BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Fair Treatment of Vulnerable Consumers

Exposure Draft

Applicable to:

1. Licensed banks
2. Licensed Islamic banks
3. Licensed insurers
4. Licensed takaful operators
5. Prescribed development financial institutions
6. Approved financial advisers and approved Islamic financial advisers
7. Approved insurance brokers and approved takaful brokers
8. Approved issuers of a designated payment instrument
9. Approved issuers of a designated Islamic payment instrument

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This Exposure Draft sets out regulatory requirements and further guidance aimed at ensuring vulnerable consumers are treated fairly and equitably, and provided with the appropriate assistance in their dealings with financial service providers (FSPs). The requirements in this Exposure Draft will be incorporated into the policy document on Fair Treatment of Financial Consumers (FTFC PD) issued by Bank Negara Malaysia (the Bank) on 6 November 2019. Upon finalisation, the new principle and requirements proposed in this Exposure Draft, as well as the six fair treatment of financial consumer outcomes and existing requirements in the FTFC PD will apply to FSPs when dealing with vulnerable consumers.

The requirements in this Exposure Draft are principle-based, which accords FSPs the flexibility to determine the measures that are most appropriate and relevant to their respective business strategies, product offerings and interactions with their target customer segments. The extent to which a FSP implements these requirements would depend on its size, the market it operates in, the nature and complexity of its operations, and the characteristics of financial consumers it serves and targets.

The Bank invites written feedback on the regulatory requirements and expectations proposed in this Exposure Draft, including suggestions for further clarification on any particular issues or areas, or alternative proposals which the Bank should consider. The written feedback should be supported with clear rationale, evidence or illustrations, as may be appropriate, to facilitate the Bank's assessment.

Feedback must be submitted electronically to the Bank by 14 April 2023 through https://forms.office.com/r/eKjC9gMTLQ. When preparing the feedback, specific queries can be directed to ftfc@bnm.gov.my and addressed to the following officers:

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PART A OVERVIEW

1 Introduction

1.1 Financial consumers may become vulnerable at a certain period in their lives or at different stages in the product life cycle. Some financial consumers may not be vulnerable today, but their circumstances may change over time due to a change in their health conditions, employment status, life events or other factors which can increase their susceptibility to financial distress.

1.2 Financial consumers in vulnerable circumstances are more likely to have additional or distinct needs which, if not reasonably met by financial service providers (FSPs), could result in unfair treatment, undue financial hardship or exclusion from essential financial services. These financial consumers may be significantly less able to make informed decisions in their best interests when dealing with FSPs and are more likely to experience harm compared to the average consumer arising from their dealings with FSPs.

1.3 FSPs that make the effort to understand and effectively respond to the needs of vulnerable consumers will benefit from increased levels of customer satisfaction that leads to improved customer loyalty. Conversely, FSPs that consistently fail to consider the needs of vulnerable consumers may end up losing market share over time as consumers opt to deal with institutions which are perceived as being more ethical and socially responsible.

1.4 This policy document aims to-

(a) promote a culture where FSPs are considering and responding to the interests and needs of vulnerable consumers appropriately in conducting their business and operations; and

(b) set requirements and expectations for all FSPs to observe, to provide the appropriate support to vulnerable consumers, consistent with fair treatment outcomes.

2 Applicability

2.1 This policy document is applicable to FSPs as defined in paragraph 5.2.

3 Legal provisions

3.1 The requirements in this policy document are specified pursuant to-

(a) sections 121(c)(ii), 123(1) and 123(3) of the Financial Services Act 2013 (FSA);

(b) sections 133(c)(ii), 135(1) and 135(3) of the Islamic Financial Services Act 2013 (IFSA); and

(c) sections 42C(1) and 42C(3) of the Development Financial Institutions Act 2002 (DFIA).

3.2 The guidance in this policy document are issued pursuant to-
(a) section 266 of the FSA;
(b) section 277 of the IFSA; and
(c) section 126 of the DFIA.

4 Effective date

4.1 This policy document comes into effect on [6 months after the date of issuance], except for the requirements under paragraph 8.26 which comes into effect on [12 months after the date of issuance].

Question 1

The Bank suggests adopting a staggered effective date for FSPs to comply with the requirements in the revised FTFC PD, which is targeted to be issued in Q4 of 2023. This is to ensure that FSPs have sufficient time to enhance existing physical infrastructure, systems, processes and materials to accommodate the needs of vulnerable consumers. The Bank seeks views and feedback on this proposed staggered implementation approach. Please provide clear justifications to support your response.

5 Interpretation

5.1 The terms and expressions used in this policy document shall have the same meanings assigned to them in the FSA, IFSA or DFIA, as the case may be, unless otherwise defined in this policy document.

5.2 For the purpose of this policy document-

"S" denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretive, supplemental and transitional provisions that must be complied with. Non-compliance may result in enforcement action;

"G" denotes guidance which may consist of statements or information intended to promote common understanding and advice or recommendations that are encouraged to be adopted;

"financial consumer" refers to any person-
(a) who uses, has used or may be intending to use, any financial service or product-
(i) for personal, domestic or household purposes; or

(ii) in connection with a micro or small business as defined in the notification on Definition of Small and Medium Enterprises (SMEs) issued by the Bank on 27 December 2017 (BNM/RH/NT 028-51)[1]; or

(b) insured under a group policy or covered under a group takaful certificate where the premiums or contributions are paid by the person insured or the person covered, as the case may be;

"financial service provider" or **"FSP"** refers to-

(a) a licensed bank;
(b) a licensed Islamic bank;
(c) a licensed insurer;
(d) a licensed takaful operator;
(e) a prescribed development financial institution;
(f) an approved issuer of a designated payment instrument;
(g) an approved issuer of a designated Islamic payment instrument;
(h) an approved insurance broker;
(i) an approved takaful broker;
(j) an approved financial adviser; and
(k) an approved Islamic financial adviser;

"representatives" and **"agents"** refer to any individuals or firms acting on behalf of a FSP, which includes sales representatives, insurance agents, takaful agents and bancassurance staff;

"senior management" refers to the chief executive officer and senior officers;

"staff" refers to persons employed by a FSP, including temporary or contract staff whose conduct has an impact on financial consumer outcomes, regardless of whether that person has direct contact with financial consumers of the FSP; and

"vulnerable consumer" refers to a financial consumer[2] who-

(a) has the capacity to make his or her own financial decisions but may face challenges in accessing financial services or may require assistance to engage in financial services, for example, a person with disabilities[3] or a senior citizen;
(b) has a low ability to withstand financial shocks, for example, a person who is overly-indebted or has no savings;

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[1] For a company that is part of a multinational company, conglomerate or public listed company, such a company can be treated as a corporate and not a micro or small business.

[2] For purposes of the scope of "vulnerable consumer" and applying the relevant principles applicable to a "vulnerable consumer", "financial consumer" refers to a natural person, whereby for a micro or small business, "financial consumer" refers to the individual(s) running the business.

[3] Refers to persons with long-term:
(a) hearing impairment;
(b) visual impairment;
(c) speech impairment;
(d) physical impairment; or
(e) learning impairment, such as dyslexia or low spectrum Autism (Autistic Spectrum Disorder), but who still has the intellectual capacity to make decisions with guidance from FSPs.

(c) is experiencing or has experienced adverse life events resulting in temporary or long-term financial hardship, for example, natural disasters, temporary loss of income, unemployment, or the death/total permanent disability of the main breadwinner; or

(d) has an inadequate level of financial literacy or experience in using financial services or products, or poor language skills, for example, a person who only speaks a language other than Bahasa Malaysia or English, or is illiterate, or a person who is not digitally savvy.

Question 2

The proposed definition of "vulnerable consumer" focuses on the circumstances known as the drivers of vulnerability and is in line with the approaches adopted by regulatory authorities in the UK, Australia and New Zealand, customised to the Malaysian context. The Bank seeks views and feedback on the following questions:

(a) Is there any category or example which the Bank should consider including or excluding from the definition of "vulnerable consumer"?

(b) In relation to the example of *"a person with disabilities"* above, the Bank is cognizant of the potential challenges faced by FSPs to assess the condition of an individual with non-physical impairments in determining whether the individual would meet the definition of a person with disabilities. The Bank also views the importance and need of balancing between ease of implementation by FSPs and embedding sufficient safeguards to manage the risk of abuse by financial consumers. As such, the Bank seeks views on whether there is a suitable document, official form or other alternative means for FSPs to assess the condition of a prospective customer who may potentially meet the definition of a person with disabilities?

(c) Given a person's digital savviness can be due to several factors such as the person's accessibility to Wi-Fi connectivity, age group or level of experience in using financial products, should the example of *"a person who is not digitally savvy"* be included as an example of a vulnerable consumer?

Please provide clear justifications to support your response.

6 Related legal instruments and policy documents

6.1 This policy document must be read together with the policy document on Fair Treatment of Financial Consumers issued by the Bank on 6 November 2019 (BNM/RH/NT 028-103).

PART B POLICY REQUIREMENTS

7 Corporate culture

S 7.1 Senior management of a FSP is required to set the right tone from the top by clearly communicating the values and standards upheld by the FSP when dealing with vulnerable consumers. Such values and standards shall be consistent with delivering fair outcomes to financial consumers, having due regard to the particular circumstances of vulnerable consumers.

S 7.2 Senior management shall establish and maintain appropriate policies, processes and accountability structures that enable and support staff in meeting the needs of vulnerable consumers when carrying out their roles. This shall include ensuring that the requirements on fair treatment of vulnerable consumers as specified under paragraphs 8.1 to 8.28 of this policy document are adequately reflected in the FSP's existing policies and processes throughout the entire product life cycle.

G 7.3 In implementing paragraph 7.2, measures that can be taken by senior management can include championing a business culture that considers and responds to the needs of vulnerable consumers and providing specific guidance to staff on how their role can affect vulnerable consumers, particularly staff with direct interaction with vulnerable consumers and staff involved in product design and development.

Good practice

The FSP provides incentives for staff to identify and deal effectively with vulnerable consumers by building this into their performance assessment.

Note:

1. The requirements under paragraphs 7.1 to 7.3 will be incorporated into the current Principle 1 of the FTFC PD.

2. The board's responsibilities under the current FTFC PD will also be enhanced to cover the fair treatment of vulnerable consumers as stated below:
   (a) to demonstrate commitment to the fair treatment of vulnerable consumers through actions, communications and measures to achieve fair treatment of vulnerable consumer outcomes;
   (b) to approve relevant policies to achieve fair treatment of vulnerable consumer outcomes; and
   (c) to ensure appropriate reflection of fair treatment of vulnerable consumers in the FSP's business strategies and operations.

8 Vulnerable consumers

New Principle: A FSP must take appropriate actions to ensure that vulnerable consumers are treated fairly and equitably

G 8.1 Understanding the needs of vulnerable consumers and ensuring staff have the right skills to take appropriate actions throughout the entire product life cycle, from product development, communication, to customer service are necessary preconditions for a FSP to be able to deliver fair outcomes to vulnerable consumers.

S 8.2 A FSP must assess the needs of vulnerable consumers in its existing financial consumer base and target market, as well as implement appropriate policies and procedures to meet these needs. This is to ensure that vulnerable consumers are treated fairly in accordance with the requirements in this policy document throughout their engagement and dealings with the FSP in respect of the financial service or product obtained or to be obtained from the FSP. The FSP must ensure that the policies and procedures are clearly communicated to relevant staff so that they are implemented effectively.

> ***Poor practice***
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> *Policies on the handling of vulnerable consumers are not well communicated internally, particularly to staff on the frontline and branches, which leads to vulnerable consumers receiving inconsistent treatment in their dealings with a particular FSP.*

G 8.3 In implementing paragraph 8.2, a FSP may consider consulting credible institutions or associations[4] that provide support to financial consumers with a wide variety of vulnerabilities and have good understanding and expertise in dealing with the challenges those vulnerable consumers face to gain meaningful insights into the needs and experiences of these financial consumers. This would improve the capabilities of a FSP in developing and putting in place effective solutions to support and meet the needs of vulnerable consumers.

[4] This could include any domestic, regional or foreign associations, societies or non-profit based organisations formed with the sole intent of collectively enhancing the well-being of its members, by representing and highlighting the needs of the vulnerable community or providing assistance to those facing severe financial distress. Such entities may also comprise of like-minded professionals or members with similar disabilities who are able to share real experiences and accounts from their own dealings with FSPs and the further improvements which can be made to better serve the needs of their community. Examples of such organisations may include:
(a) The Malaysian Information Network on Disabilities (MIND);
(b) Damai Disabled Person Association Malaysia;
(c) National Council of Senior Citizens Organisations, Malaysia (NASCOM);
(d) Agensi Kaunseling dan Pengurusan Kredit (AKPK);
(e) OECD International Network on Financial Education (OECD/INFE);
(f) World Health Organisation (WHO); and
(g) United Nations (UN) and its intergovernmental platforms such as Economic and Social Commission for Asia and the Pacific (ESCAP).

G 8.4 The way financial services or products are designed can have a positive or negative impact on vulnerable consumers. There may be product features that can result in disproportionate harm or result in the exclusion of vulnerable consumers. It is therefore important for FSPs to consider such prevailing or possible vulnerabilities in their target market at the stage of product design and development to avoid any unintended effects due to certain product features.

S 8.5 A FSP shall take into consideration any prevailing or possible vulnerabilities in its existing financial consumer base as well as the needs of vulnerable consumers in its target market during the product design stage. This is to ensure that the features of the new financial services or products and the customer requisition process adequately addresses risks of potential harm to or exclusion of vulnerable consumers.

G 8.6 In relation to paragraphs 8.2 and 8.5, examples of actions by a FSP in taking into consideration the needs of vulnerable consumers in its target market during the product design stage may include:

(a) identifying the likelihood of customer segments targeted being vulnerable and obtaining a clear understanding on the category of vulnerability that may be experienced by consumers in its target market;
(b) assessing financial product features that may pose risk of harm to vulnerable consumers in its target market;
(c) identifying and establishing processes, procedures and appropriate controls to ensure the risk of harm to vulnerable consumers can be prevented or minimised; and
(d) consulting with relevant credible institutions or associations to include user experience testing when developing new financial services or products to ensure such financial services or products are accessible to vulnerable consumers.

S 8.7 A FSP shall consider the likelihood of any inherent product features that may pose material risks to vulnerable consumers when developing financial services and products. The FSP shall provide adequate safeguards to prevent or minimise such risks when offering financial services and products to vulnerable consumers, including the level of pricing and fees to be imposed on new financial services and products which are offered to financial consumers with low financial resilience.

Good practices

1. *The FSP analyses internal database which includes data on vulnerabilities and needs, product utilisation and complaints during product design to avoid product features that may cause harm or detriment to vulnerable consumers.*

2. *When developing new financial services or products that target unserved or underserved segments of the community, the FSP ensures that the pricing, fees and commission structures are appropriate for the nature of vulnerability identified in this segment and puts in place safeguards to prevent mis-selling or unnecessary financial burden on vulnerable consumers.*

Poor practices

1. *Additional conditions with unclear value-add are imposed on vulnerable consumers, for such consumers to access the same financial services or products offered to other financial consumers, such as the FSP requiring vulnerable consumers to bring along a third party to act as a witness for the opening of a new account.*

2. *The FSP offers its main services digitally by default, without taking into consideration the needs of those without adequate internet access or those who may face difficulties or require assistance to access such services effectively and conveniently, such as senior citizens.*

G 8.8 A FSP is also encouraged to take vulnerable consumers' needs into consideration in the overall product governance process. Examples of actions which a FSP can take include:

(a) considering the reasonableness of product pricing and fees for the vulnerable segment;
(b) providing financial product materials in at least two languages, i.e. Bahasa Malaysia and English, depending on the size of the FSP's customer base;
(c) providing recorded audio and video presentations during the financial product introductory stage to facilitate vulnerable consumers, particularly those who are illiterate or PWDs;
(d) maintaining complete records[5] of communications and verbal interactions between the FSP's staff, representatives or agents with vulnerable consumers, particularly when dealing with consumers under category (d) of the vulnerable consumer definition and when providing verbal explanations on a financial product's terms and conditions, risks and coverage;
(e) ensuring the FSP's product disclosure sheet provides available avenues for vulnerable consumers to submit queries or complaints, which should also be applicable if the financial consumer becomes vulnerable post-sales;
(f) providing simple and understandable information and documents such as terms and conditions and forms;
(g) preparing and providing a vulnerable consumer declaration form for new financial consumers to fill up upon on-boarding to build the FSP's database on vulnerable consumers, which can be supported by indicators for each category of vulnerable consumers to guide sales staff, representatives and agents on the type of assistance to be provided to this group of financial consumers;
(h) providing a longer free-look period for vulnerable consumers of licensed insurers and takaful operators; or
(i) providing post-sales calls to vulnerable consumers who are senior citizens to obtain direct feedback on the financial service or product purchased.

[5] All records must be maintained for a maximum of seven years, in line with the provision on disposal of old records in the Companies Act 2016.

S 8.9 A FSP is prohibited from engaging in predatory practices in their dealings with vulnerable consumers. In addition, a FSP shall refrain from sales and marketing practices that exploit vulnerable consumers such as providing misleading information on risks and returns, which could lead to vulnerable consumers buying unsuitable or poor value services and products.

G 8.10 Examples of predatory practices referred to in paragraph 8.9 include:

(a) opportunistic behaviours by a FSP which exploits or takes advantage of vulnerable consumers' circumstances, or which leads to significant financial consumer harm;
(b) enticing financial consumers who are already highly indebted, i.e. have a high debt service ratio and low savings to take on new loans, particularly unsecured loans;
(c) promoting credit cards to university students;
(d) promoting highly complex investment-linked insurance or takaful products to financial consumers with no investment experience; and
(e) misleading retirees to take higher risk investment-linked insurance or takaful or unit trust products on the basis that such financial products will earn them a higher interest or profit, without explaining the downside risks.

Poor practices

1. *The FSP targets vulnerable consumers with low financial capability when offering complex and high-risk financial products without taking due care to properly explaining the downside risks, putting the vulnerable consumers at risk of making significant financial losses.*

2. *The FSP's staff takes advantage of vulnerable consumers' weaknesses by selling other financial services or products which may not be appropriate to the vulnerable consumers' needs or circumstances.*

G 8.11 A FSP is expected to understand and identify common behavioural biases associated with vulnerable consumers and establish appropriate measures to prevent these biases from being exploited when developing, marketing or offering financial services and products to vulnerable consumers.

S 8.12 A FSP shall exercise due care when adopting artificial intelligence and machine learning in credit assessments and risk underwriting to avoid the unfair discrimination or exclusion of vulnerable consumers from accessing financial services and products.

G 8.13 Vulnerable consumers are more likely to have different service needs. Having in place adequate systems and processes that support staff in delivering responsive customer services to meet the needs of vulnerable consumers will enable vulnerable consumers to better cope with challenging life events. For example, if a vulnerable consumer who has a visual impairment informs that their condition means receiving important notifications through SMS is difficult, FSPs should focus on how the vulnerable consumer's communication needs using other

channels can be met. By resolving vulnerable consumers' issues with flexible and timely solutions, FSPs can deliver better outcomes for these consumers.

G 8.14 Staff and representatives of FSPs are expected to be proactive in engaging with vulnerable consumers and seek relevant information to understand their vulnerability, exercise due care and diligence, and be adequately equipped and empowered to take actions that would reduce harm to these consumers. In this regard, while staff and representatives are expected to take steps to encourage disclosures by such consumers where there are clear indicators of vulnerabilities, they are also expected to be given the flexibility and discretion to offer solutions that are customised to the needs and circumstances of the vulnerable consumer.

S 8.15 A FSP shall ensure that its staff and representatives, particularly those who have direct interaction with vulnerable consumers, are provided with the necessary training to recognise, assess and respond appropriately to their needs.

G 8.16 For purposes of paragraph 8.15, examples of good practices by a FSP in providing the necessary training to its staff and representatives include:

(a) developing an internal training programme to provide staff and representatives with a better understanding of the signs and indicators as well as potential needs of vulnerable consumers;
(b) training staff and representatives to act with sensitivity, respect and compassion towards financial consumers identified as vulnerable;
(c) giving opportunities for staff to share knowledge and experiences with other colleagues through knowledge sharing sessions, particularly between frontline staff and staff involved in product development;
(d) developing "How to" guides based on the categories of vulnerable consumers for frontline staff and representatives to use in performing their day-to-day roles, such as signposting additional information or support, and examples of best practices in dealing with vulnerable consumers under each category; or
(e) updating staff and representatives' training on a regular basis to ensure staff and representatives continue to have a good understanding of vulnerable consumers and the required skills relevant to their role.

G 8.17 A FSP's staff and representatives are expected to be trained to recognise when it is appropriate to seek additional support, such as escalating a case to a higher level or seeking additional help from dedicated specialist teams.

G 8.18 A FSP may engage industry training institutions or its respective industry association to drive efforts in providing centralised training courses on dealing with vulnerable consumers. Such efforts can help ensure consistency in the method of identifying and engaging with vulnerable consumers.

Good practices

1. The FSP appoints dedicated personnel to serve as a champion for vulnerable consumers.

2. *The FSP periodically engages with its industry association to share the needs of vulnerable consumers in its customer base and target market. Such information sharing would serve as useful inputs for industry associations to develop centralised training courses on effectively dealing with vulnerable consumers within the same industry.*

Poor practice

1. *Frontline staff do not engage meaningfully with vulnerable consumers and fail to identify or understand the financial consumers' specific vulnerability, resulting in the vulnerable consumer not being referred to the appropriate officer or division for more tailored or suitable solutions.*

S 8.19 A FSP shall ensure that relevant information about the needs of vulnerable consumers is properly captured or recorded in a manner that would enable the FSP to meet their needs promptly and consistently, and is accessible by other staff who may need to refer to such information.

Poor practice

Sensitive information provided by vulnerable consumers is not properly recorded and shared internally, causing distress to these consumers who have to repeat the same information each time they deal with the FSP.

G 8.20 Having accessible records as specified under paragraph 8.19 would enable relevant staff and representatives to use previously recorded information for future interactions with the same or similar groups of vulnerable consumers to increase the responsiveness of FSPs in mitigating harm to such consumers.

S 8.21 A FSP shall consider and provide sufficient flexibilities for staff and representatives to effectively adapt to the needs of vulnerable consumers and to exercise judgement when it is necessary to do so in ensuring the delivery of fair outcomes to vulnerable consumers.

Good practice

The FSP gives frontline staff clear boundaries on areas where they have a discretion to respond to accommodate to vulnerable consumers' needs and when they need to seek approval from more senior staff to accommodate the needs of vulnerable consumers.

S 8.22 A FSP must ensure that its customer service processes are adaptable to enable staff and representatives to deliver tailored responses that are appropriate to the individual needs and circumstances of vulnerable consumers.

> ***Good practice***
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> *The FSP considers the vulnerable consumer's individual circumstances when assessing potential solutions, including whether the vulnerable consumer is facing a temporary or long-term hardship, and is flexible in applying terms and conditions tailored to the vulnerable consumer's circumstances.*

S 8.23 A FSP shall provide its financial consumers with information that is easily accessible on how they can obtain assistance, in the event they encounter sudden life events that places them in situations of vulnerability, such as the death or permanent disability experienced by the household's main breadwinner due to the onset of an illness or accident.

G 8.24 The requirement under paragraph 8.23 is particularly relevant for financial consumers who are unexpectedly impacted by a major life event which affects their ability to generate a steady income on an on-going basis or to make sound and informed financial decisions independently. In such circumstances, the FSP is expected to encourage affected financial consumers to approach them early to enable alternative measures to be put in place to mitigate the risk of further financial strain or distress.

> ***Poor practices***
>
> 1. *When offering alternative repayment plans to vulnerable consumers, the FSP does not give due regard to the long-term implications on the well-being of such consumers, such as capitalising the amount in arrears without reducing the monthly instalment amount, excessive lengthening of the financing tenure which significantly increases the total borrowing costs without offering the financial consumer alternative repayment plans to choose from.*
>
> 2. *The FSP proceeds with foreclosure of a vulnerable consumer's residential property without any consideration of the vulnerable consumer's genuine financial difficulties or before exhausting all other viable options for recovery.*

G 8.25 Effective interaction with vulnerable consumers is particularly important when considering vulnerable consumers as they may have additional or different information needs. By offering more communication options and making information more accessible, vulnerable consumers will be better able to communicate their needs and to have their needs met. FSPs may determine what tailored communications are appropriate based on their understanding of the needs of vulnerable consumers they serve or intend to serve.

S 8.26 A FSP must ensure communication with vulnerable consumers throughout the product life cycle, from the point of sale to post-sales, is clear and easily understood by vulnerable consumers. The FSP must periodically test and verify the effectiveness of its communication channels for vulnerable consumers and adapt appropriately where necessary to ensure communication channels remain accessible to vulnerable consumers throughout the product life cycle. In addition, the FSP shall ensure that vulnerable consumers are made aware of the different communication channels available to enable these vulnerable consumers to communicate with the FSP through a channel they find most effective and convenient.

Good practices

1. *The FSP provides vulnerable consumers with different methods to communicate with the FSP and/or access to financial services and products according to their needs, such as audio, braille, talking automated teller machines (ATMs) and cash machines.*

2. *The FSP carries out periodic customer surveys to better understand the risks of harm for vulnerable consumers and to find out whether these vulnerable consumers find it easy to share such information with the FSP.*

Poor practice

1. *The FSP's call centre is automated and does not provide the option for vulnerable consumers to interact with the FSP's staff to explain any hardship or difficulty faced.*

S 8.27 A FSP shall regularly monitor and evaluate whether staff and representatives are responding to the needs of vulnerable consumers and take appropriate actions to address any poor outcomes or make necessary improvements to ensure vulnerable consumers receive fair and equitable treatment.

Good practices

1. *The FSP identifies instances where the needs of vulnerable consumers are not met at key points in their customer journey and takes appropriate actions to address the root causes and issues identified.*

2. *The FSP conducts an audit of its current practice and ongoing evaluation of the effectiveness of the FSP's vulnerability policies and procedures to identify and rectify areas for improvements.*

S 8.28 A FSP shall embed the considerations on fair treatment of vulnerable consumers as set out in this policy document in meeting the requirements under the following policy documents:

(a) Policy document on Introduction of New Products issued on 7 March 2014 (BNM/RH/STD 028-5) (i.e. requirements on suitability assessment);
(b) Guidelines on Proper Advice Practices for Life Insurance/Family Takaful Business issued on 17 August 2012 (BNM/RH/GL/010-16) (i.e. requirements on suitability assessment);
(c) Guidelines on Product Transparency and Disclosure issued on 31 May 2013 (BNM/RH/GL 000-3) (i.e. requirements on disclosure at pre-contractual stage, at point of entering into contract and during the term of contract);
(d) Policy document on Responsible Financing issued on 6 May 2019 (BNM/RH/PD 028-95) (i.e. requirements on loan restructuring and rescheduling); and
(e) Circular on Fair Debt Collection Practices issued on 10 September 2007 (BNM/RH/CIR 013-1) (i.e. requirements on loan recovery efforts).

Question 3

Aside from the proposed requirements and good practices provided in this Exposure Draft (including the Appendix), the Bank seeks views and feedback on whether there are other areas which should be included to achieve better outcomes for vulnerable consumers.

APPENDIX ILLUSTRATION OF GOOD PRACTICES BY FINANCIAL SERVICE PROVIDERS IN DEALING WITH PERSONS WITH DISABILITIES

The following examples are intended as guidance to FSPs on measures that can be taken when dealing with PWDs. The examples are non-exhaustive and non-binding and may not be the only approach that a FSP can adopt. FSPs may assess the relevance of these examples in light of the nature, scale, complexity and operating environment of its business and are encouraged to adopt other approaches that can better achieve the intended outcomes.

Good practices

1. The FSP offers a full range of financial services and products to PWDs on an equal basis with other financial consumers.

2. The FSP ensures staff are always ready to provide the necessary assistance, e.g. reading terms and conditions, or completing forms, bank slips, cheques, etc.

3. The FSP provides information on its website and mobile app on the location of its ATMs which are convenient for wheelchair users and its voice navigation ATMs.

4. The FSP provides barrier-free access to the main lobby and service counters for persons with disabilities.

5. Apart from printed information, the FSP provides information in audio format for visually impaired persons.

6. The FSP presents information in a visual format for persons who are hard of hearing or who are deaf to enable them to understand the FSP's audio broadcasts.

7. The FSP adopts blank screens with step-by-step guides in audio format for persons with visual impairment and enables the audio activation through the insertion of headphones in the ATM headphone jack.

8. The FSP has a voice-guided orientation option for the machine that gives the full layout of the ATM, the function, keypad positions and money outlet slot.

9. The FSP supports the card slot, cash dispenser, receipt printer and headphone jack slot with Braille labels.

10. Statements and notifications sent via email by the FSP to vulnerable consumers are in formats that persons with disabilities can access.

11. The FSP's website, mobile application(s) and online banking services meet internationally recognised web accessibility best practice standards such as the World Wide Web Consortium's ("W3C") Web Content Accessibility Guidelines.

12. The FSP ensures that security features are made available in audio format to persons with visual impairment.