OECD and IOPS work on consumer protection

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Outline of the presentation

- G20/OECD work in the area of financial consumer protection
- IOPS project “The Role of Supervision Related to Consumer Protection in Private Pension Systems”
- Conclusions

G20/OECD work on financial consumer protection

1) G20 High-Level Principles on Financial Consumer Protection
2) G20/OECD Effective Approaches to support the implementation of these High-Level Principles
3) OECD Council Recommendation on Core Principles of Occupational Pension Regulation
4) OECD INFE (International Network on Financial Education) draft preliminary report on Financial Education for Retirement Planning

G20 HLPs on Financial Consumer Protection

1. Legal, Regulatory and Supervisory Framework;
2. Role of Oversight Bodies;
3. Equitable and Fair Treatment of Consumers;
4. Disclosure and Transparency;
5. Financial Education and Awareness;
6. Responsible Business Conduct of Financial Services Providers and Authorised Agents;
7. Protection of Consumer Assets against Fraud and Misuse;
8. Protection of Consumer Data and Privacy;
9. Complaints Handling and Redress, and
10. Competition.

HLPs and Effective Approaches

- Effective Approaches (EAs), developed to stimulate and support the implementation of the G20 High-Level Principles on Financial Consumer Protection:
  - common
  - innovative
  - emerging

OECD Core Principles of Occupational Pension Regulations

The Core Principles cover seven key areas:

- Conditions for effective regulation and supervision;
- Establishment of pension plans, pension funds, and pension fund managing companies;
- Pension plan liabilities, funding rules, winding up, and insurance;
- Asset management;
- Rights of members and beneficiaries and adequacy of benefits;
- Governance;
- Supervision.

IOPS project:

- “consumer” in pension context
- possible differences between DB and DC
- role of supervisors

Current programme of work, project 2 *The Role of Supervision Related to Consumer Protection in Private Pension Systems*

IOPS project:

- to review the role of pension supervisory authorities in enhancing consumer protection in private pension systems;
- to broaden knowledge of common practices and serve as a key reference point for pension supervisors and other stakeholders in their efforts to improve consumer protection;
- to provide input to the work developed by the G20/OECD Task Force on Financial Consumer Protection and therefore strengthen prominence and visibility of the IOPS as a standard setting body;
- benefit from input by OECD WPPP and OECD INFE and other International Organisations

IOPS project will build on HLPs:

1. Legal, Regulatory and Supervisory Framework;
2. **Role of Oversight Bodies;**
3. Equitable and Fair Treatment of Consumers;
4. **Disclosure and Transparency;**
5. **Financial Education and Awareness;**
6. **Responsible Business Conduct of Financial Services Providers and Authorised Agents;**
7. Protection of Consumer Assets against Fraud and Misuse;
8. Protection of Consumer Data and Privacy;
9. **Complaints Handling and Redress**, and
10. Competition.

IOPS Project will build on OECD Core Principles:

- Conditions for effective regulation and supervision;
- Establishment of pension plans, pension funds, and pension fund managing companies;
- Pension plan liabilities, funding rules, winding up, and insurance;
- Asset management;
- **Rights of members and beneficiaries and adequacy of benefits;**
- Governance;
- **Supervision → IOPS Principles of Private Pension Supervision**

Conclusions

- Much work has been done already by OECD in the field of financial consumer protection
- Pension consumer protection is in the nascent stage and these issues can be very specific and call for more area-specific research
- IOPS can use some of the already existing instruments and fill them with supervision-specific context
- IOPS will contribute by providing insights into good practices of pension supervisors aimed at improving consumer protection in private pensions area