



Reserve Bank of Fiji
Financial Sector Development Policy Statement No. 3
Policy for the Protection and Fair
Treatment of Financial Consumers

February 2024

PART I: PRELIMINARY

1.0 Introduction

- 1.1 This Policy is issued pursuant to the powers of the Reserve Bank of Fiji (“Reserve Bank”) outlined in the Reserve Bank Act 1985, Banking Act 1995, Insurance Act 1998, Fair Reporting of Credit Act 2016, the National Payment System Act 2021, and any other laws or regulations administered by the Reserve Bank.
- 1.2 This Policy is also issued and must be read together with the Prudential Supervision Policy Statement No. 3 Minimum Requirements for the Management of Culture and Conduct Risk for Supervised Entities (hereafter referred to as “PSPS 3”). FSPs that are not regulated under the PSPS 3 must treat this policy as a standalone policy applicable to them.
- 1.3 This Policy applies to any entity licensed or supervised by the Reserve Bank, including commercial banks, credit institutions, insurers and brokers, capital market entities and intermediaries, foreign exchange dealers, Fiji National Provident Fund, payment service providers, and supervised non-bank financial institutions, hereinafter referred collectively as **“Financial Service Providers”** or **“FSPs”**.
- 1.4 This Policy must be read together with any related Guidelines issued from time to time by the Reserve Bank for the purposes of the Policy. . The terms of the Policy shall apply to any Guidelines issued for the purposes of the Policy (except to the extent expressly stated otherwise). The Policy is not intended to affect FSP’s obligations under prudential policies issued by the Reserve Bank. Under any circumstances where there is a conflict, the prudential requirements shall prevail.
- 1.5 In developing this Policy, the Reserve Bank referred to international guidelines and good practices on financial consumer protection issued by global standard setters, and similar requirements of selected regulatory authorities, whilst taking into account issues specific to Fiji.¹
- 1.6 This Policy is an essential part of encouraging FSPs to operate sustainable ethical businesses and have appropriate management to ensure that financial consumers are well protected. However, the Reserve Bank will take into account the nature, size and the complexity of the FSP’s activities in setting its expectations as to the compliance with this Policy.

2.0 Background

- 2.1 An inclusive and resilient financial system is characterised by a strong consumer protection regime that ensures that access to financial products and services benefits consumers regardless of their socio-economic background. It is characterised by the presence of FSPs that address the needs of consumers, enables them to make well-informed decisions on how best to use financial services, builds trust in the formal financial sector, and contributes to healthy and competitive financial markets.

¹ The World Bank Group (WBG); Alliance for Financial Inclusion (AFI); Organisation for Economic Cooperation and Development (OECD); Group of Twenty (G20); Consultative Group to Assist the Poor (CGAP); and similar requirements of selected regulatory authorities.

- 2.2 FSPs have a duty to act in the best interests of their customers and consumer protection guidelines and rules exist to ensure that they do.
- 2.3 Financial consumer protection is needed to ensure that expanded financial inclusion results in equitable and inclusive growth and that increased access to and use of financial products and services benefits all consumers equally and does not create undue risk for these consumers. To this end, establishing a consumer protection framework for the financial sector is an important strategic action under Fiji's National Financial Inclusion Strategy (NFIS) 2022-2030.
- 2.4 The NFIS 2022-2030 is designed to increase access to and usage of financial services for individuals and groups who have been historically excluded or underserved from the formal financial system by focussing on vulnerable groups, such as low-income households, women, youth, elderly, persons living with disabilities (PWDs), those living in the rural and maritime areas and micro, small and medium enterprises (MSMEs). Hence, financial consumer protection ensures that these vulnerable consumers are not exploited or excluded from the financial services.
- 2.5 Importantly, as a signatory to various United Nations' Conventions and Treaties² which recognise and protect the rights of vulnerable people such as women and PWDs, Fiji is obligated to ensure its laws and policies are consistent with obligations outlined under each international convention.

3.0 Objectives of the Policy

- 3.1 The objectives of this Policy are to:
- a) Provide the minimum requirements for FSPs on the standards of fair practice in the delivery of their financial products and services, transparency and disclosure of the key product information which enable consumers to make informed financial decisions;
 - b) Ensure that the board and senior management of the FSPs promote fair treatment of consumers consistent with PSPS3.

PART II: REQUIREMENTS OF THE POLICY

4.0 Obligations of the Financial Service Providers

- 4.1 FSPs must develop and maintain the appropriate controls, procedures and systems for effective implementation of the Policy as well as overseeing the overall compliance with the requirements; and must also ensure that the senior management has adequate resources in place for implementation.

² For example, United Nations Convention on the Rights of the Child, Convention on the Elimination of All Forms of Discrimination Against Women, Convention on the Rights of Persons with Disabilities, and International Covenant on Economic, Social and Cultural Rights.

- 4.2 FSPs are required to commit to consumer protection and fair treatment practices demonstrated through the actions, communications and measures to achieve the objectives of this Policy and any related Guidelines issued under it.
- 4.3 FSPs are expected to document the processes and procedures involved in the fair treatment of their customers in its existing policies. These shall be approved by the board or senior management as per the roles and responsibilities stipulated in the PSPS 3.

5.0 Consumer Protection Principles

5.1 Principle 1: Equitable and Fair Treatment of Consumers

- 5.1.1 Financial products and services can have a significant impact on people's lives, particularly for the vulnerable with limited financial knowledge and resources, making them more susceptible to exploitation and mistreatment by FSPs. Vulnerable consumers may also have unique needs and circumstances that require special attention from the FSPs.
- 5.1.2 FSPs must make a commitment to treat all consumers with fairness and equity by ensuring that:
 - a) Fair treatment of the consumers are an integral part of the good governance and corporate culture and the policies and practices prioritise the protection of consumers;
 - b) Unfair, misleading, aggressive or discriminatory practices are addressed;
 - c) Financial products and services are designed and distributed having regard to the needs of financial consumers in the target market; and
 - d) Fair rules on contractual terms and conditions, product suitability, and fair practices are in place.

5.2 Principle 2: Transparency and Disclosure

- 5.2.1 Transparency and disclosure are keys to building trust in the financial system. Lack of sufficient information along with low levels of financial literacy and capability, can lead to consumers making poor financial decisions that are not aligned with their goals or needs. This can also lead to consumers being sold products or services that are unsuitable or too complex for their level of financial capability.
- 5.2.2 To avoid negative outcomes for all consumers, financial harm, excessive debt, and a lack of trust in financial institutions and service providers, FSPs must:
 - a) Provide clear, relevant and timely information in plain language;
 - b) Provide full information on material aspects of the financial product at all stages of the relationship with the consumer. At a minimum, information on key features, risks, pricing, terms and conditions must be provided for all products being sold to

consumers. Other categories of specific information may be relevant for different types of financial products or services for e.g. insurance, payments, securities, etc;

- c) The use of digital channels may provide innovative opportunities to engage consumers with disclosure information via different formats;
- d) Ensure that all promotional materials are accurate, understandable and not misleading;
- e) Adopt standardised pre-contractual disclosure practices (e.g. forms), where applicable, to allow comparisons between products and services of the same nature; and
- f) Develop specific disclosure mechanisms, including possible warnings, to provide information commensurate with the complexity and riskiness of products and services.

5.2.3 Consumers must also be made aware of the importance of providing FSPs with relevant, accurate and available information.

5.3 Principle 3: Protection of Consumer Assets against Fraud, Scams and Misuse

5.3.1 The increasing penetration of digital financial products and services, further accelerated by responses to the COVID-19 pandemic, and the potential for digitalisation to support greater financial inclusion, has heightened the need for more effective protection of consumers.

5.3.2 Digitalisation can bring many benefits to consumers, but it also comes with new risks. Given the ever increasing range of digital applications and tools available to consumers, the protection of consumer assets now extends to protecting consumers' funds and other assets such as savings, deposits, mobile money account balances, securities from the risk of digital security incidents, cyber-attacks, system failures, data breaches as well as online scams and frauds targeted at financial consumers directly.

5.3.3 To ensure the safety of consumer assets, the FSPs must:

- a) Implement appropriate measures to prevent fraud, scams and misuse, including but not limited to, conducting regular risk assessment, providing education and training for representatives and consumers, and implementing security controls to safeguard consumer assets;
- b) Encourage customers to report any incidents of fraud, scams and misuse of their assets;
- c) Investigate all reports promptly and take appropriate action to prevent further harm to consumer;
- d) Inform their customers of any fraud that has occurred on their account as soon as the fraud is detected; and

- e) Assume liability for damages resulting from fraud, scams or misuse of customer assets caused by FSPs' representatives or through the FSPs systemic malfunction.

5.4 Principle 4: Protection of Consumer Data and Privacy

- 5.4.1 Given the prevalence and intensity of data generation and use in the financial sector, inappropriate use, management and storage of customer data, coupled with poor disclosure and transparency, has the potential to exclude vulnerable segments from financial services, drive a lack of trust in digital financial services and discourage financial inclusion.
- 5.4.2 It is therefore critical for FSPs to:
 - a) Ensure that all customer financial and personal data collected and maintained by FSPs is protected through appropriate controls and mechanisms;
 - b) Ensure that customers are made aware of the purposes for which the data may be collected, processed, held, and their consent for the use and disclosure to any third party;
 - c) Take responsibility for any unauthorised access, systems breaches and misuse of a customer's data within their control;
 - d) Promptly correct any inaccurate collected or processed data; and
 - e) Provide a safe and confidential environment in all of its delivery channels to ensure the confidentiality and privacy of its customer data.

5.5 Principle 5: Complaints Handling and Redress

- 5.5.1 A reliable and robust help and redress mechanism is a core component of an effective consumer protection framework and it ensures that disputes between customers and FSPs are dealt with fairly and in a timely manner. In this regard, FSPs must ensure compliance with reporting and addressing of complaints stipulated in the Complaints Management Policies of the Reserve Bank.

5.6 Principle 6: Financial Literacy and Awareness

- 5.6.1 An effective consumer protection framework is necessary but not sufficient for effective protection of the interests of the financial consumers. Only informed and educated consumers can be fully empowered by accessing and using the financial products and services.
- 5.6.2 FSPs, therefore have a significant role to play in promoting financial literacy and awareness and must ensure that:
 - a) Appropriate mechanisms are developed to help consumers develop the knowledge, skills, behaviours and attitudes to be aware and 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;

- b) Financial literacy programmes, which include clear information on consumer protection, rights and responsibilities, are easily accessible; and
- c) The financial literacy and awareness programmes shall be made available through diverse and appropriate channels, including digital where relevant and are also accessible for all life stages.

PART III: OVERSIGHT AND IMPLEMENTATION ARRANGMENTS

6.0 Oversight by the Reserve Bank of Fiji

- 6.1 The Reserve Bank will assess and monitor compliance with the requirements of this Policy during the normal course of its supervision as well as through other supervisory monitoring tools and thematic inspections, should the need arise. The Reserve Bank will supplement the above formal methods with its continuous dialogue with the FSPs and meetings with the senior management.
- 6.2 FSPs are required to undertake evaluations of the Principles identified in this Policy, and report regularly on an annual basis using the approved template. The Reserve Bank may vary the reporting requirement for FSPs if necessary
- 6.3 This Policy will be reviewed by the Reserve Bank every three years.

7.0 Implementation Arrangements

- 7.1 This Policy comes into effect on 01 April, 2024 with full compliance required within 12 months from the effective date, and will be reviewed as deemed necessary in the prescribed form detailing the actions they have taken to achieve compliance.

Reserve Bank of Fiji
February, 2024

Appendices:

Schedule 1 - Interpretations

SCHEDULE 1

Interpretation

Any term or expression used in this Policy that is not defined in this Policy”

- a) which is defined in the Banking Act 1995, Insurance Act 1998, Reserve Bank of Fiji Act (Cap.210), Reserve Bank of Fiji (Capital Markets and Securities Industry) Regulation 2015, the Fiji National Provident Fund Act 2011, Fair Reporting of Credit Act 2016, and National Payment System Act 2021, unless the context otherwise requires, have the meaning given to it by the said Acts and Regulations; and,
- b) which is not defined in the Acts and Regulations and which is defined in any of the Reserve Bank of Fiji Policy Statements shall, unless the context otherwise requires, have the meaning given to it by those policy statements.

In this Policy, unless the context otherwise requires:

‘Aggressive’ refers to practices or behaviour by FSP that are forceful, misleading, or intimidating towards consumers. This can include tactics such as using high-pressure sales techniques that do not allow consumers sufficient time to consider a proposal or offer, making unsolicited or misleading offers, or engaging in deceptive or fraudulent practices. Aggressive behaviour by FSPs can be harmful to consumers, who may be misled or coerced into making financial decisions that are not in their best interests;

‘Board’ has the same meaning as in the PSPS3;

‘Clear Information’ refers to information to consumers that is accurate and not misleading and deceptive, easy to read, comprehensive, provided in a language that is easy to understand and this may include vernacular if English is not the first language;

‘Consumer’ refers to any natural or legal person who uses, has used or may be intending to use, any financial services or products- for personal, domestic or household purposes; or for the purposes of an MSME

‘Consumer data’ refers to all financial and personal information collected by FSPs when onboarding and during the course of the relationship between consumers and FSPs;

‘Consumer assets’ refers to consumer data and financial assets such as deposits, savings and other similar assets;

‘Complaints Management Policy’ refers to Supervision Policies issued by the Reserve Bank of Fiji as follows –

BSPS 13 – Minimum Guidelines on Complaints Management for Banks and Credit Institutions

ISPS 9 – Minimum Guidelines on Complaints Management for Insurers

CMSPS 3 – Minimum Guidelines on Complaints Management for Capital Market Participants

SPS 3 – Minimum Guidelines on Complaints Management for Fiji National Provident Fund

RFEDS 3 – Minimum Guidelines on Complaints Management for Restricted Foreign Exchange Dealers & Money Changers

‘Cooling off period’ refers to the period after a sales contract is agreed during which the customer may cancel the contract without incurring any penalty

‘Customer’ is a subset of consumers who have established a specific relationship with a financial institution. Unlike general consumers, customers have actively engaged with the institution by opening an account, obtaining a loan, or holding an investment. They benefit from personalised services and may have contractual agreements with the institution.

‘Discriminatory practices’ refers to being treated unfairly, directly or indirectly on the grounds of his or her—

- actual or supposed personal characteristics or circumstances, including race, culture, ethnic or social origin, colour, place of origin, sex, gender, sexual orientation, gender identity and expression, birth, primary language, economic or social or health status, disability, age, religion, conscience, marital status or pregnancy;
- opinions or beliefs, except to the extent that those opinions or beliefs involve harm to others or the diminution of the rights or freedoms of others, or on any other ground prohibited by this Constitution.³

‘Equitable’ refers to dealing fairly and equally with all concerned

‘Fair Treatment’ of consumers refers to having an open, transparent, fair, and honest environment for customers in relation to financial services and products. It means providing only those products and/or services that are relevant and suitable for the customer, taking the time to establish what is required and what is not, ensuring that customers understand what we are providing and how it will benefit them.⁴

‘Financial Consumer’ hereinafter **‘consumer’** refers to any natural or legal person who uses, has used or may be intending to use, any financial services or products-

- for personal, domestic or household purposes; or
- for the purposes of an MSME;

‘Financial consumer protection’ refers to the framework of laws, regulations and other approaches generally designed to ensure fair and responsible treatment of financial consumers in their purchase and use of financial products and their dealings with FSPs;

‘Financial product or service’ refers to any product or service of a financial nature that is marketed, offered, or provided to consumers by a FSP and any incidental activity;

³ <https://constitutions.unwomen.org/en/countries/oceania/fiji>

⁴ <https://www.motorfinity.uk/treating-customers-fairly/>

‘Fraud’ refers to any intentional act or omission designed to deceive others or dishonestly obtaining a benefit, or causing loss by deception or other means.⁵

‘Financial Service Providers’ refer to all entities licensed or supervised by the Reserve Bank from time to time now or in the future, including all licensed and supervised commercial banks and credit institutions, insurers and brokers, capital market entities and intermediaries, foreign exchange dealers, Fiji National Provident Fund, payment service providers, and supervised non-bank financial institutions.

‘Guidelines’ refers to guidelines issued by the Reserve Bank for the purposes of this Policy;

‘Harassment’ refers to either physical or psychological harassment that includes contacting consumer too frequently or at unreasonable times, pressuring customer to sell property or take out more debt, using more than one collection company at the same time, public embarrassment and continuing to pursue the debt where it is clear you might have mental problems at that time.

‘High pressure sales’ refers to a selling approach in which FSP reps attempt to control the sales interaction and pressure the customer to make a purchase;⁶

‘Honest’ means to be free of deceit; truthful and sincere

‘Principles’ means the Consumer Protection Principles described in Part III;

‘Misleading’ refers to any information, statement, advertisement or communication that is designed to be deceptive to compel consumers to purchase or engage the product or services that is not suitable, appropriate and financially harmful for the consumer;

‘Mis-selling’ refers to an unethical sales practice that involves intentionally misrepresenting a product or service or misrepresenting a customer's suitability for a product or service.

‘Misrepresentation’ refers to a statement made by the FSP before a transaction or agreement is completed, which acts as an inducement to the consumer to make an uninformed decision.

‘MSMEs’ refer to Micro, Small and Medium Enterprises as defined under relevant legislation or policy;

‘Plain language’ refers to clear, easily comprehensible expression which avoids obscurity, inflated vocabulary, the use of convoluted sentence structures and legal and technical jargon and may also include the use of vernacular; expression which is well organized, concise and gives prominence to key information (such as key risks, costs, and obligations for the consumer). Plain language should be used as much as possible. The use of technical jargon (if necessary) should be accompanied with explanations in layman terms. For example, a simple explanation on the meaning of a technical or legal term should be provided in the glossary.⁷

⁵ [FNU Fraud and Corruption Policy](#)

⁶ [Monash University](#)

⁷ https://www.bnm.gov.my/documents/20124/938039/FTFC_FAQ_en_20210415.pdf

‘Reasonable time’ refers to the time that is subject to the consumers circumstances. It may be possible that FSPs or creditors refuse consumers offers without breaking the rules or guidance.⁸

‘Reflection period’ refers to the time allowed by a financial service provider to a potential customer to consider whether to sign an agreement based on the provider’s offer, which remains valid throughout the reflection period. ⁹

‘Reserve Bank of Fiji’ refers to the Reserve Bank of Fiji established under section 3 of the Reserve Bank of Fiji Act 1983;

‘Representative’ refers to full and part time employees, agents, and other representatives including, without limitation, sales representatives, bank agents, mobile financial services agents, insurance agents, licensed advisors and brokers and debt collection agents;

‘Senior management’ has the same meaning as in the PSPS3;

‘Susceptible to harm’ refers to being highly likely influenced, harmed or affected by something.

‘Unfair’ refers to terms, conditions and practises that exclude or restrict any legal requirement on the part of a FSP to act with skill, care, diligence, or professionalism toward the consumer in connection with the provision of any product or service and/or any liability for failing to do so; and/ or unfair term accords the FSP with sole discretion or power to improve benefits to the FSP or to impose disadvantageous obligations on financial consumers.¹⁰

‘Vulnerable consumers’ refers to consumers who are women, youth, elderly, persons living with disability and consumers in rural and maritime areas and other consumers who are underserved by financial institutions and who are susceptible to harm, particularly where a FSP does not act with appropriate levels of care.

⁸ <https://nationaldebtline.org/fact-sheet-library/harassment-by-creditors-ew/>

⁹ <https://nationaldebtline.org/fact-sheet-library/harassment-by-creditors-ew/>

¹⁰ https://www.bnm.gov.my/documents/20124/938039/FTFC_FAQ_en_20210415.pdf