



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem



FinCoNet

INTERNATIONAL FINANCIAL CONSUMER
PROTECTION ORGANISATION

Consumer Protection and Financial Literacy Conference Bulgaria, June 2014

(Session 2: Responsible lending and debt counselling –
a European perspective)

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(FinCoNet)

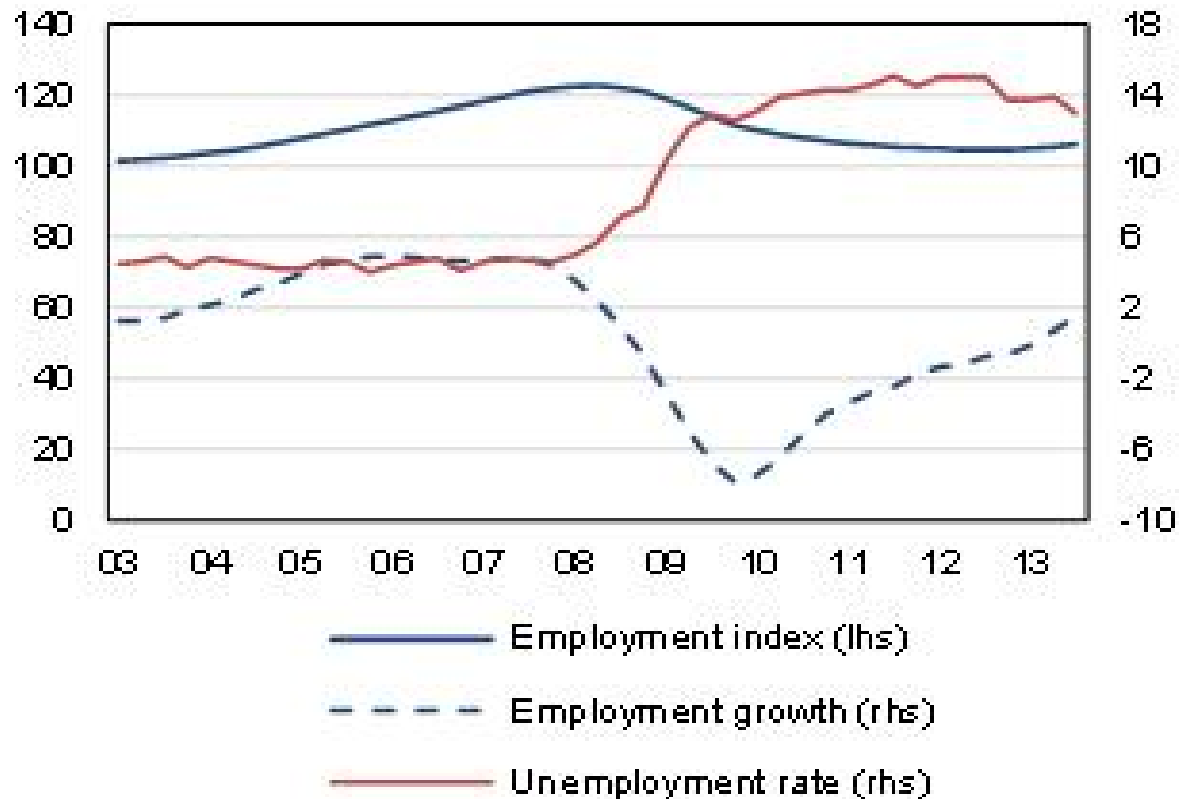


Introduction

- ▶ Ireland and the Central Bank of Ireland
- ▶ FinCoNet
- ▶ FinCoNet Report on Responsible Lending
 - ▶ A Review of Supervisory Tools for Suitable Consumer Lending Practices

Ireland – An economic snapshot

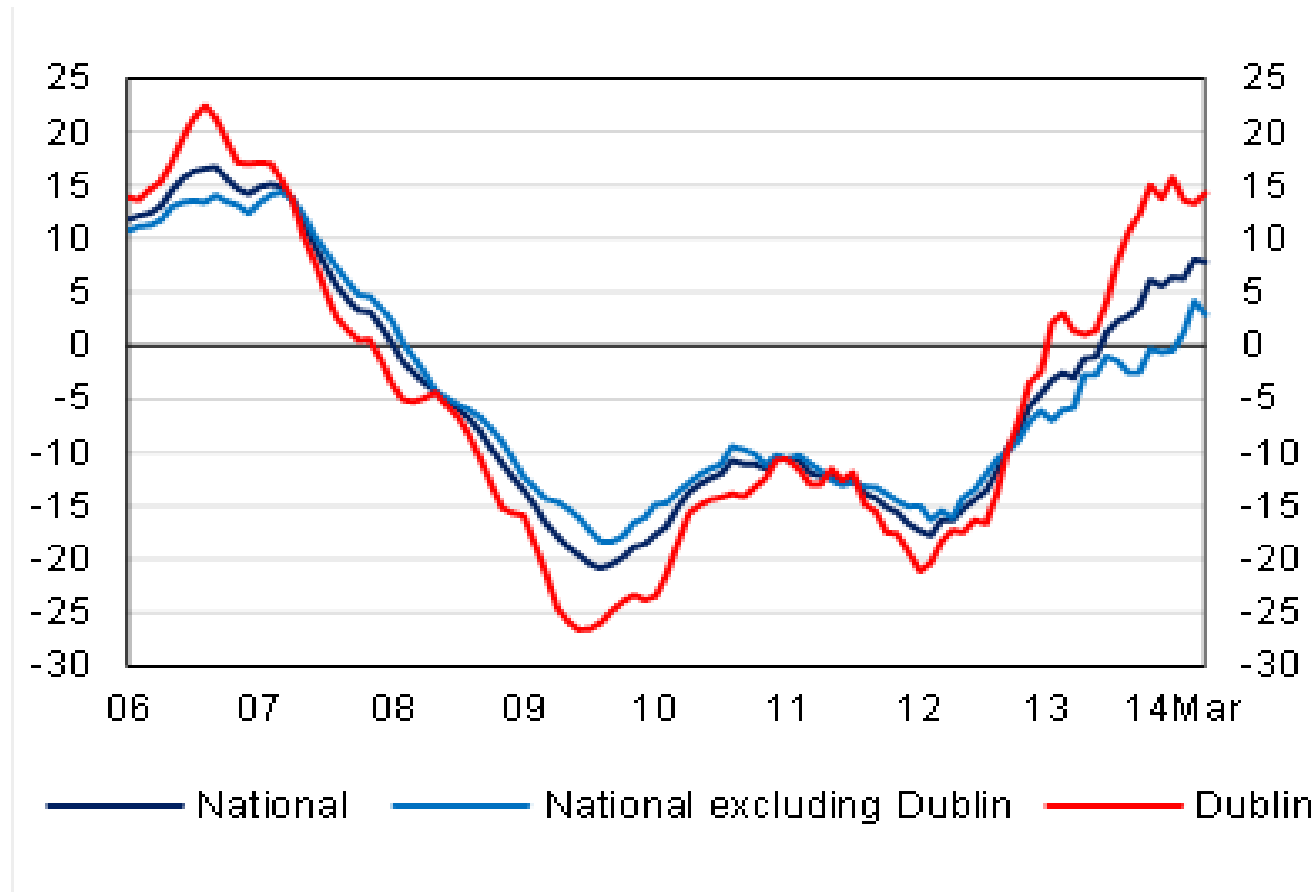
Labour Market Developments



Index, 2002 Q1 = 100

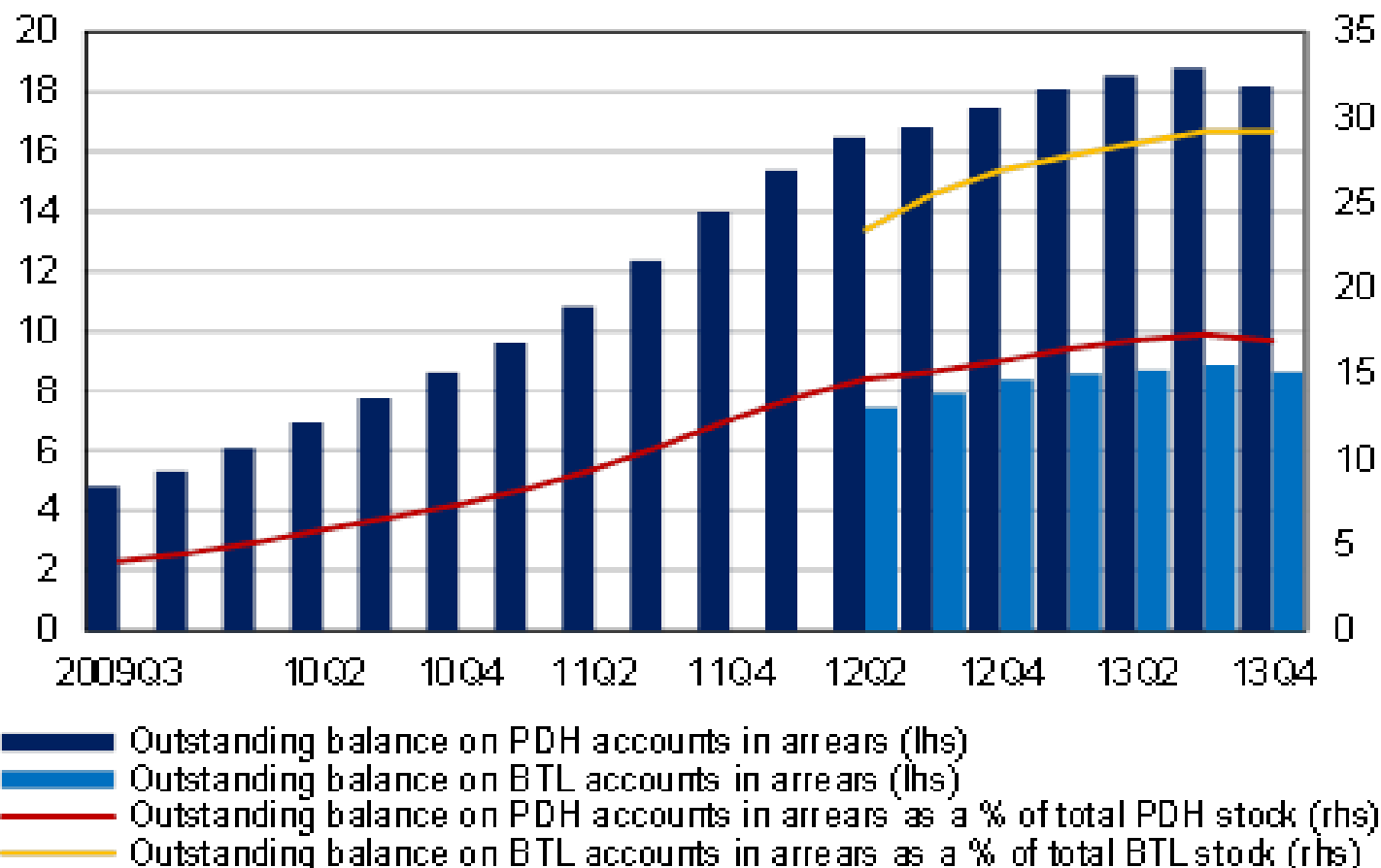
Ireland – An economic snapshot

House Price Growth: National, Dublin and Non-Dublin

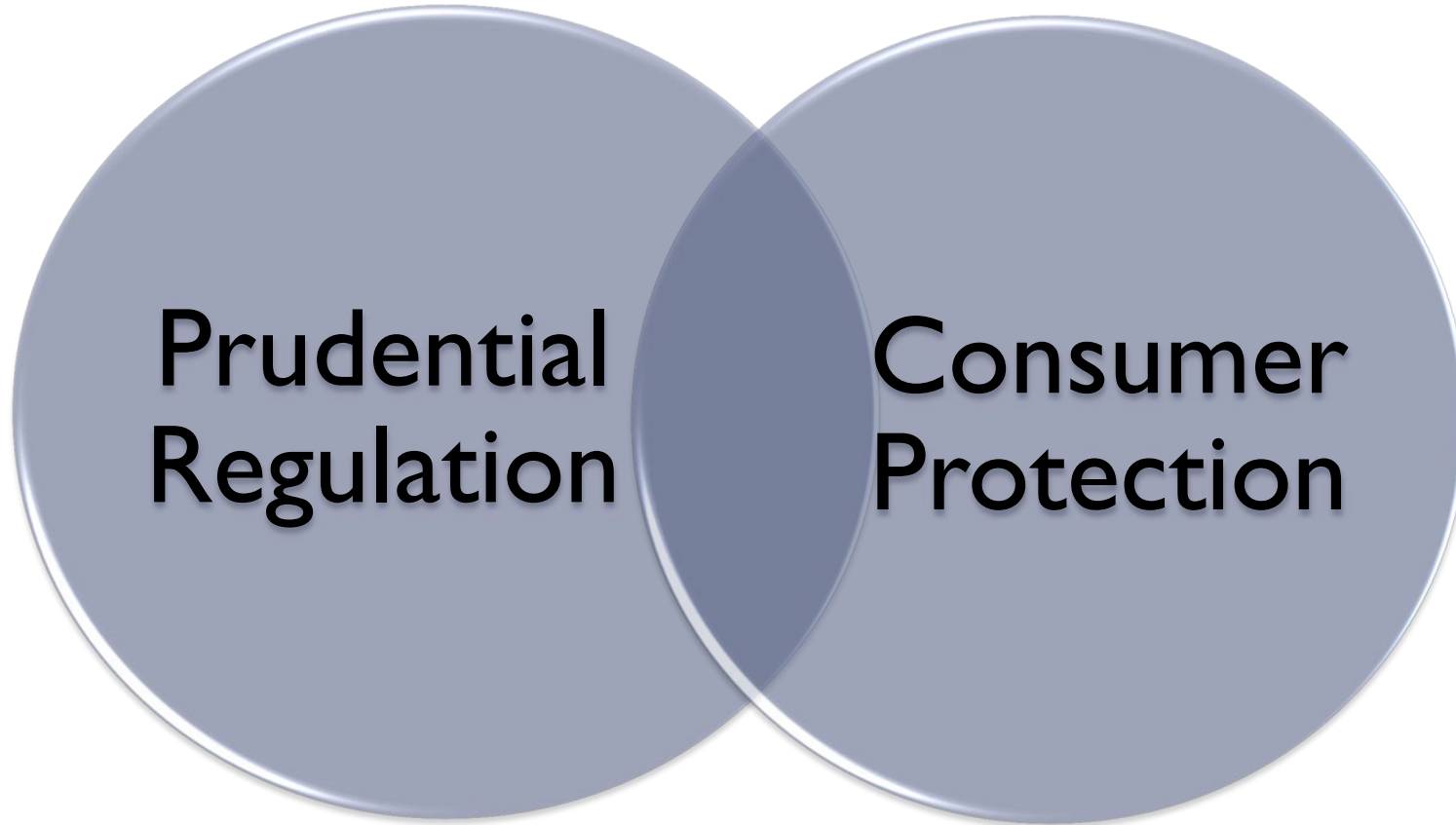


Ireland – An Economic Snapshot

Residential mortgage arrears





Role of the Central Bank of Ireland



Financial Stability

Firms in Ireland (subject to Conduct Risk supervision)

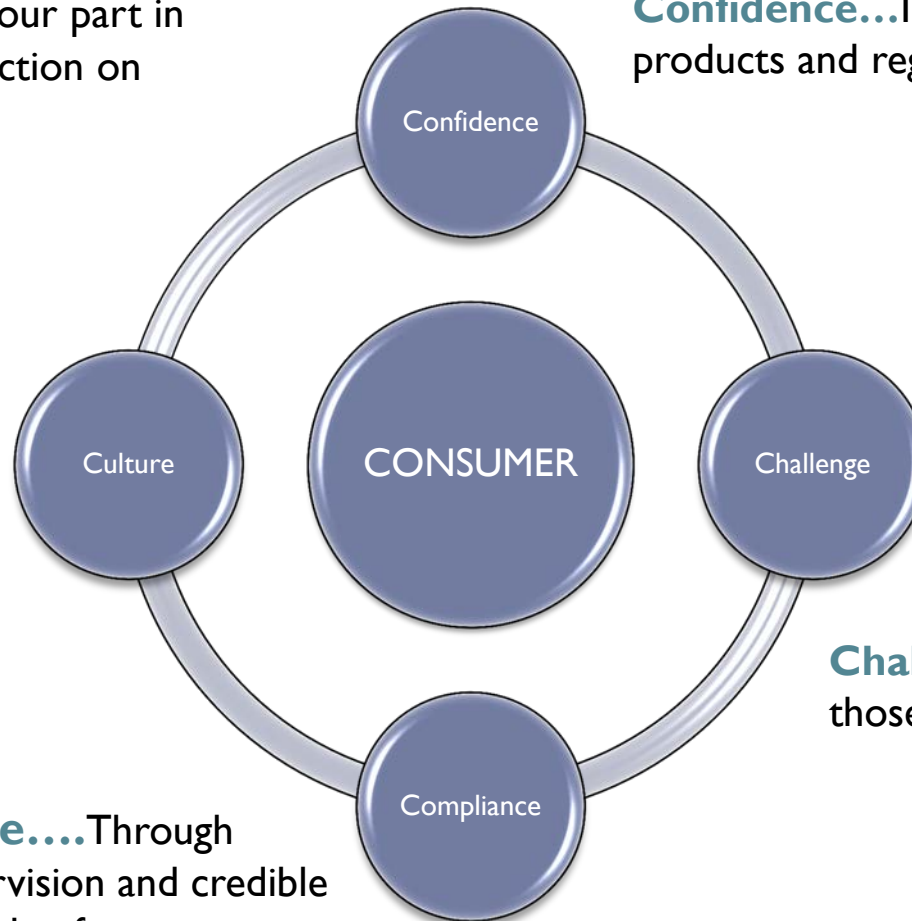
	High	Medium High	Medium Low	Low	Branches & Passporting	Total	
Banks	6	2	4	-	17	29	Consumer Protection 
Insurance	10	4	6	1	22	43	
Credit Unions	-	20	251	119	-	390	
Investment & Stockbroking	-	12	33	70	29	144	
Intermediaries	-	-	-	2964	55	3019	Prudential & Consumer Protection 
Payment Institutions	-	1	-	10	15	26	
Bureau De Change	-	-	-	14	-	14	
Debt Management	-	-	-	24	-	24	
Moneylenders	-	-	-	41	-	41	
Retail Credit & Home Reversion	-	-	-	20	-	20	
Total	16	39	294	3263	138	3750	

Consumer Protection – Strategic Priorities

The 5 ‘C’s

Consumer....Playing our part in putting Consumer Protection on everyone’s agenda

Confidence...In financial services, products and regulation



Culture....Promoting a consumer-focused ethos among ourselves, those we regulate and others

Challenge...To ourselves, those we regulate and others

Compliance....Through effective supervision and credible deterrence and enforcement

Consumer Protection Code – Key Provisions

- ▶ Knowing the Consumer and Suitability
- ▶ Affordability Assessment
- ▶ Arrears Handling Obligations
- ▶ Contacts Rules
- ▶ Provision of Information to assist Borrowers
- ▶ Obligations on lenders to seek solutions for Borrowers

Code of Conduct on Mortgage Arrears – Key Provisions

- ▶ Mortgage Arrears Resolution Process (MARP)
- ▶ Communications policy required to be approved by board of directors
- ▶ Level of communications must be proportionate and not excessive
- ▶ Unsolicited personal visit permitted
- ▶ Day 31 letter required (and updated version every three months thereafter)
- ▶ Not co-operating borrowers
 - ▶ Warning letter (at least 20 business days before classification as not co-operating)
 - ▶ Final notification letter notifying borrower of being classified as not co-operating

Debt Management Code – Key Provisions

- ▶ New Debt Management Code being prepared
- ▶ Authorisation Framework including Fitness & Probity
- ▶ 2012 Code applies to Debt Management firms
- ▶ Minimum Competency Standards
- ▶ Key elements of the DM Code:
 - ▶ Transparency in relation to fees and services
 - ▶ Financial Assessment – Quality of Advice
 - ▶ Use of the Standard Financial Statement
 - ▶ Statement of Advice
 - ▶ Paying by Credit for Debt Management Services
 - ▶ Cooling Off Period
 - ▶ Referrals from Other Firms – Client Leads

Current Issues

Resolving Mortgage Arrears

Sales of Loan Books

Sales Incentives

Crowdfunding / Peer-to-Peer Lending

Moneylenders Cost of Loans

Impact of Mortgage Credit Directive

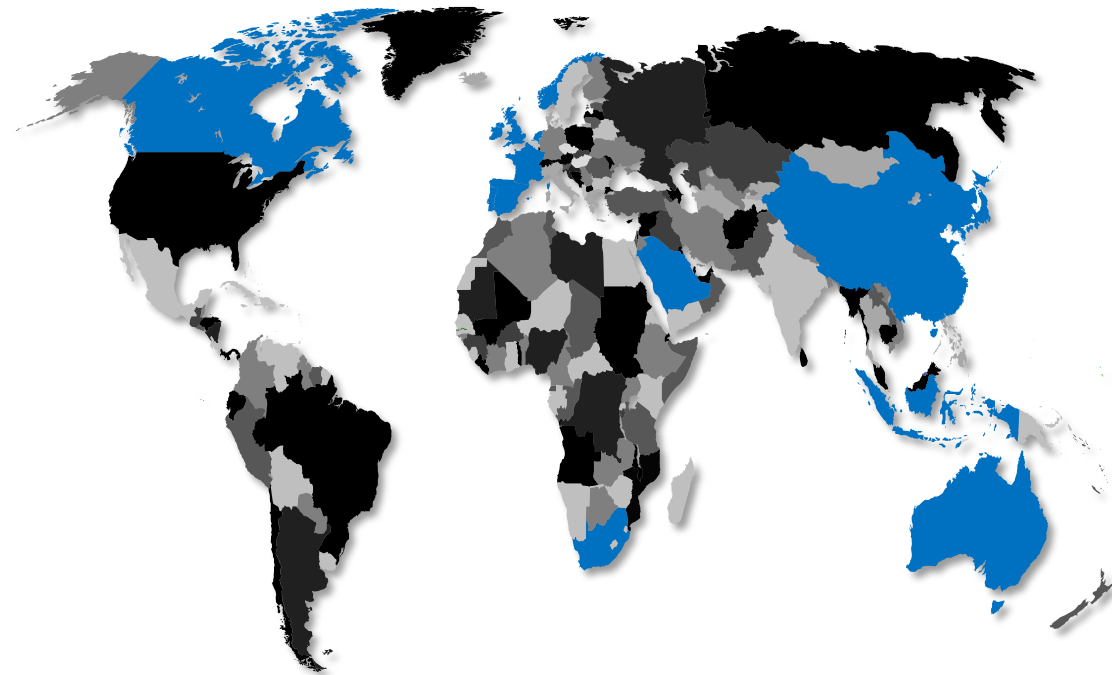
About FinCoNet



FinCoNet Membership as at May 2014



FinCoNet Member Countries



FinCoNet Priorities

1

- Identify effective approaches to assist supervisory authorities in carrying out their roles in financial consumer protection in banking and credit

2

- Examine how supervisory authorities can work to ensure responsible lending takes place

3

- Identify new areas of work and encourage new members to join

4

- Dynamic and Interactive knowledge and intelligence sharing

FinCoNet Report on Responsible Lending Survey

- ▶ Based on research from 20 different countries
- ▶ Working Group currently finalising report (lead by ASIC)
- ▶ To strengthen supervisory tools aimed at determining unsuitable or irresponsible lending
- ▶ Help countries identify gaps and weaknesses in frameworks
- ▶ Report covers both secured and unsecured lending

Responsible Lending Survey

Overall Findings

- Responsible lending obligations and approaches developed significantly over the last ten years
- Transition Phase – more robust and consumer-focused regulatory environment
- Greater focus on affordability in decision making process
- Scope of supervision and regulatory oversight is not consistent
- Growing emphasis on effective supervision and enforcement.

Report Structure

Regulatory Framework

Consumer Engagement

Industry Obligations

Regulatory Controls

Supervisory and Enforcement Tools

Call for New Members

FinCoNet – Advancing the Financial
Consumer Protection Agenda

For more information
please contact us at
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