

## **Gabriel Makhlouf: Protecting consumers**

Remarks by Mr Gabriel Makhlouf, Governor of the Central Bank of Ireland, at the publication of the OECD review of the Central Bank of Ireland's consumer protection supervisory functions, Dublin, 16 December 2024.

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Thank you and welcome to this special event to mark the publication of the OECD's report on the Central Bank's financial consumer protection role.

This is the first review of its kind by the OECD and, given our shared commitment to financial consumer protection, we at the Central Bank are very pleased to be a pioneer in this work with you. We put ourselves forward for this review as we welcome the opportunity for our work to be assessed against global standards by an independent, objective third party. And we are very conscious of the OECD's central role in establishing the global standards through the G20/OECD High-Level Principles on Financial Consumer Protection.

Consumer protection is at the heart of everything we do in the Central Bank, aligned to our constant and predominant aim being the welfare of the people as a whole. Over the last decade, we have, alongside other public institutions, played a significant role in strengthening the consumer protection framework in Ireland, to ensure that our system and protections are in line with those global standards.

While this strengthening of the framework has improved supports and outcomes for consumers, we also recognise the importance of ensuring that the framework – like all frameworks – continues to adapt and evolve so that it remains fit for purpose and future-ready.

The challenges and risks facing us are clear. The global economy is fragmenting and countries across the globe are undergoing significant economic transitions – in demography, in technology, in climate – while also experiencing a period of unprecedented innovation. Consumers are adapting and in the face of a changing ecosystem, central banks, regulators, and businesses have to adapt, evolve and transform as well. The value provided by the OECD, given their knowledge of how countries and regulators across the globe are facing into these challenges, is clear.

For our part, we are changing how we work and ensuring our frameworks reflect an increasingly digital world. As the financial services sector evolves, so too must our approach to supervision and regulation to ensure it remains fit for purpose. This need to adapt, evolve and transform is at the core of our Strategy.

A key element of this is the work we are finalising on our review of the Consumer Protection Code to ensure it is future-ready. As I have said before, "the Code is a cornerstone of consumer protection in financial services in Ireland, establishing a set of rules and expectations for how firms should treat their customers and has allowed the Central Bank to intervene to protect consumers." The changes we have proposed build on the existing Code, reflecting the provision of financial services in a digital world.

We have had very active and important engagement with stakeholders on the Code, with feedback coming through from across industry, civil society and other government agencies and regulators, as well as from the Minister for Finance. The feedback we have received has been broadly positive with many stakeholders welcoming the proposals.

We are aiming to publish the revised Code early in the New Year. When implemented, consumers will benefit from a package of protections that reflect how they are accessing financial services today. Regulated firms will benefit from a clearer articulation of their Code obligations.

As you know, we are also making changes to our supervisory model, which we will begin to implement in January. The new model remains risk-based, but is evolving to deliver a more integrated approach drawing on all elements of our mandate (consumer and investor protection, safety and soundness, financial stability and integrity of the system).

This enhanced approach is based on accumulated experience, on insight, on best practice and is built for a faster moving and more complex financial services sector. Firms will hear one consistent voice from the Bank, with more coordinated messaging and more streamlined demands across the full span of our regulatory and supervisory mandate.

We will promote a more open and transparent supervisory approach. To enable and implement our new supervisory framework we need the right operational approach and organisational structure. We are moving to an organisational structure where our regulatory and supervisory directorates will have teams responsible for integrated supervision across all our regulatory outcomes.

Importantly, our supervisory model will place consumer protection at the heart of day-to-day supervision. It will position us better as an organisation to meet our objectives to ensure consumers of financial services are protected in this changing financial landscape, as highlighted by the OECD report.

This is why this review by the OECD is so important, as it provides us with recommendations and insights that will support our ambition to transform and will be incorporated into our transformed supervisory approach.

The OECD's assessment that the Central Bank is operating in line with the High Level Principles is very positive. We also welcome the recommendations on how we can further enhance our approach, in particular the insights on international best practice and peer comparisons, which we will consider carefully. I very much welcome the OECD's focus on how we can further strengthen the way in which we engage with and listen to consumers, the way in which we provide them with information, and ultimately how we measure our effectiveness in terms of outcomes.

We know that engaging with consumers, listening to them and hearing their views and perspectives will also support an important part of our vision, to build and maintain trust in the Central Bank. We know that trust is fundamental to allow central banks and other public institutions to be effective. Without the trust of the public that it serves, an

institution will struggle to function and I especially welcome that the OECD has recognised this link in many of its recommendations.

The implementation of the OECD recommendations will sit alongside our new regulatory and supervisory framework and the new Consumer Protection Code and ensure regulated firms are operating under a modernised set of rules and approaches as we face into the challenges of a changing global economy.

Let me conclude with three particular thank yous.

First, to the various organisations and representative groups that met with the OECD and provided important insights and perspectives to inform and support the review team's analysis. It is good to see so many of you here. We value and appreciate your contributions, not just to this review but throughout our broader engagements and discussions.

Second, to the OECD and its review team for carrying out this important piece of work. It reinforces our commitment to continuous improvement and our openness to learning.

And third, to Derville Rowland, Colm Kincaid and everyone involved in consumer protection at the Central Bank for ensuring we continue to deliver on our constant and predominant aim in a rapidly-changing world.