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A New Era of Hope
Creative Finance
Financial Inclusion
Solid Financial System

Press Release

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AMENDMENTS TO THE 'BEST PRACTICE GUIDELINE FOR FINANCIAL CONSUMER PROTECTION'

BACKGROUND

The 'Best Practice Guideline for Financial Consumer Protection'¹, enacted on June 9 2006, has contributed to promoting financial industry's awareness on consumer protection. In response to a global trend toward stronger financial consumer protection after the 2008 global financial crisis, the FSC revised the Best Practice Guideline to protect financial consumers' rights and interests in a more active and preemptive manner. The newly-amended guideline will be implemented starting July 2013.

AMENDMENTS

- (1) Financial institutions will be required to appoint Chief Consumer Office (CCO) in charge of financial consumer protection and ensure his/her independent authority in the matter.
- (2) The overall process from product development to product sale and follow-up management will be required to be under stricter control so that financial companies will be able to preemptively deal with consumers' complaints and provide prompt remedies for consumer losses.
 - Product development: Bolster prior consultation between product development and financial consumer protection division. Create 'financial consumer protection checklist' to prevent potential risks that could harm consumer's benefit.
 - Product sale: Draw up each financial company's individual 'principle of duty' containing the principle of good faith and principle of suitability to transparently provide consumers with all information needed before purchasing financial products.
 - Follow-up management: Establish and operate 'consumer feedback system' to enhance communication between financial firm and consumers. Evaluate each employee's consumer protection performance.

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¹ The financial authorities, in coordination with financial industry, enacted the best practice guideline in order to raise financial companies' awareness on consumer protection.