



# Recommendation of the Council on High-Level Principles on Financial Consumer Protection



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## Background Information

The Recommendation on High-Level Principles on Financial Consumer Protection (“the Recommendation” or “the Principles”) was adopted by the OECD Council on 17 July 2012 on the proposal of the Committee on Financial Markets (“CMF”). The Recommendation sets out the foundations of an effective and comprehensive framework for financial consumer protection and recommends that governments, regulators, supervisors and other relevant public institutions take due account of and implement the Principles. The Recommendation was revised by the Council on 12 December 2022 with a view to take account of policy developments that have evolved since its adoption, to ensure that it continues to reflect global best practices and are forward-looking.

### ***Origin and scope of the Recommendation***

The Recommendation follows from the OECD’s strategic response to the financial and economic crisis, which identified the importance of financial consumer protection as an overlooked aspect of the crisis. The Principles were endorsed by the Leaders of the G20 at the [Cannes Summit on 3-4 November 2011](#) and the Principles are included in the Financial Stability Board (“FSB”) [Compendium of Standards](#). The Principles are the leading international standard for financial consumer protection frameworks.

The Recommendation is designed to complement, not substitute for, existing international financial standards. It is designed and intended to be applicable to any jurisdiction and is cross-sectoral in nature, that is, it can be applied to credit, banking, payments, insurance, pensions and investment sectors.

The Recommendation does not address sector specific issues dealt with by relevant international organisations and financial standard setters. It pays special attention to the legal recognition of financial consumer protection, the need for oversight bodies with the necessary authority and resources to carry out their mission, fair treatment of consumers and responsible business conduct by financial services providers and intermediaries, financial education, effective disclosure and transparency requirements, data protection, competition and access to redress mechanisms.

### ***2022 revision of the Recommendation***

In line with the conclusions of the [2022 Report to Council](#), the Recommendation was revised in 2022 to update its provisions and thereby increase its relevance and impact.

The revisions reflects the conclusions from the 2022 Report, and the subsequent extensive feedback from the public and stakeholder consultation that was conducted in January-February 2022. The result is that the revised Principles embodied in the Recommendation represent global best practices for an effective and holistic financial consumer protection policy framework and are forward-looking. The main policy changes are:

- adding two new Principles (12 in total), that is, “Access and Inclusion” and “Quality Financial Products” because these concepts are not currently covered by the existing Principles
- adding three cross-cutting themes that are relevant to the consideration and implementation of each of the Principles, namely “Digitalisation”, “Financial Well-being” and “Sustainable Finance”, and including references throughout the Principles to illustrate the cross-cutting themes
- incorporating high-level lessons from the response to the COVID-19 pandemic throughout the Principles such as enhanced protections for consumers who may be vulnerable and a greater focus on tackling financial scams.



### Next steps

Both the Adherents and the OECD Secretariat are invited to disseminate the Recommendation. The Secretariat will draw on the Task Force on Financial Consumer Protection's wide network for effective dissemination at a national and international level, as well as through regional events.

The Task Force will support Adherents and follow up on the Recommendation's implementation through the development of appropriate guidance and by fostering dialogue on financial consumer protection issues, trends and developments.

A second report on the implementation, dissemination and continued relevance will reach Council in 2027.



### Relevance to COVID-19 Response and Recovery

The provisions of the Recommendation concerning digitalisation, consumers who may be vulnerable and protecting consumer assets against online fraud and scams are particularly relevant in the context of the COVID-19 crisis and recovery considering that the uptake of digital financial services has significantly accelerated.

For more information, see:

- [Financial consumer protection responses to COVID-19](#)

- [G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and Support Financial Inclusion in the Context of COVID-19](#)
- [Financial Consumer Protection Policy Approaches in the Digital Age](#)

For further information please consult: <https://www.oecd.org/finance/financial-education/g20-oecd-task-force-financial-consumer-protection.htm> or <https://www.oecd.org/finance/financialconsumerprotection.htm>.  
Contact information: [miles.larbey@oecd.org](mailto:miles.larbey@oecd.org).

## Implementation

### **2022 Report to Council**

The [2022 Report to Council](#) outlines the analysis of a wide range of inputs and findings from a Questionnaire completed by Adherents and other participating jurisdictions, as well as inputs from external stakeholders, academic research, Task Force discussions, OECD and G20 reports, seminars and engagement with key stakeholders.

The key findings set out in the Report are:

- The majority of Adherents have fully implemented the Principles embodied in the Recommendation, with most of the remaining Principles being partially implemented.
- The topics addressed by the Recommendation continue to be both important and relevant.
- The Principles provide a solid foundation, and revisions should take the form of building on the existing Principles.
- It is important that the Principles continue to reflect best practices globally and are forward-looking. There are 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, in one way or another.
- Specifically in terms of COVID-19, an important input is the work conducted on behalf of the Task Force and the GPFI in support of the Italian G20 Presidency (see the 'Relevance to COVID-19 Response and Recovery' section above ).

There are three main conclusions of the Report:

- The Principles have generally been well and widely implemented across jurisdictions, and they continue to be important and relevant. Taking into account the findings of the Report, and building on the solid foundation of the existing Principles, the Task Force and CMF should develop a proposal to revise the Principles embodied in the Recommendation to take account of policy areas and developments that have emerged since they were adopted ten years ago, to ensure they are forward-looking and continue to reflect best practice;
- Adherents should be encouraged to examine ways to improve the dissemination of the Recommendation, particularly around communication; and
- Adherents should be encouraged to translate the Recommendation into their own domestic languages, where relevant.

**THE COUNCIL,**

**HAVING REGARD** to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

**HAVING REGARD** to the High-Level Principles on Financial Consumer Protection (hereafter the “Principles”), originally endorsed by the G20 Leaders on 3-4 November 2011 and adopted as a Recommendation by the OECD Council on 17 July 2012, and the updated version endorsed by G20 Leaders on 15-16 November 2022 and embodied in the present Recommendation;

**HAVING REGARD** to the standards developed by the OECD in the area of consumer protection and consumer policy, financial literacy, consumer credit, efficient financial regulation and corporate governance;

**HAVING REGARD** to the work and standards of other international organisations and fora on financial consumer protection, in particular of the G20 and Financial Stability Board;

**CONSIDERING** that the integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, addresses information asymmetries, and ensures that consumers are treated fairly and adequately protected from harms;

**CONSIDERING** that consumer trust and confidence is important for the proper functioning of the financial system and that consumers should be knowledgeable, safe and secure in their dealings with financial services providers and their intermediaries;

**CONSIDERING** the importance and need for people to have access to quality financial products and services and be included in the financial system, and the interrelationship of financial consumer protection with financial inclusion and financial literacy (i.e. consumer finance policies) to support financial resilience and well being of individuals, families and communities;

**CONSIDERING** the role of financial consumer protection policies alongside financial literacy and inclusion in contributing to fairer, more sustainable and inclusive growth and financial system stability;

**CONSIDERING** that some consumers may experience vulnerability in relation to financial transactions or risks such as frauds and scams due to a combination of personal characteristics (e.g. disability, age, gender, low education or poor linguistic proficiency), behavioural biases (e.g. overconfidence, information overload, impulsiveness, cognitive limitations) and market conditions (e.g. unemployment);

**CONSIDERING** the lessons learnt from the impact of the COVID-19 pandemic on consumers of financial products and services, trends and developments impacting consumers such as digitalisation and sustainable finance, and to ensure the Principles are forward-looking and continue to represent best practice.

**On the proposal of the Committee on Financial Markets:**

I. **AGREES** that the following cross-cutting themes are relevant to the consideration and/or implementation of each and all of the Principles, which are set out below:

- The **financial well-being** of financial consumers<sup>1</sup> and their resilience. Financial consumer protection policies should contribute to the overall financial well being and financial resilience of consumers<sup>2</sup>.
- The impact, opportunities and risks of **digitalisation and technological advancements** for financial consumers. This includes considering the ways that consumers increasingly interact with digital financial products and services including cryptoassets and digital currencies,

consumer behaviour in a digital environment, 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) and other sustainability-related factors into their operations, products and services, and growing consumer demand for such products.

**II. RECOMMENDS** that Members and non-Members having adhered to this Recommendation (hereafter the “Adherents”) take due account of and implement the Principles, which are set out below, at government, oversight body and financial services provider level:

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

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

2. Regulation should reflect and be proportionate to the characteristics, types, risks and variety of the financial products and services, providers and consumers. Regulation should account for the various rights and responsibilities of the relevant actors and be responsive to new products, services, designs, technologies and delivery channels. Approaches should be developed to address new delivery channels for financial products and 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 misconduct, financial frauds, abuses and errors.

3. 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, to complement approaches relating to conduct and processes, the framework could include promoting appropriate outcomes for consumers to contribute to their financial well-being.

4. Financial services providers and intermediaries<sup>3</sup> should be appropriately and proportionately regulated and/or supervised, with account taken of relevant service and sector specific approaches.

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

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

6. 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, effective 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.

7. 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 enforcement mechanisms. Effective enforcement mechanisms may include, for example, penalties, sanctions, licence revocation, variations in permissions to trade, publicising enforcement outcomes, compensation, restitution and other remedies.

8. The oversight approach should ensure that policy, regulatory and supervisory actions that promote financial innovation, stability, integrity, inclusion or other objectives appropriately account for their effects on financial consumer protection and consumer outcomes.

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 products and services should be encouraged as appropriate. International co operation between oversight bodies should also be encouraged, while specific attention should be considered for consumer protection issues arising from international transactions, including cross-border payments, marketing and sales, and risks arising from digitalisation and automation of financial products and services.

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

10. Governments, oversight bodies and financial services providers and intermediaries 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 or other circumstances giving rise to financial exclusion<sup>4</sup>. To support this, policy makers and oversight bodies should consider embedding financial inclusion and financial consumer protection objectives in policies and strategies relating to innovation.

11. Governments, oversight bodies, and financial service providers should leverage digitalisation where relevant, including the use of interoperable systems. At the same time, it should be recognised that consumers may have different needs and levels of digital skills that affect financial access and usage, for instance, access to cash and traditional forms of financial services may be important for some consumers.

### **Principle 4: Financial Literacy and Awareness**

12. Financial literacy<sup>5</sup> and awareness should be promoted by all relevant stakeholders as part of a wider financial inclusion and/or literacy strategy. Appropriate mechanisms should be developed to help consumers gain the knowledge, skills, behaviours and attitudes to be aware, understand risks and opportunities, make informed choices, know where to go for assistance, and take effective action to support their financial well-being and resilience. Such mechanisms may also involve enhancing digital financial literacy skills, raising awareness of digital security risks and promoting safe online and digital transactions.

13. Financial literacy programmes, including clear and timely information on consumer protection, rights and responsibilities, should be easily accessible by all consumers and should be promoted, especially for relevant target groups, for example, those experiencing vulnerability.

14. Taking into account national circumstances, financial literacy and awareness programmes should be delivered through diverse and appropriate channels, 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. 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, guidelines and methodologies on financial literacy developed by the OECD International Network on Financial Education (INFE).

### **Principle 5: Competition**

15. Fair, efficient and competitive markets should be promoted in order to provide consumers with greater choice amongst financial products and services, create competitive pressure on providers to offer quality and competitively priced products, enhance innovation, foster inclusion 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, share data and, where appropriate, switch between products and providers easily and at reasonable and disclosed costs, for instance by leveraging interoperable systems.

### **Principle 6: Equitable and Fair Treatment of Consumers**

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

17. Special attention should be paid to the treatment of consumers who may be experiencing vulnerability. Approaches may take into account that consumer vulnerability can manifest differently and be applicable in different circumstances, and may be due to a combination of personal characteristics, economic situations and market conditions. Approaches could include, for example, the provision of impartial debt advice for consumers suffering financial hardship due to over-indebtedness.

### **Principle 7: Disclosure and Transparency**

18. Financial services providers and intermediaries should provide consumers with key information on the fundamental benefits, risks and terms of the product, including for cross-border payments and other transactions and regardless of the distribution channel. They should also provide information on conflicts of interest associated with the intermediaries through which the product is sold<sup>6</sup>.

19. In particular, appropriate information should be provided on material aspects of the financial product at all stages of the relationship with the consumer. 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 the complexity and riskiness of products and services. The use of digital channels may provide innovative opportunities to engage consumers with disclosure information via different formats.

20. Where possible, consumer research should be conducted and behavioural insights used to help determine and improve the effectiveness of disclosure requirements, 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 becomes increasingly important to consumers and financial services providers, transparency on methodology will be important to help consumers understand their investments and counter the risk of greenwashing<sup>7</sup>.

21. 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**

22. Quality financial products are those that are designed to meet the interests and objectives of the target consumers and to contribute to their financial well-being. There should be appropriate product oversight and governance by financial services providers, and where appropriate, by intermediaries, to ensure that quality financial products are designed and distributed. 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 and services are designed for, as well as the relevant regulatory requirements.

23. In order to promote quality financial products that offer value to consumers, financial services providers may be required to define a target market for a financial product, conduct research and consider behavioural insights to understand the target market and, depending on the type, complexity and risk of the product, carry out testing before launching the product.

### **Principle 9: Responsible Business Conduct and Culture of Financial Services Providers and Intermediaries**

24. Financial services providers and intermediaries should have as an objective to work in the best interest of consumers and be responsible for upholding financial consumer protection. Financial services providers should also be responsible and accountable for the actions of their intermediaries.

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

26. Depending on the nature of the transaction and based on information primarily provided by consumers, financial services providers and intermediaries should assess the related financial capabilities, situation and needs of consumers before agreeing to provide them with a product, advice or service. They should recommend to consumers suitable products or services that aim to deliver appropriate outcomes and ultimately contribute to their financial well-being.

27. Financial services providers and intermediaries (especially those who interact directly with consumers) should be properly trained and qualified. Financial services providers and intermediaries should endeavour to avoid conflicts of interest, for example, from remuneration or other incentive structures. When such conflicts cannot be avoided, financial services providers and intermediaries should mitigate the impact by having in place internal mechanisms to manage such conflicts, ensure proper disclosure or decline to provide the product, advice or service. Disclosure as a means of effectively managing conflicts of interest may be limited due to consumer understanding and behavioural responses, and behavioural insights should be used, where relevant, to test and inform approaches.

28. The provision of advice, regardless of the distribution channel, should be objective, in the best interests of the consumer and should 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.

29. The remuneration structure for both financial services providers and intermediaries should be disclosed and made transparent to consumers, and be designed to encourage responsible business conduct, fair treatment of consumers and to avoid conflicts of interest.

#### **Principle 10: Protection of Consumer Assets against Fraud, Scams and Misuse**

30. Relevant information, control and protection mechanisms should be appropriately developed and implemented by oversight authorities and 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 ways new technologies, such as digital assets, are used, as well as to online scams, fraud and misuse, and other digital security risks. They should include clear and transparent liability arrangements between financial services providers and consumers in the event of financial loss.

31. Policy makers and oversight authorities should work collaboratively with relevant stakeholders, including other government and regulatory agencies, digital security agencies, law enforcement agencies, financial services industry and utility companies, to raise public awareness of digital security risks and promote safe online and digital transactions.

#### **Principle 11: Protection of Consumer Data and Privacy**

32. 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 acknowledge the rights of consumers regarding consenting to data-sharing, accessing their data, being informed about breaches impacting their data, and seeking redress such as the prompt correction and/or deletion of inaccurate, or unlawfully collected or processed data. There should be co-operation among oversight bodies responsible for consumer data protection and privacy.

#### **Principle 12: Complaints Handling and Redress**

33. 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 mechanisms, which should not impose unreasonable cost, delays or burdens on consumers. The needs of consumers, including those experiencing vulnerability, should be considered when designing and publicising complaints handling and redress mechanisms.

34. In accordance with the above, financial services providers and intermediaries 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.

35. Recourse to an independent redress process should be available to address complaints that are not efficiently resolved via the financial services providers' and intermediaries' internal dispute resolution mechanisms. At a minimum, aggregate information with respect to complaints and their resolutions should be made public. Information relating to consumer complaints should be available to oversight bodies to support their supervisory or enforcement functions.

**III. RECOMMENDS** that Adherents ensure the widest possible dissemination of this Recommendation and encourage their use of the Principles by all relevant stakeholders, including consumer and private institutions.

**IV. INVITES** non-Members to take due account of and adhere to this Recommendation.

**V. INSTRUCTS** the Committee on Financial Markets, through the Task Force on Financial Consumer Protection, to:

- a) Serve as a forum for exchanging knowledge and experience with respect to the implementation of this Recommendation, developing any appropriate guidance and fostering dialogue on financial consumer protection issues, trends and developments;
- b) Report to the Council on the implementation, dissemination, and continued relevance of this Recommendation no later than five years following its revision, and at least every ten years thereafter.

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- <sup>1</sup> While the meaning of financial consumer is not defined so as not to restrict coverage, it is generally considered to include private individuals at a minimum, but may also include micro and small enterprises however defined by jurisdictions.
  - <sup>2</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.
  - <sup>3</sup> Intermediaries 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), representatives, brokers, advisors and distributors etc.
  - <sup>4</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, GPFJ July 2017.
  - <sup>5</sup> Financial literacy is defined as a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being: OECD 2020. Some jurisdictions use different terms, for example, financial capability. Financial education is understood as the process to achieve financial literacy and ultimately supporting financial well-being.
  - <sup>6</sup> Financial services providers and intermediaries 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.
  - <sup>7</sup> Generally, greenwashing is understood as financial products being marketed as being more environmentally friendly than they are.

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- **Recommendations** are adopted by Council and are not legally binding. They represent a political commitment to the principles they contain and entail an expectation that Adherents will do their best to implement them.
- **Substantive Outcome Documents** are adopted by the individual listed Adherents rather than by an OECD body, as the outcome of a ministerial, high-level or other meeting within the framework of the Organisation. They usually set general principles or long-term goals and have a solemn character.
- **International Agreements** are negotiated and concluded within the framework of the Organisation. They are legally binding on the Parties.
- **Arrangements, Understandings and Others:** several other types of substantive legal instruments have been developed within the OECD framework over time, such as the Arrangement on Officially Supported Export Credits, the International Understanding on Maritime Transport Principles and the Development Assistance Committee (DAC) Recommendations.