**MAPPING MARKET CONDUCT REGULATION**

This Exercise helps to map the existing regulation on MC, see which aspects of MC are regulated and which are not.

| **MARKET CONDUCT POLICY OUTCOMES[[1]](#endnote-1)** | | **List of issues to be regulated**[[2]](#endnote-2) | Banks | | | | | | Non-banks | | | | Term to be introduced[[3]](#endnote-3) |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| credit | deposit | payment | cards |  |  | credit | savings | payment | cards |  |
| 1. **INCLUSIVE AND COMPETITIVE**   **MARKETPLACE** | Consumers can easily find products that meet their needs, are affordable and suit their financial capability. They have choice, and can easily change products and switch providers. | Product and delivery design   * Channels of delivery * Product complexity * Clearness in responsibilities of parties * Price cups   Penalties   * Caps on penalties * Cases when penalties cannot be used   Entry and exit barriers   * Minimum requirements to cushion up new products * Requirements if product fails to cover consumers interests * No Barriers to switching providers |  |  |  |  |  |  |  |  |  |  |  |
| 1. **SUITABILITY** | Consumers are offered the product best suited to their needs and financial capability when they ask for it. | Suitable Advice   * Know your customer (KYC) * Offering products that fits to client profile |  |  |  |  |  |  |  |  |  |  |  |
| 1. **TRANSPARENCY AND MARKETING** | Consumers are at all times properly informed about the product to make effective and informed decisions. They are not misled. They are able to compare the nature, value and cost of products and make informed choices. | Principles   * free, clear, fair, not misleading information * appropriate channels * before, during and after the point of sale * information needs of clients. * Transparency – info to general public * Disclosure – info to client   What information:   * Key Fact Statement (KFS) * Pricing/cost * Penalties * Rights/obligations * Credit scoring * Monthly statements * other |  |  |  |  |  |  |  |  |  |  |  |
| 1. **PROFESSIONAL ETHICS AND STANDARDS** | Consumers are served according to professional ethics and acceptable standards. | Standards of professionalism   * Front officers   Conflicts of interest   * Absence for sales motivations * Disclosure of conflict of interest |  |  |  |  |  |  |  |  |  |  |  |
| 1. **DUE CARE** | Consumers are treated fairly, with due care and diligence over the entire duration of product usage. | * Responsible conduct * Responsible finance   Debt collection   * No harm to person * Respect of privacy   Collateral realization   * Collateral security * Collateral selling procedures |  |  |  |  |  |  |  |  |  |  |  |
| 1. **SAFETY AND SECURITY** | Consumers feel protected from harm and,  if the FSP fails, have proper protection  (including guarantee schemes). They  are protected from the loss of personal  assets and data, misuse and fraud or other  unwanted intrusion. | * Insurance   Safety schemes   * Deposit guarantee scheme   Data protection   * Data protected * Registration and filing * Information systems   Assets protection |  |  |  |  |  |  |  |  |  |  |  |
| 1. **LEGAL**   **ENVIRONMENT**  **(COMPLIANCE)** | Consumers are confident that the law protects their rights and interests. | Compliance  Complaints handling system   * FSP involvement * Processes   Alternative dispute resolution   * Free, swift, accessible system |  |  |  |  |  |  |  |  |  |  |  |

1. MC outcomes concept is based on Alliance for Financial Inclusion (AFI) approach. Guideline Note 21 Market Conduct Risk Based Supervision, AFI [↑](#endnote-ref-1)
2. List does not mean that regulations should be in a separate pieces. It should fit the legal framework of the country and may be in a form of both single legal document or integrated into other legal doucments. [↑](#endnote-ref-2)
3. Term when the piece of regulation should be introduced depends on the consumer protection challenges and state of financial system development of the country. E.g. data protection can be a urgent consumer protection issue in countries where individual’s bank account data are used for kidnapping, while in other countries access to credit will be more important. [↑](#endnote-ref-3)