any person acting on behalf of the FSP including, without limitation, an officer, employee, agent, intermediary or contractor of an FSP

**Regulatory Standards:** means the standards in Chapter 2 of this Framework that FSPs will be required to adopt in dealing with Financial Consumers

**Retail consumer:** a consumer who is a natural person

**Vulnerable consumer:** a consumer who, due to their personal circumstances, is especially susceptible to harm in connection with their acquisition or use of a financial product or service. A consumer’s vulnerability may be temporary or longer-term and may arise from, for example, any combination of health conditions, life events, ability to withstand financial or emotional shocks and level of knowledge and skills

## **Foreword**

Kenya's financial sector has undergone transformative change over the past decade, driven by rapid digital innovation and technological advancement. These developments have significantly expanded access to financial services, enabling previously underserved and vulnerable populations including women, youth, low-income households, and rural communities to participate in the formal financial economy. This progress represents a major milestone in Kenya's financial inclusion agenda, aligned with Kenya Vision 2030 and the priorities of the Fourth Medium-Term Plan (MTP IV).

However, the rapid expansion of digital financial services has introduced new and complex risks that demand heightened regulatory attention. Consumers increasingly face emerging threats, including fraud, phishing attacks, misuse of personal data, non-transparent fees, predatory lending practices, and rising levels of over-indebtedness. These emerging challenges, coupled with longstanding issues such as inadequate disclosure, weak complaint-handling mechanisms, and uneven consumer safeguards across sectors, have exposed gaps in consumer protection frameworks and highlighted the need for stronger market conduct standards, enhanced transparency requirements, and more robust safeguards across the financial services ecosystem.

The Joint Financial Sector Regulators Forum (JFSR) recognizes that a truly resilient and inclusive financial system must be anchored on consumer trust, fair treatment, and robust consumer protection mechanisms. The Framework represents a collective effort by regulators to balance financial innovation and sector growth with the protection of consumer interests and the preservation of financial stability.

The successful implementation of the Framework will require collaboration across the financial services ecosystem. Financial service providers are therefore encouraged to embrace both the spirit and substance of these standards as a foundation for building long-term consumer trust and sustainable business practices. We also call upon consumer advocacy organizations, development partners, and civil society to support the education and empowerment of financial consumers, ensuring they understand their rights and responsibilities.

Kenya's position as a regional leader in digital financial innovation is a source of pride, but it also carries responsibility. The Framework affirms our commitment to maintaining that leadership while advancing international best practices in consumer protection, including alignment with the G20 High-Level Principles on Financial Consumer Protection and OECD recommendations. Through strengthened regulatory standards, market conduct supervision, dispute-resolution mechanisms,

financial literacy initiatives, and continuous monitoring and evaluation, we will ensure that innovation continues to benefit all Kenyans equitably and sustainably.

Effective implementation of this Framework will reinforce Kenya's legal and institutional foundations for a stable, inclusive, and innovative financial ecosystem. It will enhance consumer trust and promote responsible conduct by financial service providers.

We invite all stakeholders to join us in the implementation of this Framework, as we work together to uphold consumer rights and dignity, foster financial sector resilience, and build a financial system that is not only innovative and efficient, but also safe, fair, and inclusive for all Kenyans.

**Governor, Central Bank of Kenya**

**Chair, Joint Financial Sector Regulators Forum.**

## **Executive Summary**

During recent regional and global convenings on financial sector governance, including the Joint Financial Sector Regulators (JFSR) Retreats of 2023 and 2024, Kenya reaffirmed the centrality of consumer protection in building an inclusive, competitive, and sustainable financial system. The rapid evolution of digital financial services, coupled with rising consumer vulnerabilities, underscored the need for a holistic, harmonized, and forward-looking Financial Consumer Protection Framework.

The Framework establishes unified regulatory standards, strengthens market conduct supervision, enhances cooperation among regulators, and improves consumer awareness and financial literacy.

It provides a comprehensive roadmap for safeguarding consumer rights, promoting responsible business conduct, and strengthening market conduct oversight. It establishes harmonized standards that apply across all financial service providers (FSPs), their agents, and digital channels, ensuring a consistent and equitable approach to consumer protection regardless of institution or product type. It also incorporates a suite of Financial Consumer Protection Principles centered on fair treatment, transparency, product suitability, data protection, security of consumer funds and assets, and effective complaint resolution.

The Framework covers the following distinct areas:

- (a) Regulatory standards that set the minimum requirements for FSP compliance, comprising six FCP principles including fair treatment and responsible conduct, disclosure and transparency, product design and suitability, fund and asset protection, and complaint resolution including debt collection.
- (b) Market conduct supervision, which outlines supervisory objectives, capacity building, shared approaches, supervisory tools, enforcement, FSP engagement, and reporting.
- (c) Cooperation and coordination, which detail mechanisms for regulatory information sharing, coordinated activities, stakeholder collaboration, and external recourse mechanisms such as Alternative Dispute Resolution (ADR).
- (d) Consumer awareness and literacy, which address regulators' and FSPs' commitment to ensuring plain-language communication, targeted campaigns for diverse and vulnerable groups, financial education, and awareness.
- (e) Implementation, which emphasizes that the success of the FCP Framework depends on strong institutional coordination and clearly defined oversight structures. The Framework assigns explicit mandates to each regulator to establish or strengthen dedicated market conduct supervision functions, enhance enforcement capabilities, and adopt data-driven supervisory tools. It further underscores the importance of coordinated implementation through structured inter-agency

collaboration mechanisms, information-sharing protocols, and cross-sectoral alignment to avoid regulatory overlap and resource duplication.

## Chapter 1 –Introduction

### 1.1 Background

The global financial sector has been reshaped by digital innovation, with consumers increasingly shifting from traditional financial services to digital platforms. Access to and use of financial services have increased significantly in recent years, largely driven by the growth of digital financial products. A report by the Global Findex Database 2025<sup>1</sup> published by the World Bank indicates that in 2011, 51 percent of the world’s adults had financial accounts; as of 2024, that share had risen to 79 percent, with half of those accounts being digitally enabled. This trend is especially pronounced in emerging markets and developing economies, driven by the demand for greater accessibility, efficiency, and convenience, enabling broader participation in the financial system.

The Global Findex database 2025 further reports that in Sub-Saharan Africa, mobile money has driven inclusion, with over 30 percent of adults in the region using mobile money, the highest rate globally. Mobile money is a key driver of account ownership and access among previously unbanked populations. Kenya has not been left behind in this digital transformation. According to the FinAccess Report 2024<sup>2</sup>, formal financial access increased from 83.7 percent in 2021 to 84.8 percent in 2024, largely driven by advancements in digital technology.

The country’s financial sector has redefined access to and delivery of services, making Kenya a benchmark for inclusive finance. The growing fintech ecosystem has introduced diverse solutions that cut across different financial sectors, thereby lowering costs and increasing convenience for consumers. This dynamic environment has deepened financial inclusion and positioned Kenya as a hub of financial technology in Africa, showcasing how digital innovation can drive economic participation and inspire similar transformations in other emerging markets.

Despite these successes, consumers continue to face existing and emerging risks such as fraudulent transactions, phishing attacks, misuse of personal data, predatory lending, hidden fees, and over-indebtedness. Current consumer protection frameworks are largely fragmented and sector-specific, leaving them unable to keep pace with the evolving risks of digital financial services. This regulatory gap has created inconsistent safeguards and overlapping supervision.

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<sup>1</sup> World Bank, Global Findex Database 2025 <https://www.worldbank.org/en/publication/globalfindex/report>

<sup>2</sup> FinAccess Report 2024 <https://www.centralbank.go.ke/finaccess/>

In response, there is a clear need for a coordinated and harmonised Consumer Protection Framework to provide comprehensive, consistent, and effective protection across Kenya's financial services ecosystem.

To address this gap, Kenya's financial sector regulators have developed this Financial Consumer Protection Framework.

The Framework has been designed to respond to the challenges faced by consumers of financial services by setting minimum standards that financial service providers should adhere to in ensuring fair, transparent, and equitable treatment of consumers. It seeks to empower consumers with information, foster trust and confidence in the financial sector, and provide effective mechanisms for handling complaints. Additionally, the Framework promotes cooperation among regulators to harmonise policy approaches, strengthen market conduct oversight, and enhance the responsiveness of financial service providers to consumer needs.

The development and implementation of the Financial Consumer Protection Framework is a key initiative recognized in Kenya's National Financial Inclusion Strategy 2025–2028, complementing ongoing financial education and literacy efforts outlined in the Strategy. It also aligns with the Fourth Medium Term Plan (MTP IV) under Vision 2030, particularly in advancing financial inclusion, supporting the development of the digital economy, and strengthening institutional coordination.

## ***1.2 Purpose***

The purpose of this Framework is to promote key fair outcomes for consumers in Kenya:

- 1) consumers receive fair, transparent and equitable treatment when acquiring and using financial products and services;
- 2) consumers receive clear, timely and accurate information about financial products and services to make informed decisions;
- 3) consumers receive financial products and services that are appropriate for, and responsive to, their needs and circumstances;
- 4) consumers' funds and other assets are appropriately protected, including in relation to fraud and scams;
- 5) complaints made by consumers are handled fairly, effectively and efficiently through mechanisms that are transparent and accessible; and

- 6) consumers' personal data is kept confidential and secure, is protected from loss and unauthorised use or disclosure and their data protection rights under applicable laws are respected.

The Regulators have committed to achieving these key fair outcomes by enhancing and harmonising:

- 1) financial consumer protection (FCP) standards by setting a common set of regulatory standards for providers of financial products and services;
- 2) market conduct supervision;
- 3) cooperation and coordination between themselves, and also with other stakeholders; and
- 4) consumer awareness to empower and inform consumers.

### ***1.3 Structure and Content***

To support the objectives described above, the FCP Framework sets out the following matters:

- 1) Chapter 2 (Regulatory Standards) – regulatory standards intended to promote key fair consumer outcomes in Kenya (reflected in several 'FCP Principles'). These standards have regard to both international good practices and the domestic context in Kenya. The standards are technology agnostic – to ensure a level playing field and consistent treatment of consumers regardless of channel – while also being reflective of the extensive uptake of digital financial products and services in the country.

While this Framework applies generally to the financial sector and its dealings with all types of consumers, the regulatory standards in Chapter 2 of the Framework reflect that it is appropriate to require a higher level of protection in some areas for retail consumers relative to other types of consumers. This is because the primary aim of FCP regulation is to address the inherent imbalance of power, information, and resources between consumers and FSPs. Retail consumers are typically in a weaker bargaining position in their relationships with FSPs; are susceptible to cognitive and behavioural biases, and typically lack experience, knowledge and expertise in relation to financial products and services compared to FSPs. This imbalance of power means that retail consumers are at greater risk of experiencing significant harm to their financial well-being when interacting with FSPs. Therefore, while some specified standards apply to all consumers, some apply only to retail consumers.

Each of the Regulators will seek to revise laws and regulations applicable to the FSPs under their remit as soon as feasible to any extent necessary to fully align them with these standards. In the meantime, the Regulators expect that FSPs will work toward aligning their practices with the standards and expectations reflected in this Framework, particularly to the extent these are higher than existing legal obligations.

- 2) Chapter 3 (Market Conduct Supervision) – actions the Regulators will be taking to strengthen market conduct supervision. Such supervision will be intended to not only promote efficient, consistent and effective compliance with FCP regulatory requirements but also more broadly to achieve the key consumer outcomes and foster consumer trust and confidence in the financial sector as noted above. The Framework also describes expectations that the Regulators have in relation to FSPs when it comes to supervision.
- 3) Chapter 4 (Cooperation and Coordination) – actions to be taken to enhance co-operation and co-ordination between the Regulators in relation to FCP to achieve efficient, consistent and effective market conduct supervision and enforcement.
- 4) Chapter 5 (Consumer Awareness and Financial Literacy) – actions to be taken to enhance consumer awareness of their rights and protections as well as complementary matters relating to financial literacy initiatives.
- 5) Chapter 6 (Implementation and Coordination) – matters relating to implementation of this Framework.

#### ***1.4 Scope***

The Framework is intended to apply to all financial products and services offered or provided to consumers by FSPs regulated by any of the Regulators.

## Chapter 2 – Regulatory Standards

*This chapter sets out Regulatory Standards intended to promote fair consumer outcomes in Kenya. Each of the Regulators will seek to revise legislation and regulations applicable to the FSPs under their remit as soon as feasible to any extent that may be necessary to fully align them with these Regulatory Standards.*

*Nothing in these Regulatory Standards reduces or limits existing legal and regulatory obligations of FSPs. FSPs shall continue to comply with such requirements. However, the Regulators expect that FSPs will also work toward aligning their practices with the standards and expectations reflected in these Regulatory Standards, particularly to the extent these are higher than existing legal obligations.*

### 2.1 General Matters

#### 2.1.1 General compliance matters

An FSP shall:

- 1) ensure it is licensed, authorised or registered as required to offer financial products and services to consumers;
- 2) comply with the duties and obligations described in these Regulatory Standards;
- 3) have appropriate and proportionate policies, procedures, systems and resources to ensure compliance with these Regulatory Standards.
- 4) ensure that its board and senior management define, oversee, and are accountable for operationalizing and implementing the arrangements described in these Regulatory Standards.

#### 2.1.2 Responsibility and liability for representatives

- 1) An FSP shall provide appropriate training to its representatives, and monitor their conduct in relation to the provision of financial products and services to consumers, to ensure that:
  - (a) they understand the features, risks, terms and costs of the financial products or services they deal with; and

- (b) They understand and act consistently with the FCP Principles and other provisions of these Regulatory Standards applicable to their role and duties.
- 2) An FSP shall be liable to consumers for any act or omission of its representatives.

### 2.1.3 Record-keeping

FSPs are expected to maintain records to demonstrate their implementation of, and compliance with, applicable regulatory requirements. The Regulators may prescribe requirements for the retention of records relating to the Regulatory Standards including the types of records that must be retained, the form in which or how they must be retained and the period for which they must be retained.

## 2.2 Financial Consumer Protection Principles

- 1) An FSP shall take appropriate and proportionate steps to:
- (a) achieve the consumer outcomes described in the FCP Principles, including by ensuring that these outcomes are a core focus of the FSP's business strategies, governance and culture; and
  - (b) ensure that its representatives act to achieve the outcomes in the FCP Principles.
- 2) The following are the FCP Principles:
- (a) **(Fair and equitable treatment principle)** Consumers receive fair, transparent and equitable treatment when acquiring and using financial products and services.
  - (b) **(Disclosure and transparency principle)** Consumers receive clear, timely and accurate information about financial products and services to make informed decisions.
  - (c) **(Suitability and appropriateness principle)** Consumers receive financial products and services that are appropriate for, and responsive to, their needs and circumstances.
  - (d) **(Protection of consumer assets principle)** Consumers' funds and other assets are appropriately protected, including in relation to fraud and scams.
  - (e) **(Complaint resolution principle)** Complaints made by retail consumers are handled by FSPs fairly, effectively and efficiently through mechanisms that are transparent and accessible.
  - (f) **(Data protection principle)** Retail consumers' personal data is kept confidential and secure, is protected from loss and unauthorised use or disclosure and their data protection rights under applicable laws are respected.

## **2.3 Fair Treatment and Responsible Business Conduct**

*This Part sets out specific standards for fair treatment and business conduct, largely expanding on what is expected of FSPs under the first FCP Principle (Fair and equitable treatment principle), although some aspects also have relevance for some of the other FCP Principles.*

### **2.3.1 General prohibitions on inappropriate conduct**

An FSP shall not engage in:

- 1) misleading, deceptive, abusive or aggressive conduct towards consumers.
- 2) conduct which unlawfully or unreasonably discriminates on the basis of a personal attribute of an individual (which includes, without limitation, discriminating on the basis of the individual's race, sex, pregnancy, marital status, health status, ethnic or social origin, colour, age, disability, religion, conscience, belief, culture, dress, language or birth).

### **2.3.2 Sales and marketing**

- 1) An FSP shall not send an offer of a financial product or service to a consumer unless the consumer has previously given their informed consent to receiving such offers from the FSP.
- 2) An FSP shall make available to consumers a simple means by which they can easily opt out of receiving advertisements, promotions and offers of financial products or services from the FSP and in each direct communication with a retail consumer, the FSP shall:
  - (a) include a clearly visible statement that the retail consumer may make such a request; or
  - (b) if it is not practical to do so, then take such other steps as may be reasonable in the circumstances to draw the retail consumer's attention to the fact that they can opt out.
- 3) An FSP shall ensure that an advertisement relating to any financial product or service it provides, advises on, or distributes, is:
  - (a) fair;
  - (b) clear and in plain language;
  - (c) up to date; and
  - (d) not misleading or deceptive.
- 4) An FSP shall not create in any advertisement a false expectation for a consumer regarding the availability or the cost of any financial product or service.
- 5) If a consumer must satisfy pre-conditions before they are eligible for a financial product or service, the FSP shall state the pre-conditions in any advertisement for the financial product or service.

- 6) An FSP shall include and comply with such other requirements as may be prescribed by a Regulator.

### **2.3.3 Cooling off period**

- 1) A retail consumer may, within a prescribed period (known as a cooling-off period), terminate a contract for a financial product or service of a kind prescribed by the relevant Regulator.
- 2) A retail consumer may exercise this right of termination:
  - (a) by notifying the FSP as prescribed by the relevant Regulator; and
  - (b) provided the retail consumer has not received any benefit under the contract (for example, in the case of a credit product they have not utilised the funds or in the case of an insurance policy they have not made a successful claim).
- 3) An FSP:
  - (a) shall notify a retail consumer of the right of termination in all contracts relating to a relevant financial product or service and in any other disclosure documents required to be provided before the cooling-off period expires; and
  - (b) shall not charge a retail consumer any amounts up to the expiry of the cooling-off period.
- 4) The Regulators shall prescribe the types of financial products or services in relation to which a cooling-off period is available, the length of the period (which may vary by type of product or service) and any other matters relevant to the retail consumer's right to a cooling-off period.

### **2.3.4 Unfair contractual terms**

- 1) An FSP shall not include a term in a standard form contract with a retail consumer if:
  - (a) the term could cause harm to the retail consumer if relied upon by the FSP; and
  - (b) the term is not reasonably necessary to protect the legitimate interests of the FSP.
- 2) The Regulators may prescribe criteria to determine when a contractual term will be regarded as unfair and any specific types of contractual terms that are deemed to be unfair under these Regulatory Standards.

### **2.3.5 Tied selling, bundling and Insurance tying**

#### *Tied selling*

An FSP shall not require a retail consumer to acquire from the FSP or an affiliate a financial product or service as a condition of obtaining any other product or service from the FSP or any affiliate. This provision shall not apply in the case of a payment service linked to an account.

### *Bundling*

- 1) An FSP may only offer or sell a financial product or service as a bundle if:
  - (a) they are operationally and functionally co-dependent, such that one cannot function as intended without the other; or
  - (b) the financial products or services in the bundle satisfy the following criteria:
    - i) each of the financial products or services are also available to the retail consumer to acquire separately;
    - ii) the terms and conditions of each of the financial products or services in the bundle are substantially similar to the terms and conditions applicable when the financial products or services are sold separately;
    - iii) there is a clear benefit to the retail consumer in acquiring the financial products or services as a bundle taking account of the prices at which they are available for purchase separately; and
    - iv) the offering otherwise meets all other applicable requirements including with regard to disclosure.

### *Insurance tying*

- 1) An FSP shall not, as a condition of obtaining any other financial product or service:
  - (a) require a retail consumer to take out, or to pay for, insurance unless it is insurance over mortgaged property relating to a credit contract, payment protection for a credit facility, compulsory insurance required by law, or insurance of another type prescribed by the relevant Regulator;
  - (b) require a retail consumer to take out insurance with a particular insurer; or
  - (c) impose any unreasonable requirement as to the terms on which insurance shall be taken out, the required level of cover or the insurer to be used by the retail consumer.
- 2) If a contractual term for the financial product or service requires a retail consumer to take out insurance, the FSP shall explicitly advise the retail consumer in writing of their right to obtain cover from any insurer of their choosing that offers the relevant type of insurance.
- 3) An FSP shall not take out any form of insurance on behalf of a retail consumer without the retail consumer's separate express informed consent and without first providing the retail consumer with the following information:
  - (a) the name of the insurer;
  - (b) the type of Insurance;
  - (c) any amount payable to the insurer and when it shall be paid;

- (d) any commission payable to the FSP or any of their representatives in respect of the insurance;
- (e) how claims may be made under the insurance policy; and
- (f) details of key risks covered and key exclusions.

### **2.3.6 Fees and charges**

An FSP shall not charge a retail consumer any amount:

- 1) which has not previously been disclosed to the retail consumer in accordance with all applicable requirements;
- 2) for an amount payable to a third party which is more than the actual amount payable to that third party; or
- 3) to the extent that the amount is otherwise prohibited or limited by any applicable requirement or where the underlying obligation is otherwise void or unenforceable.

### **2.3.7 Conflicts of interest**

- 1) An FSP shall take all appropriate steps to identify and to prevent, or to mitigate the potential consumer harm arising from, conflicts of interest between itself, or its representatives, and consumers that arise in the course of providing any financial product or service.
- 2) A conflict of interest refers to a situation where any of the interests of a consumer are, or have the potential to be, inconsistent with or diverge from any of the interests of the FSP or their representatives. Conflicts of interest include, without limitation, those caused by the FSP's remuneration and other incentive structures or the receipt of inducements from third parties.

### **2.3.8 Vulnerable consumers**

- 1) To adequately take into account the special needs of vulnerable consumers in its processes and procedures, an FSP shall:
  - (a) consider the likely needs of vulnerable consumers in its existing or target consumer base;
  - (b) provide training to its representatives to help them recognise and support the needs of vulnerable consumers;
  - (c) respond to the needs of vulnerable consumers in the provision of its financial products and services and communications; and
  - (d) monitor and assess whether the FSP is meeting the needs of vulnerable consumers and make adjustments where necessary.

- 2) The needs of vulnerable consumers may, without limitation, relate to:
  - (a) the types of financial products and services available to them;
  - (b) the means used to distribute financial products and services to them; and
  - (c) the accessibility of:
    - i) the FSP;
    - ii) the FSP's financial products and services;
    - iii) information about the FSP's financial products and services, including any required disclosure document, so that the vulnerable consumer has adequate opportunity to inform themselves about a financial product or service; and
    - iv) the arrangements for making inquiries or complaints to the FSP.

*The following regulatory standards are intended to address additional product-specific issues relating to fair treatment and business conduct. The Regulators may develop additional standards following the publication of this Framework.*

### **2.3.9 Digital platforms**

- 1) An FSP who makes any financial product or service available to a retail consumer through a digital platform shall ensure that:
  - (a) the digital platform is easy to use, understand and navigate and has undergone appropriate testing for this purpose;
  - (b) for any computer program or algorithm (including any model or tool that relies on artificial intelligence) used by or within the digital platform:
    - i) the FSP has assessed the potential risks of consumer harm prior to implementing the program or algorithm;
    - ii) the FSP has made all necessary enquiries to understand how the program or algorithm operates;
    - iii) the program or algorithm is designed to produce outcomes which are objective and consistent for retail consumers and meet all other applicable legal and regulatory requirements;
    - iv) the program or algorithm has undergone appropriate testing to ensure these outcomes;
    - v) has been properly documented; and

- vi) the FSP shall identify within the digital platform those features which use a program or algorithm to make a decision, the nature of the decision, and how a consumer can obtain more information about this feature.
  - (c) the digital platform is designed to ensure that a retail consumer is given a reasonable time and opportunity before any contract is concluded for a financial product or service to consider that financial product or service and all relevant fees and charges, interest rates, risks and obligations.
- 2) An FSP shall not in any digital platform preselect options to indicate that the retail consumer has confirmed that they have read or understood information in relation to the financial product or service.
  - 3) FSPs shall ensure that digital platforms are designed, developed, and maintained in accordance with industry best practices to ensure the safety and security of the retail consumer's interactions with the digital platform and the information stored on or accessible through a digital platform. This includes implementing robust safeguards against data breaches, fraud, and unauthorised access, and ensuring that all user-facing features are designed and built to minimise risk of consumer harm
  - 4) Where an FSP engages with a retail consumer by means of a digital platform in relation to a financial product or service, the FSP shall:
    - (a) give clear and effective step-by-step guidance on how to use and navigate the digital platform and ensure this guidance is always clearly visible on that digital platform;
    - (b) provide information on the digital platform regarding where and how a retail consumer may obtain assistance relating to any query they have regarding the digital platform or a relevant financial product or service;
    - (c) provide a simple means within the digital platform that retail consumers can use to raise enquiries or complaints and an appropriate, reliable and easily accessible alternative method for raising complaints related to the digital platform that a retail consumer can use if the feature within the digital platform fails.
  - 5) If an FSP makes a financial product or service available exclusively through a digital platform, all transactions and administrative functions necessary for its operation, maintenance, or use, shall be supported and facilitated through that digital platform, except to the extent this would be inconsistent with the FSP's compliance with another applicable law or regulatory requirement.

- 6) The requirements of this standard apply regardless of whether the digital platform is provided by the FSP or a third party on behalf of the FSP.

### **2.3.10 Product closure**

#### *Closure of financial products and services generally*

- 1) An FSP shall not impose any unreasonable, excessive, or disproportionate conditions or procedures on retail consumers in connection with a request to close, cancel or terminate a financial product or service. This includes, but is not limited to, requiring in-person visits where not reasonably necessary, mandating the use of specific communication channels that are not readily accessible, imposing excessive documentation requirements, or requiring the retail consumer to make repeated requests.

#### *Closure of accounts*

- 2) An FSP shall promptly (including within any timeframe prescribed by the relevant Regulator) process a request from a retail consumer to:
  - (a) close an account; or
  - (b) switch to another account or financial product or service available from the FSP.
- 3) When an account is closed, the FSP shall (including within any timeframe prescribed by a Regulator):
  - (a) promptly pay to the retail consumer or as they direct any money due to the consumer from the account and any other amount owing to the retail consumer by the FSP;
  - (b) promptly cancel any standing order or direct debit authority on the account; and
  - (c) not debit any further amounts to the account which relate to the period after the account is closed.

### **2.3.11 Debt collection**

- 1) An FSP or its representative shall not use physical force, coercion, undue influence, pressure, duress or harassment, unfair tactics or any other similar conduct in connection with demanding or collecting any amount due by a retail consumer in relation to any financial product or service.
- 2) An FSP or its representative shall not when demanding or collecting any amount due by a retail consumer in relation to any financial product or service:
  - (a) make a false or misleading representation to any person about the character, amount or legal status of a debt;

- (b) make a false or misleading representation about their status or qualifications to demand or collect payment of a debt;
- (c) make a false or misleading representation as to the consequences of not satisfying a demand for payment;
- (d) disclose to a third party that a person has an outstanding debt or threaten to disclose such information to a third party, except as expressly permitted by law;
- (e) make any threat of violence or other harm, including to property or reputation;
- (f) access or use a person's phone, digital or other contacts, records or messages for the purposes of sending communications to third parties;
- (g) engage in any shaming of a person, such as disclosure of a debt or the debtor's identity on a public social media channel or in a social media message sent to third parties, or an announcement or notice published via radio, newspaper or at a community forum or place of worship or other public premises and;
- (h) contact a retail consumer on a day, at a time, or with a particular frequency, prescribed by the relevant Regulator.

### **2.3.12 Additional product-specific regulatory standards – credit**

#### *Default interest*

An FSP may only charge a rate of interest or other amount which applies on default (such as a late payment fee) on the amount in default and while the default continues.

#### *Assistance for borrowers experiencing repayment difficulties*

- 1) FSPs shall act promptly to offer reasonable assistance to retail consumers showing signs of difficulty in making their repayments, to help prevent their situation from deteriorating where this is possible. Before taking any enforcement action, FSPs shall consider and propose potential assistance appropriate to the consumer's circumstances.
- 2) Potential assistance that may be offered include:
  - (a) extending the term of the credit contract;
  - (b) changing the type of credit contract;
  - (c) deferring payment of all or part of the repayment of instalments for a period;
  - (d) reducing the annual percentage rate;
  - (e) a repayment holiday;
  - (f) partial repayments;

- (g) partial forgiveness of the debt;
- (h) debt consolidation.

#### *Enforcement of credit contracts*

- 1) An FSP shall not begin enforcement proceedings against a retail consumer in relation to a credit contract unless:
  - (a) the retail consumer is in default under the credit contract;
  - (b) the FSP has given the retail consumer a default notice that complies with prescribed requirements; and
  - (c) the default has not been remedied within the period specified in the default notice.
- 2) Minimum requirements for a default notice shall include:
  - (a) a clearly visible heading stating it is a default notice;
  - (b) information regarding the nature of the default, the action necessary to remedy the default, the period they have for doing so and the retail consumer's right for the FSP to consider potential assistance for retail consumers experiencing repayment difficulties.

#### *Early repayment of credit*

- 1) An FSP shall accept any early repayment under a credit contract and apply the repayment to reduce the retail consumer's financial liability under the credit contract as soon as reasonably practicable.
- 2) An FSP shall not charge any fee, charge or penalty to a retail consumer for early repayment of any amount, in full or in part, under a credit contract.
- 3) A retail consumer may terminate their obligations under a credit contract at any time by paying:
  - (a) the outstanding amount of credit; and
  - (b) accrued interest and any other fees and charges, provided the fee or charge is permitted by a Regulator or an applicable law.
- 4) An FSP shall, at the request of a retail consumer, provide promptly a written statement of the amount required to pay out a credit contract on a particular date. The statement shall itemise all amounts which make up the payout amount as at that date of the statement together with a warning to the effect that the amount required may change according to the date on which it is paid.

### **2.3.13 Additional product-specific regulatory standards – insurance**

#### *Claims handling*

- 1) An FSP that is an insurer shall:
  - (a) handle claims promptly and fairly;
  - (b) provide reasonable guidance to help a consumer make a claim and provide appropriate information on its progress;
  - (c) not discourage a consumer from making a claim;
  - (d) when assessing a claim, only ask for and rely on information that is relevant to a decision as to whether to accept a claim and when asking for information, shall explain to the consumer why the FSP needs the information;
  - (e) not unreasonably reject a claim (including by terminating or avoiding a policy);
  - (f) settle claims promptly once settlement terms are agreed; and
  - (g) if a claim is rejected, inform the consumer in writing regarding:
    - i) the aspects of the claim that the FSP does not accept;
    - ii) the reasons for the decision;
    - iii) the consumer's right to ask the FSP for the information that it relied on when assessing the consumer's claim;
    - iv) the consumer's right to ask the FSP for copies of any third-party reports that the FSP relied on in making its decision; and
    - v) the consumer's right to make a complaint and how to do so.

## **2.4 Disclosure and Transparency**

*This Part sets out specific standards for disclosure and transparency, largely expanding on what is expected of FSPs under the first FCP Principle (Disclosure and transparency principle), although some aspects also have relevance for some of the other FCP Principles.*

### **2.4.1 Additional requirements for credit contracts**

- 1) If an advertisement for a credit contract contains a reference to the cost of credit, the FSP shall include the following information in the advertisement:
  - (a) any annual interest rate and its associated annual percentage rate;

- (b) a statement that fees and charges are also payable, if any, or the amount of one or more of the fees or charges payable together with a statement that others are also payable.
- 2) If an advertisement for a credit contract includes the annual interest rate and the annual percentage rate:
- (a) the annual percentage rate shall be displayed in equal prominence to the annual interest rate; and
  - (b) the advertisement shall specify in a concise and clearly visible way, using a representative example, all the following:
    - i) the total amount of credit;
    - ii) where applicable, the duration of the credit contract;
    - iii) in the case of a credit contract in the form of deferred payment for specific goods or services, the cash price and the amount of any advance payment; and
    - iv) where applicable, the total amount payable by the retail consumer and the amount of the instalments; and
  - (c) the following information shall be clearly visible and in close proximity to the annual percentage rate:
    - i) what the rate is and its purpose; and
    - ii) a warning that the annual percentage rate may not include all fees and charges.

#### **2.4.2 Explanations for consumers**

- 1) An FSP shall clearly explain to a retail consumer, in plain language, the benefits, features, risks, terms and costs of a financial product or service in the following circumstances:
- (a) before a retail consumer enters into a credit contract;
  - (b) in response to a request from the retail consumer; and
  - (c) regardless of whether a request is made, if the retail consumer has enquired about the financial product or service and it is reasonably obvious that the retail consumer:
    - i) is a vulnerable consumer;
    - ii) is illiterate; or
    - iii) cannot or does not, for any reason, understand any key aspect of the financial product or service.

- 2) An FSP shall give the retail consumer reasonable time (including any minimum time prescribed by a Regulator) to consider the explanation before the contract for the financial product or service takes effect.
- 3) FSPs shall undertake regular testing of the arrangements they have for providing explanations to consumers and the effectiveness of the explanations they give to consumers in assisting them to make decisions about financial products and services that support their financial well-being.

#### **2.4.3 Publication and availability of key information**

- 1) An FSP shall at all times make available and easily accessible to retail consumers, including on but not limited to any website the FSP maintains, clear and comprehensible general information about the financial products or services it offers, including:
  - (a) the identity, address, telephone number and email address of the FSP;
  - (b) itemised fees and charges describing the nature of each fee, the amount payable and when it is due;
  - (c) any applicable annual interest rate or rates (including, for credit contracts, the annual percentage rate or rates);
  - (d) how the retail consumer may make a complaint to the FSP;
  - (e) contact information for the relevant Regulator or other available alternative dispute resolution mechanism if a retail consumer is dissatisfied with an FSP's response to a complaint; and
  - (f) any other information that may be prescribed by the relevant Regulator.
- 2) The FSP shall make such information available on paper or any other form that the recipient can keep and easily access for future reference.

#### **2.4.4 Key Facts Statements**

- 1) A Key Facts Statement (KFS) is a standardised, short, comparable, and up-to-date summary of prescribed key aspects for a financial product or service.
- 2) An FSP shall provide KFSs to retail consumers for any type of financial product or service for which KFSs are prescribed by the relevant Regulator.
- 3) An FSP shall provide a KFS for a financial product or service to a retail consumer:
  - (a) at the same time that the FSP provides any sales material to a retail consumer about the particular financial product or service;

- (b) if the retail consumer makes an enquiry regarding the particular financial product or service (an FSP shall provide reasonable assistance to a retail consumer to identify the relevant financial product or service they are enquiring about);
  - (c) if the retail consumer asks for the KFS;
  - (d) at the time the retail consumer applies for the financial product or service; and
  - (e) if there has been any change to the information in the KFS provided to the retail consumer at the time of application, at the time the retail consumer is invited to accept the contract for the relevant financial product or service.
- 4) An FSP shall ensure that a KFS provided to a retail consumer is:
- (a) in the form prescribed by the relevant Regulator;
  - (b) expressed in plain language; and
  - (c) contains information which is current as at the date it is provided, unless it is provided at the time the retail consumer is invited to accept the contract in which case it shall be current as at the date of the contract.
- 5) An FSP shall:
- (a) in a clearly visible way, display the availability of KFSs, and how to request them, at any premises attended by retail consumers, including without limitation branches and representatives' premises, as well as on websites, on digital platforms, and in any other form of media used by the FSP;
  - (b) ensure KFSs are made available for any person to retrieve and keep for future reference; and
  - (c) display and make available copies of KFSs on any website maintained by the FSP.
- 6) An FSP shall provide to any retail consumer proposing to give collateral in relation to a credit contract a completed, up-to-date KFS for the credit contract as soon as reasonably practicable after the FSP decides to accept an application for the credit contract.
- 7) An FSP shall ensure that a retail consumer is given adequate time after receiving a KFS, and before becoming committed to the relevant financial product or service or related security, to review the KFS and obtain verbal explanations regarding the financial product or service or security from the FSP.
- 8) The Regulators may prescribe additional or alternative requirements relating to KFSs in circumstances where provision of a KFS electronically may not be feasible or effective from a consumer perspective. This may include requiring provision of equivalent information to the retail consumer and allowing opportunity to receive the KFS via alternative means.

#### **2.4.5 Publication and availability of standard terms and conditions**

- 1) The standard terms and conditions for a financial product or service available to retail consumers shall be:
  - (a) published by an FSP on its website in a way that is clearly visible;
  - (b) made available, electronically or physically, by the FSP on request;
  - (c) made available at any premises of the FSP or its representatives where retail consumers attend, but only for the financial products or services available at those premises; and
  - (d) include all the minimum information required in a proposed contract for a relevant financial product or service, except for information that would not reasonably be known until a contract is proposed.
- 2) An FSP shall also publish a clearly visible notice as to the availability of the standard terms and conditions at its premises.

#### **2.4.6 Proposed contract**

##### *Requirement to give the proposed contract*

- 1) An FSP shall give a retail consumer the proposed contract at the time the financial product or service is offered to the retail consumer and before the retail consumer becomes bound by the terms and conditions of the contract.
- 2) If the retail consumer expressly instructs that they require the financial product or service (other than a credit contract) to be provided immediately and it is not reasonably practicable to give the contract proposal to the retail consumer before the financial product is issued or the financial service is provided to the retail consumer, the FSP shall:
  - (a) clearly explain to the retail consumer the features, risks, terms and costs of the financial product or service; and
  - (b) inform the retail consumer of their right to a reflection period which shall commence on the day the retail consumer is deemed to have received the contract proposal.
- 3) A contract proposal shall be a standalone document that is clearly separate from any advertisement and shall not contain cross-references to any advertisement.

##### *Minimum content requirements for the contract*

- 4) A proposed contract for a financial product or service shall disclose, in a way that is clearly visible, the following information:

- (a) the name, address, telephone number and email address of the FSP, and its license or registration number;
- (b) the name of the financial product or service;
- (c) the key features of the financial product or service, including the retail consumer's benefits and rights and key exclusions and limitations;
- (d) the key risks associated with the financial product or service;
- (e) the proposed term of the contract, if any;
- (f) information about any applicable fees and charges, including:
  - i) the nature of the fee or charge;
  - ii) the amount or method of calculation of each fee and charge;
  - iii) when each fee or charge is due for payment; and
  - iv) the total amount of ascertainable fees and charges;
- (g) details of any changes which may be made to any provision of the contract or any amount payable under the contract, the circumstances in which such changes may be made, and how the retail consumer will be informed of the change;
- (h) details of any commissions payable in respect of the contract, including the amount (if ascertainable, or the method of calculation) and by and to whom the commission is payable;
- (i) how the retail consumer may make a complaint to the FSP;
- (j) contact information for the relevant Regulators or other alternative dispute resolution mechanism if a retail consumer is dissatisfied with an FSP's response to a complaint;
- (k) the date the FSP prepared the contract proposal; and
- (l) such other information as may be prescribed by the relevant Regulator.

#### **2.4.7 Reflection period**

- 1) This standard applies to a financial product or service if the financial product or service is prescribed by a Regulator.
- 2) A retail consumer is entitled to a reflection period after receiving a contract proposal for a prescribed financial product or service. The purpose of the reflection period is to give the consumer time to consider whether to accept the FSP's contract proposal.
- 3) The duration of a reflection period shall be prescribed by the Regulator.
- 4) During a reflection period:
  - (a) the contractual offer remains binding on the FSP;
  - (b) the FSP shall not withdraw or vary the contractual offer; and

(c) the retail consumer may accept the proposed contract at any time.

#### **2.4.8 Periodic statements of account**

- 1) An FSP shall provide a statement of account to a retail consumer for an account and for any other financial product or service prescribed by a Regulator.
- 2) A statement of account shall be provided at a frequency prescribed by the relevant Regulator, and otherwise on request.
- 3) An FSP:
  - (a) shall provide the first copy of each statement of account free of charge; and
  - (b) shall not charge a fee for a copy of any statement of account beyond the reasonable costs of providing the copy.
- 4) A statement of account shall disclose, in a way that is clearly visible, the following information, as applicable to the financial product or service, in plain language for the relevant statement period:
  - (a) the dates on which the statement period begins and ends;
  - (b) the opening and closing balance for the statement period;
  - (c) the amount, date, and nature of each transaction on the account;
  - (d) the identity of any supplier of goods and services which were paid for as a debit to the account or for which credit was provided;
  - (e) the current annual percentage rate and details of any change in the statement period;
  - (f) the amount and date of any credit or debit of interest;
  - (g) the amount, date, and nature of any debit for fees and charges;
  - (h) any correction of information in a previous statement;
  - (i) information as to how to make an enquiry or a complaint to the FSP;
  - (j) contact information for the relevant Regulator or other available alternative dispute resolution mechanism if a retail consumer is dissatisfied with an FSP's response to a complaint; and
  - (k) any other information prescribed by the relevant Regulator.
- 5) An FSP may include other information about the relevant financial product or service in a statement of account provided that:
  - (a) such other information is less visible than the prescribed information; and
  - (b) It does not include advertising or offers of financial products or services of any nature, including offers to increase a credit limit.

### **2.4.9 Transaction receipts**

- 1) An FSP shall provide to a retail consumer a receipt for any payment made in relation to a financial product or service as soon as reasonably practicable after the payment is received.
- 2) In relation to a payment made by direct debit or standing order, the obligation to provide a receipt shall be satisfied if details of the payment are included in the retail consumer's next statement of account.
- 3) The receipt shall contain at least:
  - (a) the amount received or paid;
  - (b) the date of the transaction;
  - (c) enough information to identify the relevant financial product or service or security to which the payment relates;
  - (d) contact details of the FSP to dispute any aspect of the transaction; and
  - (e) any other information prescribed by a relevant Regulator.

### **2.4.10 Notification of changes to contracts and securities**

- 1) A change made unilaterally by an FSP to a contract or a security is void except to the extent that the relevant contract or security expressly provides for the change and the circumstances in which it may be made.
- 2) An FSP shall not exercise a power to make a unilateral change to a contract or a security which increases the obligations of a retail consumer unless it has given advance notice detailing the change. The advance notice must satisfy at least the minimum number of days' notice as prescribed by the relevant Regulator.
- 3) A reference to a change includes, without limitation:
  - (a) a different annual interest rate which reduces the return to a retail consumer;
  - (b) a change in the method of calculation of interest payable or due under the relevant contract;
  - (c) a new or increased fee or charge; or
  - (d) a change to the terms and conditions of a financial product or service; and
  - (e) a change in the amount or method of calculation of a repayment.
- 4) An FSP shall, on giving notice of a change, remind the retail consumer of any right they have to terminate the relevant contract and of any fees or charges applicable to such a termination.

#### **2.4.11 Confirmation of termination**

- 1) An FSP shall provide to a retail consumer confirmation of the termination of a contract for any financial product or service or discharge of security as may be prescribed by the relevant Regulator.
- 2) If a contract for a prescribed financial product or service is terminated early by the FSP in exercise of a right under the contract or at the request of the retail consumer, the FSP shall, within the number of business days prescribed by the relevant Regulator, give the retail consumer a notice that confirms:
  - (a) the contract's termination,
  - (b) that the retail consumer no longer has obligations under the contract; and
  - (c) any other matter prescribed by the relevant Regulator.

#### **2.4.12 Format and manner of disclosure**

##### *General requirements*

- 1) An FSP shall ensure that any information, standard terms and conditions, contract, or notice provided to a retail consumer:
  - (a) is clearly and simply expressed;
  - (b) is easily legible;
  - (c) is in plain language; and
  - (d) if applicable, is clearly audible.
- 2) A Regulator may prohibit the continued use of any information, contract, security, or notice that does not meet these requirements.

##### *Electronic contracts, securities, notices and transactions*

- 3) Subject to any applicable law, any contract, security, notice, or transaction is not invalid because it was formed, took place, or was sent or received, wholly or partly by means of one or more electronic communications.
- 4) Any requirement or permission, however expressed, for an FSP to do any of the following in relation to a retail consumer:
  - (a) provide a notice;
  - (b) give information in writing;
  - (c) sign a document;

- (d) provide a contract, statement of account, receipt or another document;
- (e) make a request;
- (f) give a statement of reasons;
- (g) record information; or
- (h) retain a document,

may be met by electronic means if both of the following requirements are met:

- (i) the retail consumer has given their explicit prior consent in writing; and
  - (j) the retail consumer is given a copy of the relevant notice or other document in a form they can keep and access for future reference.
- 5) If a financial product or service is fully provided by electronic means, then any requirement or permission to do any of the things listed above may be met by electronic means unless the recipient expressly opts out of this permission after being given the opportunity to do so.
- 6) Nothing in these requirements limits the effect of any applicable law that regulates the provision or reliance on electronic communications.

#### *Disclosing interest rates*

- 7) FSPs shall disclose interest rates relating to credit contracts only as annual percentage rates. (For example, the interest rate shall not be disclosed as a daily or monthly rate).

#### *Disclosing the annual percentage rate*

- 8) Where an annual percentage rate is disclosed in a document relating to a credit contract, the FSP shall:
- (a) display the annual percentage rate in a way that gives it at least equal prominence to the annual interest rate; and
  - (b) disclose the following information in a clearly visible way and in close proximity to the annual percentage rate:
    - i) what it is and its purpose;
    - ii) assumptions made by the FSP to determine the annual percentage rate including the duration of the credit contract, the loan amount and details about repayments
    - iii) Where the annual percentage rate does not include all fees and charges relating to a credit facility, those fees and charges should be disclosed separately and what they relate to; and
    - iv) a warning that the annual percentage rate may not include all fees and charges.

## 2.5 Product Design and Suitability

*This Part sets out specific standards for product design and suitability, largely expanding on what is expected of FSPs under the third FCP Principle (Suitability and appropriateness principle), although some aspects also have relevance for some of the other FCP Principles. It provides for standards that apply at two different stages. The first set of standards (product design) applies to FSPs when they are first designing or modifying a product or designing how they will distribute the financial product or service. The second set of standards (suitability) applies at the stage when an FSP is offering a financial product or service to an individual consumer.*

### 2.5.1 Product design

- 1) When designing, modifying, marketing and distributing any financial product or service an FSP shall take reasonable steps to ensure that:
  - (a) the financial product or service; and
  - (b) the way it is distributed and marketed;
    - are appropriate for retail consumers in the target market for the financial product or service. This includes ensuring that:
  - (c) risks of harm have been mitigated, including that reasonable use or reliance on the financial product or service will not expose the retail consumer to financial harm; and
  - (d) the features and functions of the financial product or service are safe for retail consumers.
- 2) Without limiting the above:
  - (a) in the case of financial products and services marketed or distributed through digital platforms (such as mobile applications or websites) this includes, for example, ensuring the appropriateness of digital interfaces and processes; and
  - (b) in case of financial products and services marketed or distributed by or through a third party or a channel operated by a third party, assessing and mitigating the risks associated with the nature of the third party and channel.
- 3) For the purposes of meeting this requirement, the FSP shall take appropriate and proportionate steps to:
  - (a) define the target market for each new or modified financial product or service;
  - (b) determine the relevant likely financial objectives, needs, capacity and behaviours of retail consumers in the target market;

- (c) have appropriate regard to those objectives, needs, capacity and behaviours:
  - i) to ensure that the financial product or service is appropriate;
  - ii) to ensure the distribution channels and processes for the financial product or service are appropriate;
- (d) having regard to the nature and complexity of the financial product or service, test a financial product or service before it is approved for distribution to assess its appropriateness for the target market;
- (e) monitor whether a financial product or service is causing harm to retail consumers and, if so, take appropriate remedial action and make appropriate adjustments; and
- (f) have effective internal product oversight and governance arrangements.

### **2.5.2 Suitability assessment**

- 1) An FSP shall take reasonable steps to ensure that they do not offer a financial product or service to a retail consumer unless the FSP has determined that the financial product or service is reasonably likely to meet the needs, objectives, and financial capability of that specific retail consumer.
- 2) For the purposes of meeting this requirement, an FSP shall take reasonable steps to:
  - (a) inquire about a retail consumer's financial objectives, needs and capacity; and
  - (b) assess the suitability of the financial product or services given the retail consumers' financial objectives, needs and capacity.
- 3) The Regulators may prescribe whether and when such requirements apply to specific financial products and services.

### **2.5.3 Additional product-specific regulatory standards – reckless lending**

- 1) An FSP shall not provide a credit product, or an increase in an existing loan or credit limit, to a retail consumer unless they have first undertaken a reasonable assessment to confirm:
  - (a) the retail consumer's ability to repay the credit without financial hardship;
  - (b) that the credit is likely to be suitable in meeting the retail consumer's needs and objectives in relation to credit.
- 2) For the purposes of meeting this standard, an FSP shall take reasonable steps to obtain appropriately reliable information about the retail consumer's:
  - (a) financial capability, including, without limitation, the consumer's income, expenses, assets and other financial liabilities and commitments; and

- (b) needs and objectives relating to the credit.

## **2.6 Protection of Consumer Funds and Other Assets**

*This Part sets out specific standards for protecting consumer funds and other assets, largely expanding on what is expected of FSPs under the fourth FCP Principle (Protection of consumer assets principle), although some aspects also have relevance for some of the other FCP Principles.*

### **2.6.1 Preventing and mitigating frauds and scams and other misuses**

- 1) An FSP shall manage its processes and systems to mitigate the risks to consumers from frauds and scams and other misuses of their assets, including by taking reasonable steps to:
  - (a) put in place reasonable systems and controls in relation to its provision of financial products and services to mitigate such risks;
  - (b) appropriately monitor trends relating to such risks;
  - (c) appropriately monitor for potential vulnerabilities in the processes and channels relating to its financial products and services, and ensure appropriate escalation processes where there are increased risks for consumers;
  - (d) notify consumers through clear and timely communication of any digital frauds or scams or other potential misuses of their assets that the FSP becomes aware of;
  - (e) communicate the support available to consumers, and actions consumers can take in the event of suffering harm from frauds or scams or other misuses of their assets.
- 2) An FSP shall provide guidance in plain language to consumers, including in any manner and at any frequency prescribed by a Regulator regarding:
  - (a) how to ensure the security of access devices and security credentials for their financial products and services;
  - (b) the importance of immediately reporting any lost or stolen access device or security credentials and how to do so;
  - (c) the extent of the consumer's liability in such circumstances.
- 3) An FSP shall participate in and implement any initiative by the Regulators for detecting, reducing, preventing, and mitigating the impacts of frauds and scams affecting consumers, including but not limited to frauds and scams against consumers via digital channels.

## **2.6.2 Preventing and resolving mistaken transactions**

- 1) An FSP shall have policies and procedures to minimise the risk that a mistake will be made by a consumer in a payment transaction including, without limitation:
  - (a) to enable a consumer who has initiated a payment transaction to verify the name and other details of the intended beneficiary where feasible, and the amount of the payment, before the transaction is completed; and
  - (b) designing user interfaces for making payment transactions which are intuitive and easy to use for all consumers, regardless of their financial or technological capability.
- 2) If a consumer alleges that a payment transaction was mistakenly made, the FSP shall promptly and proactively assist the consumer to have the transaction reversed including, without limitation, by liaising with the recipient's FSP and making reasonable efforts to seek the reversal of the payment transaction.
- 3) If an FSP considers that a payment transaction alleged by a consumer to have been made by mistake was correctly made, then the FSP has the burden of proving that was the case.

## **2.7 Complaint resolution**

*This Part sets out specific standards for resolving retail consumer complaints, largely expanding on what is expected of FSPs under the fifth FCP Principle (Complaint resolution principle), although some aspects also have relevance for some of the other FCP Principles.*

### **2.7.1 FSPs' complaint resolution mechanism**

- 1) An FSP shall have a complaint handling function or unit which, having regard to the nature, size and complexity of the FSP's business:
  - (a) is adequately resourced, staffed and trained;
  - (b) is independent from the FSP's other business functions or units; and
  - (c) has the authority to decide the resolution of complaints.
- 2) An FSP shall ensure that relevant staff and other representatives of the FSP are appropriately trained on the FSP's policies and procedures for handling complaints.
- 3) An FSP's retail consumers need to be able to easily make complaints to the FSP through a broad range of accessible, well-publicised channels, including:
  - (a) in writing;

- (b) by telephone (including, without limitation, a 24-hour toll-free number where that is appropriate having regard to the nature, size and complexity of the FSP's business);
  - (c) electronically (including through any electronic channel through which the FSP normally communicates with retail consumers);
  - (d) any other channel through which retail consumers may normally communicate with the FSP.
- 4) An FSP shall inform retail consumers on how to make a complaint by:
- (a) displaying, in a clearly visible way, relevant information at any premises attended by consumers, including without limitation branches and representatives' premises, as well as on websites, in digital applications, and in any other form of media used by the FSP;
  - (b) include, in a clearly visible way, relevant information in terms and conditions and other disclosure documents and product information; and
  - (c) providing the information on request.
- 5) An FSP shall ensure that its staff and other representatives are able to easily refer complaints to the FSP's complaint handling function or unit and are made aware of how to do so.

### **2.7.2 FSPs' management of complaints**

An FSP shall:

- 1) give each complaint that it receives a unique reference number and advise the retail consumer of the number on receipt of the complaint; and
- 2) establish, and implement, a reasonable timeline for dealing with each complaint which shall at a minimum include the following, as well as complying with any timeframes prescribed by a Regulator:
  - (a) promptly acknowledging receipt of the complaint;
  - (b) investigating and resolving a complaint on the spot or as soon as reasonably practicable; and
  - (c) advising the retail consumer of the outcome of the complaint, including the reasons for the outcome;
- 3) ensure that it informs retail consumers regarding the availability and contact details of the relevant Regulator and other alternative dispute resolution mechanisms that they may complain to if they are not satisfied with how the FSP has responded to their complaint. (This is in addition to any requirements for FSPs to make retail consumers aware of such mechanisms and contact details more generally).

### **2.7.3 FSPs' complaints record keeping, reporting and analysis**

- 1) An FSP shall keep up-to-date records of complaints received, including information on the following:
  - (a) the FSP's unique reference number for the complaint;
  - (b) the date a complaint is received;
  - (c) details of the complaint;
  - (d) name and contact details of the retail consumer;
  - (e) name of the relevant staff member who has primary responsibility for handling the complaint;
  - (f) details of all communication with the retail consumer;
  - (g) details of any decision made by the FSP and any resolution reached; and
  - (h) the date of the decision, or the date the complaint was resolved, whichever is applicable.
- 2) An FSP shall ensure that:
  - (a) reports are provided at least quarterly to its Board and senior management on the volume and nature of complaints received, the extent to which they have been resolved and the related root causes and systemic issues; and
  - (b) lessons learnt through complaints received are used to:
    - i) improve the FSP's financial products and services;
    - ii) improve the FSP's complaints handling policies and procedures; and
    - iii) inform training of representatives.
  - (c) reports regarding complaints received are provided to the relevant Regulator in any form and manner prescribed.

### **2.7.4 Documented policies and procedures**

An FSP shall have appropriate and proportionate policies and procedures which document the FSP's process for resolving complaints and demonstrate how the FSP complies with its obligations for the resolution of complaints.

### **2.7.5 External consumer recourse mechanisms**

- 1) Retail consumers who are dissatisfied with an FSP's response to a complaint are entitled to escalate their complaint for review and determination by a Regulator as prescribed by applicable law.

- 2) If the complaint is about matters or circumstances that do not fall within the mandate of the Regulator to whom the complaint has been referred, the Regulator shall provide guidance accordingly

## **Chapter 3 – Market Conduct Supervision and Industry Engagement**

*This Chapter describes actions the Regulators will be taking to strengthen market conduct supervision and industry engagement on supervisory matters.*

### **3.1 Overarching Aims of Market Conduct Supervision**

- 1) The Regulators commit to the following overarching aims of market conduct supervision:
  - (a) The support and promotion of fair outcomes for consumers as described in this Framework.
  - (b) Comprehensive implementation of the FCP Principles in the FSPs' organisational culture as well as their internal and consumer-facing practices, regardless of whether there is any more prescriptive rule on a particular issue.
  - (c) Efficient, consistent and effective compliance by FSPs with FCP requirements.
  - (d) Fostering long-term growth of consumer trust and confidence in the financial sector, thereby also contributing to the stability and integrity of the financial sector.

In addition to the above, a Regulator will adopt, maintain and pursue more specific aims of its market conduct supervision regime, in accordance with these overarching aims and with the Regulator's mandate.

### **3.2 Market Conduct Supervision Mandate, Governance and Capacity**

- 1) Each Regulator commits to establishing and maintaining a dedicated market conduct supervision function with clear responsibility for pursuing the objectives indicated in this Framework. The structure and scope of this function shall reflect the Regulator's institutional context and mandate. If the Regulator provides a complaint resolution service, the market conduct supervision function is to be independent of, and separate from, the complaint resolution function.
- 2) The mandate of the market conduct supervision function shall be formally defined and provide it with clear objectives, responsibilities and authority. This mandate shall also support the Regulator's ability to identify, assess and address FCP issues proactively and effectively, and to take preventive, corrective or deterrent action where necessary. The market conduct supervision mandate is complementary to any other supervisory responsibilities while maintaining a distinct focus on market conduct and consumer protection.

- 3) The governance of the market conduct supervision function of each Regulator shall ensure operational autonomy, integrity and consistency of decision-making. This includes top-level representation within the Regulator's functional structure; transparent, well-documented procedures; and safeguards to manage potential conflicts with any other regulatory or organisational objectives, such as financial stability or sectoral policy. Each Regulator shall maintain internal governance and oversight arrangements to ensure that market conduct supervision is carried out effectively, proportionately and in line with statutory mandates. Accountability includes internal review and quality assurance of market conduct supervision decisions and actions, and periodic assessment of their effectiveness against stated objectives.
- 4) Leadership of the market conduct supervision function shall be vested in, dedicated, suitably senior and qualified officials who possess the authority to direct supervisory priorities and decisions.
- 5) For credible and effective supervision, the Regulators commit to having the following for their market conduct supervision function:
  - (a) adequate and skilled staff and ongoing development of their skills and capability;
  - (b) sufficient access to relevant data and analytical tools; and
  - (c) appropriate operational and financial resources.

### ***3.3 Shared Approach to Market Conduct Supervision***

The Regulators commit to implementing and maintaining an approach to market conduct supervision that meets international good practice standards. This approach is:

- 1) Outcome-focused - Supervisory activities will be guided by clearly defined FCP outcomes. These outcomes will guide both how the Regulators plan and execute their supervision activities and how FSPs are expected to manage their conduct and deliver fair consumer results.
- 2) Risk-based - Supervisory attention will be primarily prioritised according to the likelihood and potential impact of consumer harm or market misconduct. The approach is forward-looking and adaptive to market developments, consumer behaviours and emerging risks. It will be tailored to the characteristics of the supervised population of FSPs. The approach will apply structured risk assessment methodologies to identify, prioritise and, where appropriate, deprioritise supervisory focus.
- 3) Data-driven - Supervision will rely substantially on systematic data collection and analysis that is tailored to the specific needs and objectives of market conduct supervision. The Regulators

will draw on quantitative data and indicators, qualitative insights and professional judgement to build a comprehensive view of market conduct and outcomes within their supervisory mandate.

- 4) Responsive - The Regulators will apply the principles of responsive regulation, escalating or de-escalating supervisory interventions in proportion to the nature and persistence of non-compliance. The approach will combine preventive measures, guidance and engagement with the capacity to act decisively where serious or repeated misconduct occurs, ensuring that interventions remain timely, proportionate and effective.
- 5) Consumer-centric - market conduct supervision will systemically incorporate the perspective of the consumer when assessing conduct and outcomes. This will include an appropriate emphasis on protecting the interests of vulnerable financial consumers. By viewing market conduct through the lens of consumer experience and impact, Regulators will ensure that fairness and consumer welfare remain at the heart of decision-making within their market conduct supervision regime. This perspective will complement, but differ from that of FSPs, who may focus on commercial objectives; from the prudential viewpoint, which centres on institutional and market stability; and from the AML/CFT/CPF perspective, which emphasises the integrity of the financial system. Together, these perspectives represent a balanced view towards regulating the financial sector.
- 6) Forward-looking – market conduct supervision, as well as future regulatory initiatives, will take into account important policy issues and developments, including relating to the implications of digitalisation and technological advancements for consumers and sustainability-related issues and objectives.

### ***3.4 Supervisory Cycle and Core Supervision Processes and Tools***

The Regulators commit to implementing and maintaining a market conduct supervisory cycle and tools that meet international good practice standards. This includes:

- 1) Each Regulator design, implement and maintain its market conduct supervisory cycle and associated processes and tools according to international good practices, customised in light of its particular context. This context includes the Regulator's objectives, the characteristics of its supervised domain, the nature of FSPs within that domain, its market conduct supervision capacity, and its other statutory responsibilities.

- 2) Taking into account the above, all Regulators' market conduct supervisory cycles and regimes shall be based on common core elements, including:
- (a) Monitoring: use of data analysis, based on regular reporting and other sources, to detect market trends and risks to consumers.
  - (b) Risk assessment: periodic assessment of FSPs' conduct risk profiles from the consumers' perspective, using both qualitative and quantitative indicators, as well as periodic market-wide risk assessments.
  - (c) Planning: identification and prioritisation of key conduct risks to consumers and supervisory themes
  - (d) Inspections: targeted in-depth reviews of business practices and/or governance.
  - (e) Supervisory review and follow-up: feedback to FSPs, monitoring of corrective actions, and verification of compliance.
  - (f) Enforcement: effective deterrence of misconduct through timely application of proportionate and dissuasive measures and sanctions, aiming at where non-compliance persists or serious breaches occur.
  - (g) Supervisory engagement: maintaining structured and ongoing dialogue with supervised FSPs to clarify expectations, discuss findings, and promote understanding and implementation of good conduct practices and fair outcomes to consumers.
  - (h) Publication and transparency: periodic public communication of key supervisory focus areas and outcomes, expectations and guidelines, including through annual reports.
  - (i) Documentation, learning and improvement: maintenance of supervisory records, assurance of consistency and traceability, and periodic evaluation and refinement of supervisory methods and tools.

### ***3.5 Credible Enforcement***

- 1) The regulators shall ensure that breaches of FCP requirements are addressed in a fair, proportionate and consistent manner, thereby reinforcing accountability and confidence in the regulatory system.
- 2) The Regulators' approaches to enforcement share common core elements, which include:
  - (a) Purpose and principles: enforcement is an integral part of the supervisory cycle, aimed at correcting misconduct, promoting compliance, and deterring future breaches. Actions are

guided by the principles of proportionality, consistency, transparency, timeliness and due process, always in pursue of fair outcomes to consumers as described in this Framework.

- (b) Graduated and reasoned approach: enforcement responses are proportionate to the seriousness and recurrence of misconduct, with clear reasoning and documentation supporting decisions. Enforcement options are not necessarily limited to sanctions but include a range of potential actions, formal and informal, open to the Regulators.
- (c) Supervisory follow-up: each Regulator ensures where needed that enforcement actions are followed by appropriate monitoring and verification that required remedial measures have been implemented.
- (d) Transparency and communication: where appropriate and lawful, the Regulators communicate enforcement priorities, share lessons from enforcement experience, and provide aggregated information on enforcement outcomes.
- (e) Evaluation and learning: Regulators periodically assess whether enforcement actions are achieving their intended objectives and use insights gained to strengthen supervisory strategies and preventive measures.
- (f) Cross-sectoral alignment: the Regulators seek, to the extent possible, a consistent approach to enforcement practices and interpretation of principles across sectors.

### ***3.6 Supervisory Engagement Between Regulators and FSPs***

- 1) The Regulators may, in their discharge of their statutory mandate, engage in an open and structured manner with:
  - a. FSPs on matters relating to market conduct issues
  - b. Industry representative bodies on matters relating to consumer protection, emerging risks and trends
- 2) The Regulators expect FSPs to cooperate in a timely, transparent and proactive manner, facilitating effective oversight and the prompt remediation of identified market conduct issues.
- 3) FSPs are expected to provide to the Regulators accurate, prompt and complete information and other data. This includes both data and reports that may be required on a periodic basis or on request, such as relating to consumer interactions, product characteristics, complaints and dispute resolution, among others. This will be provided through processes as established by each Regulator.

### ***3.7 Reporting and External Accountability regarding Market Conduct Supervision***

Reporting and external accountability are essential to maintain confidence in and promote the effectiveness of the Regulators' market conduct supervision regimes. Transparency supports credibility, enables mutual learning, and helps ensure that both Regulators and FSPs remain focused on achieving good consumer outcomes.

Each Regulator aims to provide ongoing public information on its market conduct supervision activities, findings and outcomes.

- 1) Such reporting may include trends in market behaviour and consumer protection risks, thematic observations or sectoral conduct reviews, summaries or statistics of enforcement actions, progress made in improving market conduct and consumer outcomes, and review findings of the Regulator's effectiveness.
- 2) Where appropriate, the Regulators may issue joint or harmonised reports to highlight cross-sectoral trends and ensure consistency of public messaging.
- 3) Where appropriate, public reporting may be complemented by dialogue with stakeholders to discuss findings, share best practices and identify emerging challenges, either prior to or following publication.

## **Chapter 4 – Cooperation and Coordination**

*This Chapter describes the Regulators' shared commitment to enhance co-operation and coordination in FCP policy and regulation and market conduct supervision amongst each other and with other stakeholders,*

### **4.1 Purpose and Principles for Coordination and Cooperation**

- 1) The Regulators recognise that effective collaboration is necessary for the purpose of ensuring overall consistency, efficiency and credibility of the FCP policy and regulation and market conduct supervision, while allowing each Regulator to fulfil its mandate independently.
- 2) Cooperation and coordination will be guided by the principles of proportionality, mutual respect, complementarity of roles, and a shared commitment to the outcomes described in this Framework.
- 3) To this end, the Regulators intend to strengthen and make use of arrangements and mechanisms that promote:
  - (a) consistent approaches across the Regulators, including with regard to equivalent financial products or services offered by FSPs supervised by different Regulators, or practices involving FSPs regulated by different Regulators;
  - (b) effective coordination and appropriate information-sharing for policy, supervisory and enforcement actions;
  - (c) coherent and well-aligned communication on matters related to FCP and market conduct;
  - (d) removing or otherwise adequately addressing any overlaps or conflicts in the mandates of the Regulators, and in the laws they administer; and
  - (e) effective and meaningful engagements with other stakeholders.

These arrangements and mechanisms are expected to evolve pragmatically over time, reflecting experience and the maturity of inter-agency collaboration.

### **4.2 Mechanisms for Cooperation and Coordination**

- 1) The Regulators will maintain and, where appropriate, strengthen practical arrangements that facilitate coordination on market conduct and FCP matters and promote shared learning as necessary, including but not limited to regulatory instruments, administrative measures, sharing of information, and other forms of partnership and cooperation.

- 2) The arrangements may include, among others, periodic inter-agency or multi-agency meetings, working-level technical exchanges, or ad-hoc task groups established for specific cross-cutting issues. These may be supported by Memoranda of Understanding, information-sharing protocols, or other cooperative instruments that clarify roles, safeguard confidentiality and promote accountability.
- 3) The Regulators will undertake joint capacity-building initiatives to enhance the consistency and quality of FCP policy and regulation and market conduct supervision. This may also include joint or cross-sectoral training, knowledge exchange, and the development of common information and analytical tools.
- 4) The Regulators will periodically review the mechanisms described in this chapter to ensure they continue to be effective and appropriate.
- 5) Where necessary, the Regulators may also issue joint guidance to clarify, elaborate or complement the provisions of this Framework and to respond to emerging issues.

### ***4.3 Information-Sharing and Coordinating Activities***

#### *4.3.1 Information sharing*

- 1) The Regulators commit to effective, efficient and responsible information sharing in supporting coordinated market conduct supervision and minimizing the administrative burden on FSPs. To this end, the Regulators will:
  - (a) share relevant information on policy initiatives, supervisory findings, and emerging consumer risks in a timely and secure manner. Information exchange will strive to avoid duplication of effort by the Regulators and FSPs, and be conducted in accordance with any applicable confidentiality laws;
  - (b) consult each other when supervisory issues or FSPs fall within the mandate of more than one Regulator, to ensure that supervisory actions are consistent and proportionate; and
  - (c) exchange relevant supervisory and statistical data, where appropriate and permissible under applicable laws. Such exchanges will be guided by the principles of confidentiality, data protection, and proportionality, and will make use of secure systems and processes that ensure the integrity and protection of information.

#### *4.3.2 Coordinating activities*

The Regulators will consult and coordinate with each other to prevent unnecessary overlap, duplication or inconsistency in regulatory or supervisory activities, including regulation-making, reporting requirements, data requests and on-site engagements. Such consultations will aim to promote alignment of supervisory expectations, streamline data and reporting obligations, and avoid confusion or excessive administrative burdens for FSPs, while preserving the distinct mandates and statutory responsibilities of each Regulator.

#### **4.4 Collaboration with Other Stakeholders**

The Regulators recognise the critical importance of active and ongoing collaboration and engagement with other stakeholders for the purposes of identifying, understanding and addressing financial consumer issues, including:

- 1) other domestic government bodies that have regulatory responsibility or a relevant role in relation to identifying, analysing or addressing issues of relevance to financial consumers, such as with regard to competition, data privacy, telecommunications, digital infrastructure etc;
- 2) consumer associations and other civil society bodies as well as consumer representatives and advocates;
- 3) professional bodies;
- 4) foreign regulatory and government authorities on cross-border issues affecting financial consumers, as well as for information sharing on specific FSPs or consumer developments;
- 5) domestic and international non-governmental organisations;
- 6) journalists and media organisations.

The Regulators will establish and enhance, as relevant, collaboration and information sharing arrangements and processes relating to engagement with stakeholders.

#### **4.5 External dispute resolution arrangements**

- 1) Retail consumers who are dissatisfied with an FSP's response to a complaint are entitled to escalate their complaint for review and determination by a Regulator as prescribed by applicable law.

- 2) If the complaint is about matters or circumstances that do not fall within the mandate of the Regulator to whom the complaint has been referred, the Regulator shall provide guidance accordingly

The Regulators intend to:

- 1) provide, as applicable under their respective mandates, fair and efficient external dispute resolution services to retail consumers when they are not satisfied with how their complaints are handled by their FSP; and
- 2) A Regulator may cooperate with other Regulators to determine a complaint that relates to matters or circumstances falling within the mandate of more than one Regulator.

## **Chapter 5 – Consumer Awareness and Financial Literacy**

*This Chapter sets out actions to be taken to enhance consumers' awareness of their rights and protections as well as other complementary matters relating to financial literacy initiatives.*

### **5.1 Regulators' Role on Promoting Consumer Awareness Regarding FCP**

- 1) The Regulators recognise the importance of promoting consumers' awareness of their rights and protections, ensuring they know to expect fair treatment from FSPs and make them better informed and more confident in using the mechanisms available to them for redress. The Regulators therefore commit to collaborating with one another and with all relevant external stakeholders — including FSPs and industry bodies, consumer representatives, the media, and other relevant public and private sector actors — to enhance consumer awareness regarding their rights and protections.
- 2) Without limiting the approaches and initiatives that may be taken in this regard, the Regulators will seek to undertake coordinative actions and communication initiatives to improve and support such consumer awareness. Communications will be in plain language that is applicable to the target audience and through appropriate channels to ensure they target diverse consumer demographics to achieve broad reach and comprehension, and with special attention paid to vulnerable consumers.

### **5.2 FSPs' Role on Promoting Awareness**

- 1) FSPs shall implement initiatives relating to consumer awareness of FCP-related matters, as well as financial education and literacy, as may be required by the Regulators.
- 2) Such initiatives may, without limitation, include requiring FSPs to undertake and participate in:
  - (a) consumer awareness and literacy initiatives on specific subjects;
  - (b) advertising and awareness campaigns on specific topics directly to their consumers (for example, on their rights and protections, how to access complaints and assistance mechanisms, frauds and scams etc.);
  - (c) issuing warning notices about specific financial products or services; and
  - (d) distributing specified financial literacy materials and messages.

- 3) An FSP shall not use any financial literacy initiative as a means of promoting or offering its financial products and services and shall ensure that financial consumers are not misled in this regard by any information provided or made available in such a context.

## Chapter 6 – Framework Implementation

*This Chapter sets out the arrangements for the coordinated and effective implementation of this Framework. Implementation ensures that the Framework's principles and standards are translated into regulatory practice, supervisory approaches, and the day-to-day conduct of FSPs and their engagement with consumers.*

### 6.1 Implementation Responsibilities

- 1) All stakeholders active in the financial services sector, including FSPs, the Regulators, industry and consumer associations and other stakeholders are expected to support the implementation of this Framework to promote the achievement of its objectives.
- 2) The implementation of the Framework will be led by the Regulators, in collaboration with other relevant stakeholders.
- 3) All Regulators are committed to revise regulatory requirements and supervisory arrangements as needed to align them with the standards and expectations set out in this Framework. The Regulators may develop collective or individual roadmaps for implementation of aspects under their purview.
- 4) All FSPs are expected to work towards aligning their practices with the standards and expectations reflected in the Framework, particularly to the extent that these are higher than existing legal obligations.
- 5) To promote consistent implementation across the financial sector, the Regulators will establish a joint coordinating working group. The working group may include other relevant authorities and stakeholders. This group will oversee and facilitate the stepwise implementation of the Framework and will serve as a platform for sharing lessons learned, resolving implementation challenges, and identifying opportunities for cross-sectoral alignment and improvement.
- 6) The Regulators will consult relevant stakeholders on the content and implementation of this Framework. Where consultation occurs after publication of the Framework, stakeholder feedback will be considered and, as appropriate, incorporated into subsequent reviews or updates of the Framework in line with the review cycle referred to below.

## ***6.2 Monitoring and Evaluation***

- 1) The Regulators will monitor and evaluate the implementation and effectiveness of this Framework, using output, outcome and impact indicators to be defined, to ensure realisation of the intended objectives. This process will be undertaken in consultation with other relevant authorities, FSPs, and other stakeholders.
- 2) Monitoring and evaluation will focus on:
  - (a) assessing progress in achieving the intended policy objectives and beneficial consumer outcomes;
  - (b) identifying areas requiring further regulatory or supervisory improvement; and
  - (c) enabling data-driven decision-making.
- 3) The Regulators will monitor the implementation and operation of this Framework on an ongoing basis, drawing on both predefined indicators and qualitative observations of this process. Ongoing dialogue between the Regulators, other relevant authorities, FSPs and other stakeholders will form an integral part of this process, enabling timely identification of emerging issues, good practices, and areas requiring further attention or support.

## ***6.3 Revision, Improvement and Updates to this Framework***

- 1) The Regulators will review this Framework at least once every five years, or sooner if the need arises, for the purposes of ensuring it remains suitable and adequate to meet the overarching policy objectives.
- 2) Inputs for the review of this Framework may include, without limitation, data from monitoring and evaluation findings, stakeholder consultations, requests from any of the Regulators, market developments, and evolving international good practices. The FCP Framework Working Group will formulate the procedure that will be followed for the revision process, subject to approval by all the Regulators.