

Why should regulators invest in stronger customer protection?

Key messages: A well-regulated environment with strong customer protection....

- ... **attracts responsible businesses**, fosters innovation and minimizes fraud.
- ... builds **trust in financial systems**, leading to higher participation and economic growth.
- ... ensures disadvantaged groups can safely and meaningfully access and use financial services, **increasing resilience, eventually reducing the need for government intervention** (e.g. social welfare).



©LightCastle

5 measures that regulators can take to enhance customer protection

Regulators play a key role, they can...

How can your organization contribute?



1. Create and enforce regulations that address people's specific needs, remove barriers and ensure fair treatment without discrimination - this makes sure that disadvantaged communities, incl. women, youth, and persons with disabilities have equal access to safe and fair financial services.

Help regulators & financial institutions understand people's specific needs & barriers: e.g. through joint research, [User Journey exercises](#) or [focus groups](#). Share the business case for making financial systems more inclusive. Highlight issues and [best practice from other contexts](#).

2. Require financial service providers to establish clear and accessible ways for customers to report issues and get timely solutions, especially in cases of employee misconduct. They should also monitor service quality, investigate complaints and take action when needed.

Use **real-life examples** of issues encountered to show regulators gaps in current systems. Share examples of [how providers can enhance customer protection](#), such as [feedback and complaint mechanisms](#), [Code of Conduct training](#), [Tipsheet for client-facing staff](#).

3. Ensure financial products and services are transparent, designed to be inclusive and relevant to people's needs, particularly the most disadvantaged. Make sure fees are transparent, and communication is clear (simple language) to ensure people understand the terms. Promote female agents to enhance women's financial participation.

Advocate for policies that ensure financial products and services are inclusive and **meet people's needs**. Advocate for lower fees and ensure costs are properly communicated and displayed, together with [information about people's rights](#). **Promote female client-facing staff** – women often feel more comfortable transacting with women.

4. Promoting digital and financial literacy – capability strengthening through **targeted education initiatives**, helping people understand and use financial services safely.

Conduct **joint campaigns, share resources with Govt on digital & financial literacy** (radio, visuals, [training sessions](#), co-branded materials etc). Financial providers should also be part of it!

5. Ensuring the protection of client data - ensuring that information about customers' account, financial transaction, and personal details are kept confidential and securely stored.

Advocate for **strong client data protection**, especially for the most disadvantaged clients. [Here are examples](#) of what financial service providers can do.

To better understand customers, regulators should also push for financial service providers to collect disaggregated data.



Tips when engaging with regulators on sensitive issues, such as abuse of power and exploitation by financial service providers:

Women and marginalized groups generally face more risks than others in the community e.g. getting charged higher fees, receiving the wrong change, harassment and gender-based violence, including sexual exploitation and abuse (SEA). Here are some tips:

- ✓ **Be mindful of the language you use!** In some contexts, using 'SEA' and 'gender-based violence' may deter regulators from wanting to engage with you. Where necessary, frame the topic under **customer protection/customer well-being instead!**
- ✓ **Highlight how your approach benefits customers & use facts or real cases** to prove your point (e.g. reports of harassment by providers)
- ✓ **Engage early with regulators**, listen, and develop solutions together. Do not wait or present final products/your approach without consultation.

Here is the collection of **resources** to strengthen [customer protection](#).

Read this report by CGAP on [customer protection](#) and the AFI Central Bank Toolkits on [market conduct](#) and [complaint handling](#).