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Public consultation on draft proposed  
revisions to the Recommendation on  
G20/OECD High-Level Principles on  
Financial Consumer Protection

28 January – 25 February 2022

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## Purpose of the consultation

1. The purpose of this consultation is to seek comments and feedback on draft proposed revisions to the Recommendation on High-Level Principles for Consumer Protection, in particular the draft proposed revisions to the Principles set out in the Annex.
2. The proposed revisions to the Principles have been developed by the G20/OECD Task Force on Financial Consumer Protection (“Task Force”)<sup>1</sup> reflecting the findings and conclusions of the 2022 [Report](#) to the OECD Council on the Implementation of the Recommendation [C(2022)7] (“Report on Implementation”), based on inputs from Task Force Delegates and other stakeholders, research and academic literature.
3. Comments received will be carefully considered and feed into the development of the final draft revised Recommendation by the Task Force. The final draft revised Recommendation will be submitted to the Committee on Financial Markets (“CMF”) for approval and transmission to the OECD Council for adoption, and transmitted to the G20 for endorsement.
4. Comments are invited to be sent to [anna.dawson@oecd.org](mailto:anna.dawson@oecd.org) at the OECD Secretariat by **25 February 2022**.

## The Recommendation on High-Level Principles for Financial Consumer Protection

5. Financial consumer protection refers to the framework of laws, regulations and other measures generally designed to ensure fair and responsible treatment of financial consumers in their purchase and use of financial products and services and their dealings with financial services providers.
6. The Task Force, a sub-body of the CMF, is responsible for developing and updating international policy guidance on financial consumer protection, including the [High-Level Principles on Financial Consumer Protection](#), which are embodied in the OECD Recommendation on High-Level Principles on Financial Consumer Protection [[OECD/LEGAL/0394](#)] (hereafter the “Recommendation” or the “Principles”).
7. The Principles were developed as part of the OECD’s strategic response to the global financial crisis, and in response to the [call](#) from G20 Finance Ministers and Central Bank Governors in February 2011 to enhance financial consumer protection. The development of the Principles entailed an extensive consultation process with national authorities, international organisations and other key stakeholders.
8. The Principles were [endorsed](#) by G20 Leaders in November 2011 and adopted by the OECD Council in the form of the [Recommendation](#) (referenced above) on 17 July 2012 [[C\(2012\)102](#)]. The Principles are included in the FSB [Compendium of Standards](#).

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<sup>1</sup> Task Force Delegates comprise OECD Members, G20 countries, FSB jurisdictions as well as international organisations and standard setting bodies.

**Table 1. High-Level Principles on Financial Consumer Protection**

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

9. The Principles are the leading international standard for effective and comprehensive financial consumer protection frameworks. As a high-level standard, the Principles are specifically designed and intended to be applicable to any jurisdiction and are cross-sectoral in nature (that is, they can be applied to credit, banking, payments, insurance, pensions and investment sectors). All OECD, G20 and FSB jurisdictions are Adherents to the Recommendation and many other countries have adopted the Principles in establishing or enhancing their financial consumer protection frameworks.

## Review of the Recommendation and Report on Implementation

10. Since the adoption of the Recommendation ten years ago, the size and nature of the consumer financial services market have grown and changed considerably, with new types of financial products, services and distribution channels. There are also global trends that impact financial consumers, such as digitalisation, as well as developments or new approaches in terms of financial consumer protection policy and regulation. The response to the COVID-19 pandemic has also highlighted the importance of appropriate financial consumer protection arrangements.

11. The Task Force is therefore conducting a review to: assess the implementation of the Principles by jurisdictions; evaluate the continued importance and relevance of the Principles; and to identify trends, policy developments and approaches that have evolved since the Recommendation was first adopted, that require updates to the Principles to ensure they continue to reflect best practices and are forward-looking.<sup>2</sup>

12. The [Report](#) on Implementation was developed over the course of 2021 and outlines the analysis of a wide range of information provided by Adherents<sup>3</sup> and a number of other participating countries, as well as inputs from external stakeholders, academic research, Task Force discussions, OECD and G20 reports, seminars and engagement with key stakeholders. The Report forms the basis of the revision of the Recommendation.

13. The key findings set out in the Report include:

- i. The majority of Adherents have fully implemented the Principles embodied in the Recommendation, with most of the remaining Principles being partially implemented.

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<sup>2</sup> G20 Finance Ministers and Central Bank Governors included a reference to the review in their [13 October 2021 Communiqué](#).

<sup>3</sup> Thirty five OECD Members, all G20 countries, all FSB jurisdictions and ten other countries from around the world provided inputs into the review process.

- ii. The topics addressed by the Recommendation continue to be both important and relevant.
- iii. The Principles provide a solid foundation, and revisions should take the form of building on the existing Principles.
- iv. It is important that the Principles continue to reflect best practices globally and are forward-looking. There are trends, policy developments or approaches that have evolved since the Principles were first developed, as well as lessons from the COVID-19 pandemic, that should be incorporated in a revised set of Principles. These trends, policy developments and new approaches are set out in Figure 1 below.
- v. Specifically in terms of incorporating the lessons from the COVID-19 pandemic, an important input is the work conducted on behalf of the Task Force and the G20 Global Partnership for Financial Inclusion (“GPFIF”) in support of the Italian G20 Presidency during 2021.

**Figure 1. New policy areas or approaches that should be included in revisions to the Principles**



14. Based on these findings, the Report concludes among other things that the Principles embodied in the Recommendation should be revised to take account of the trends, policy developments and new approaches that have emerged since they were adopted ten years ago, to ensure they are forward-looking and continue to reflect best practice.

### Summary of draft proposed revisions

15. Figure 2 demonstrates graphically a summary of the draft proposed revisions to the Principles “at a glance”. The draft proposed revisions include:

- i. adding two new Principles relating to ‘Access & Inclusion’ and ‘Quality Financial Products’, which are not covered by the existing Principles, to ensure a holistic and comprehensive approach;

- ii. incorporating cross-cutting themes relating to ‘Digitalisation’, ‘Sustainable Finance’ and ‘Financial Well-being’ which are relevant to all the Principles; and
- iii. incorporating lessons and policy implications arising from the experience of the COVID-19 pandemic as appropriate, for example, including references to vulnerable consumers and financial scams.

**Figure 2. Draft proposed revisions to the Principles**



Note: the green text illustrates the draft proposed revisions to the existing Principles.

## Invitation to comment

16. The Recommendation and its proposed revision are likely to be of interest to relevant policy makers and public authorities, international organisations, financial services industry representatives and consumer representatives.

17. In responding to the consultation, respondents are asked to address the following questions:

- i. Do you support the three new proposed cross-cutting themes, that is, ‘Digitalisation’, ‘Sustainable Finance’ and ‘Financial Well-being’?
- ii. Do you support the two new Principles proposed on ‘Access and Inclusion’ and ‘Quality Financial Products’?
- iii. Do you agree that the COVID-19 lessons have been appropriately included in the proposed revisions?
- iv. Are there any developments that have not been incorporated in the proposed draft revised Recommendation?

18. As noted above, comments on the proposed revisions to the Principles should be submitted by **COB on 25 February 2022** to [anna.dawson@oecd.org](mailto:anna.dawson@oecd.org) at the OECD Secretariat.

19. Responses will be considered public and may be published on the website subject to compliance with OECD website guidelines. Please indicate clearly if you do not wish your response to be published.

## Next steps

20. Responses received will be analysed by the OECD Secretariat and shared with the Task Force and the CMF.

21. Following the public and stakeholder consultation, the Task Force will develop the draft revised Recommendation that embodies the Principles. The final version of the draft revised Recommendation will then be submitted to the CMF for approval. Following this, the final draft revised Recommendation will be transmitted to the OECD Council for adoption. The revised Principles will also be transmitted to the G20 for endorsement.

## Annex: Consultation text of the draft proposed revisions to the Principles

*This Annex presents the draft proposed revisions to the Principles embodied in the Recommendation, showing the current text with proposed revisions underlined so they can be easily identified. The full text of the Recommendation is available on [the online Compendium of OECD Legal Instruments](#).*

### Consultation text of Principles with draft proposed revisions marked up (underline for new text, strikethrough for deleted or moved text):

#### Cross-cutting themes

1. In implementing the Principles, governments, oversight bodies and financial services providers should consider the following cross-cutting themes, which are relevant to, and support, the consideration and/or implementation of each and all of the Principles:

- The **financial well-being** of financial consumers and their resilience. Financial consumer protection policies should contribute to the overall financial well-being and resilience of consumers.<sup>4</sup>
- The impact, opportunities and risks of **digitalisation and technological advancements** for financial consumers. This includes considering the increasingly digital ways that consumers interact with financial products and services and the impact of greater use of artificial intelligence, machine learning technology and algorithms.
- The impact, opportunities and risks of **sustainable finance** for financial consumers. This includes considering that financial services providers are increasingly incorporating environmental, social and governance (ESG) factors into their operations, products and services, and growing consumer demand.

#### **Principle 1: Legal, Regulatory and Supervisory Framework**

2. Financial consumer protection should be an integral part of the legal, regulatory and supervisory framework, it should be comprehensively integrated across financial products and services and should reflect the diversity of national circumstances and global market and regulatory developments within the financial sector.

3. Regulation should reflect and be proportionate to the characteristics, type, and variety of the financial products and consumers, their rights and responsibilities and be responsive to new products, services, designs, technologies and delivery

<sup>4</sup> An OECD working definition of individual financial well-being refers to being in control, feeling secure and having freedom about one's own current and future finances, based on objective and subjective factors.

~~mechanisms~~channels.<sup>5</sup> Mechanisms should be developed to address new delivery channels for financial services, including through digital distribution, while preserving the potential benefits of these channels for consumers. Strong and effective legal and judicial or supervisory mechanisms should exist to protect consumers from and sanction against financial frauds, abuses and errors.

4. The legal, regulatory and supervisory framework should provide regulators and supervisors with an appropriate regulatory toolkit which is flexible so they can adapt to emerging risks as required, including to changes at the regulatory perimeter. Where relevant, the framework could include promoting appropriate outcomes for consumers and/or approaches relating to processes, to contribute to the financial well-being of consumers.

5. Financial services providers and ~~representatives~~authorised agents<sup>6</sup> should be appropriately regulated and/or supervised, with account taken of relevant service and sector specific approaches.

6. Relevant non-governmental stakeholders – including industry and consumer organisations, professional bodies and research communities – should be consulted when policies related to financial consumer protection and education are developed. Access of relevant stakeholders and in particular consumer organisations to such processes should be facilitated and enhanced.

#### **Principle 2: Role of Oversight Bodies**

7. There should be oversight bodies (dedicated or not) explicitly responsible for financial consumer protection, with the necessary authority to fulfil their mandates. They require clear and objectively defined responsibilities and appropriate governance; operational independence; accountability for their activities; adequate powers; resources and capabilities; defined and transparent enforcement framework and clear and consistent regulatory processes. Oversight bodies should observe high professional standards, including appropriate standards of confidentiality of consumer and proprietary information and the avoidance of conflicts of interest.

8. Oversight bodies should have the capability, flexibility and the appropriate range of tools and powers to carry out their role. This may mean adapting market monitoring, for instance relating to technological or sustainable finance developments, or the power to intervene in specific, high risk products to protect consumers from harm where appropriate. Oversight bodies should regularly assess the effectiveness of supervision tools and sanctions mechanisms. The oversight approach should aim to realise the potential benefits to financial consumers from innovative business approaches and maintain an appropriate degree of financial consumer protection.

9. Co-operation with other financial services oversight authorities and between authorities or departments in charge of sectoral issues should be promoted. A level playing field across financial services should be encouraged as appropriate. International

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<sup>5</sup> ~~Where relevant, appropriate mechanisms should be developed to address new delivery channels for financial services, including through mobile, electronic and branchless distribution of financial services, while preserving their potential benefits for consumers.~~

<sup>6</sup> ~~Authorised agents~~Representatives are understood to mean third parties acting for the financial services provider or in an independent capacity. They include any agents (tied and independent agents), brokers, advisors and intermediaries, etc.

co-operation between oversight bodies should also be encouraged, while specific attention should be considered for consumer protection issues arising from international transactions and cross-border marketing and sales.

### **Principle 3: Access and Inclusion**

10. Governments, oversight bodies and financial service providers and representatives should seek to support consumers' access to and use of financial products and services where possible and promote an inclusive financial system. Achieving these objectives requires both addressing barriers that prevent consumers from accessing and using financial products and services in the formal, regulated financial system, as well as ensuring consumers remain included in the financial system for example, in the event of financial hardship.<sup>7</sup> Digitalisation should be leveraged where relevant to enhance financial access and usage.

### **Principle 45: Financial Literacy Education and Awareness**

11. Financial ~~literacy education~~ and awareness should be promoted by all relevant stakeholders ~~and clear information on consumer protection, rights and responsibilities should be easily accessible by consumers as part of a wider financial inclusion and/or literacy education strategy.~~ Appropriate mechanisms should be developed to help existing and future consumers develop the knowledge, skills, behaviours and attitudes ~~confidence to be aware and appropriately understand risks, including financial risks and opportunities, make informed choices, know where to go for assistance, and take effective action to support improve their own financial well-being and resilience.~~

12. Financial literacy programmes, including clear information on consumer protection, rights and responsibilities, should be easily accessible by all consumers and The provision of broad-based financial education and information to deepen consumer financial knowledge and capability should be promoted, especially for vulnerable-relevant target groups.

13. Taking into account national circumstances, financial ~~literacy education~~ and awareness ~~programmes~~ should be ~~encouraged as part of a wider financial consumer protection and education strategy,~~ delivered through diverse and appropriate channels, ~~and including digital ones where relevant. Financial literacy programmes should begin at an early age and be accessible for all life stages, and should include mechanisms to evaluate and improve their effectiveness. Specific programmes and approaches related to financial education should be targeted for vulnerable groups of financial consumers. Further, national and international comparable information on financial literacy and awareness should be collected in order to assess and enhance the effectiveness of approaches to financial literacy.~~ All relevant stakeholders should be encouraged to implement the international principles and guidelines on financial ~~literacy education~~ developed by the OECD International Network on Financial Education (INFE). ~~Further national and international comparable information on financial education and awareness should be compiled by national institutions and relevant international organisations in order to assess and enhance the effectiveness of approaches to financial education.~~

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<sup>7</sup> Financial inclusion generally refers to the effective and quality access to and usage of – at a cost affordable to the customers and sustainable for the providers – financial services provided by formal institutions: 2017 G20 Financial Inclusion Action Plan, GPMI July 2017.

### **Principle 510: Competition**

Fair, efficient and ~~Nationally and internationally~~ competitive markets should be promoted in order to provide consumers with greater choice amongst financial services, ~~and~~ create competitive pressure on providers to offer quality~~competitive~~ products, enhance innovation and maintain high service quality. Policy makers should aim to ensure that competition between providers meets these objectives without compromising consumer outcomes. Consumers should be able to search, compare and, where appropriate, switch between products and providers easily and at reasonable and disclosed costs.

### **Principle 63: Equitable and Fair Treatment of Consumers, including those who may be Vulnerable**

14. All financial consumers should be treated equitably, honestly and fairly at all stages of their relationship with financial service providers. Treating consumers fairly should be an integral part of the good governance and corporate culture of all financial services providers and ~~representatives~~authorised agents. The enhanced use of digital technology to support decision making by financial service providers should not lead to inappropriate or discriminatory outcomes for consumers.

15. Special attention should be ~~dedicated~~paid to the ~~needs of vulnerable groups~~ treatment of consumers who may be experiencing vulnerability or financial hardship. Approaches may take into account that consumer vulnerability can take different forms and be applicable in different circumstances, and may be due to a combination of personal characteristics, economic situations and market conditions.

### **Principle 74: Disclosure and Transparency**

16. Financial services providers and ~~representatives~~authorised agents should provide consumers with key information that informs the consumer of the fundamental benefits, risks and terms of the product regardless of the distribution channel. They should also provide information on conflicts of interest associated with the ~~representative~~authorised agent through which the product is sold.<sup>8</sup>

17. In particular, appropriate information should be provided on material aspects of the financial product. ~~Appropriate information should be provided~~ and at all stages of the relationship with the ~~consumer~~customer. All financial promotional material should be accurate, honest, understandable, transparent and not misleading. Standardised pre-contractual disclosure practices (e.g. forms) should be adopted where applicable and possible to allow comparisons between products and services of the same nature. Specific disclosure mechanisms, including possible warnings, should be developed to provide information commensurate with complex and high risky products and services. The use of digital channels may provide innovative opportunities to engage consumers with disclosure information via different formats.

18. Where possible, consumer research should be conducted and behavioural insights used to help determine and improve the effectiveness of disclosure requirements,

<sup>8</sup> Financial services providers and ~~representatives~~authorised agents should provide clear, concise, accurate, reliable, comparable, easily accessible, and timely written and oral information on the financial products and services being offered, particularly on key features of the products and (where relevant) on possible alternative services or products, including simpler ones, they provide. In principle, information should include prices, costs, penalties, surrender charges, risks and termination modalities.

acknowledging the limits to disclosure by itself in terms of ensuring consumer understanding and engagement. Improved transparency may help consumers make more informed choices and encourage financial institutions to address these factors. For example, as sustainable finance and ESG becomes increasingly important to consumers and financial services providers, transparency will be important to help consumers understand their investments and counter the risk of greenwashing.

19. ~~The provision of advice should be as objective as possible and should in general be based on the consumer's profile considering the complexity of the product, the risks associated with it as well as the customer's financial objectives, knowledge, capabilities and experience.~~

20. Consumers should also be made aware of the importance of providing financial services providers with relevant, accurate and available information.

### **Principle 8: Quality financial products**

21. There should be appropriate product oversight and governance by manufacturers, providers and representatives to ensure that financial products and services are designed and distributed to meet the interests and objectives of (target) consumers. This may include requirements for appropriate systems to design, approve manage and monitor financial products through their life cycle to ensure that they meet the interests and objectives, and aim to contribute to the financial well-being, of consumers that the products are designed for, as well as the relevant regulatory requirements.

22. In order to promote quality financial products, financial service providers may be required to define a target market for a financial product, conduct research to understand the target market and, depending on the type, complexity and risk of the product, carry out testing before launching the product.

### **Principle 96: Responsible Business Conduct and Culture of Financial Services Providers and Representatives**~~Authorised Agents~~

23. Financial services providers and ~~representatives~~~~authorised agents~~ should have as an objective, to work in the best interest of ~~consumer~~~~their customers~~ and be responsible for upholding financial consumer protection. Financial services providers should also be responsible and accountable for the actions of their ~~authorised agents~~~~representatives~~.

24. The conduct and culture of financial services providers and their representatives should be aligned to promoting the fair treatment of consumers and achieving appropriate consumer outcomes that contribute to their financial well-being.

25. Depending on the nature of the transaction and based on information primarily provided by ~~consumers~~~~customers~~ financial services providers and representatives should assess the related financial capabilities, situation and needs of ~~consumer~~~~their customers~~ before agreeing to provide them with a product, advice or service. Suitable products or services should be recommended to financial consumers that aim to deliver appropriate outcomes and ultimately contribute to their financial well-being.

26. Financial services providers and representatives~~Staff~~ (especially those who interact directly with ~~consumer~~~~customers~~) should be properly trained and qualified and regularly evaluated. Where the potential for conflicts of interest arise, for example from remuneration structures, financial services providers and ~~representatives~~~~authorised agents~~ should endeavour to avoid such conflicts. When such conflicts cannot be avoided, financial services providers and ~~representatives~~~~authorised agents~~ should ensure proper disclosure,

have in place internal mechanisms to manage such conflicts, or decline to provide the product, advice or service. Disclosure as a means of effectively managing conflicts of interest may be limited due to the way some consumers are likely to behave in response, and behavioural insights should be used, where relevant, to test and inform approaches.

27. The provision of advice should be objective, in the best interests of the consumer and should in general be based on the consumer's profile considering the complexity of the product, the risks associated with it as well as the consumer's financial objectives, knowledge, capabilities and experience.

28. The remuneration structure for ~~staff of both financial services providers and representatives/authorised agents~~ should be designed to encourage responsible business conduct, fair treatment of consumers and to avoid conflicts of interest. ~~The remuneration structure should be disclosed to customers where appropriate, such as when potential conflicts of interest cannot be managed or avoided.~~

#### **Principle 107: Protection of Consumer Assets against Fraud, Scams and Misuse**

29. Relevant information, control and protection mechanisms should be appropriately developed and implemented by financial services providers and with a high degree of certainty protect consumers' deposits, savings, and other similar financial assets, including against fraud, scams, misappropriation or other misuses. These protection mechanisms should be readily adapted to the way new technology is used and new types of scams, fraud and misuse.

#### **Principle 118: Protection of Consumer Data and Privacy**

30. Consumers' financial and personal information should be protected through appropriate control and protection mechanisms. These mechanisms should define the purposes for which the data may be collected, processed, held, used and disclosed (especially to third parties). The mechanisms should also acknowledge the rights of consumers to be informed about data-sharing, to access data and to seek redress and obtain the prompt correction and/or deletion of inaccurate, or unlawfully collected or processed data. There should be co-operation among oversight bodies regarding their regulation and supervision of consumer data protection and privacy.

#### **Principle 129: Complaints Handling and Redress**

31. Jurisdictions should ensure that consumers have access to adequate complaints handling and redress mechanisms that are accessible, affordable, independent, fair, accountable, timely and efficient. Technology may be leveraged to facilitate the effective design of these ~~Such~~ mechanisms, which should not impose unreasonable cost, delays or burdens on consumers. In accordance with the above, financial services providers and ~~representatives/authorised agents~~ should have in place mechanisms for complaint handling and redress. Such mechanisms should allow providers to monitor and address systemic issues and support improved financial consumer outcomes.

32. Recourse to an independent redress process should be available to address complaints that are not efficiently resolved via the financial services providers and ~~representatives/authorised agents~~ internal dispute resolution mechanisms. At a minimum, aggregate information with respect to complaints and their resolutions should be made public.