

Supporting consumers experiencing vulnerability

WHO ARE VULNERABLE CONSUMERS?

Personal circumstances of consumers can make them **susceptible to harm** if organisations do not take appropriate care. Vulnerability is not always stagnant and is **transient**. Anyone can experience vulnerability at any stage of their lives.

“...someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care”

- UK Financial Conduct Authority

Can include “people experiencing specific life events or temporary difficulties (e.g. an accident, family violence or job loss) as well as personal or social characteristics that can affect a person's ability to manage financial interactions (e.g. speaking a language other than English, or experiencing cognitive or behavioural impairments due to intellectual disability)”

- Australian Securities and Investments Commission

WHY IS THIS IMPORTANT?

Over the last one to two years, there has been an **increased focus** on **vulnerable consumers** in the financial services sector, which is further accelerated by the COVID-19 pandemic effects on consumers and small businesses.

REGULATOR AGENDA

ASIC's supervisory priorities for 2021-2025 outlines that its enforcement actions will prioritise areas of greatest harm and the protection of vulnerable consumers and investors.

REGULATORY REFORMS

Consumer-centric regulatory reforms went live in October 2021, including the design and distribution obligations, breach reporting, hawking prohibitions, internal dispute resolution and deferred sales model for add-on insurance products.

INDUSTRY CODES

Industry codes have gone through reviews and updated versions to elevate industry commitments to supporting vulnerable consumers. These include the industry codes for banking, general insurance and life insurance.

DOING THE RIGHT THING

Throughout the customer lifecycle, vulnerable consumers may have different needs or require a higher level of support. If these needs are not met there is a risk of causing or exacerbating their vulnerability.

HOW CAN WE HELP YOU?

We have worked with organisations within the financial industry to **evaluate** and **enhance** how they can support vulnerable consumers in their journey across the **product lifecycle** and **customer journey**.

FRAMEWORK

Co-design a Vulnerable Customer Framework and / or supporting policies and procedures that reflects good practices and the core principles for protecting and reducing vulnerability and is aligned to the client's business needs and objectives.

OPERATIONS & TRAINING

Support with operationalising the Vulnerable Customer Framework by designing and developing an Operating Model to bring either the entire Framework or components to life. This includes developing eLearning and face-to-face frontline staff training.

INDEPENDENT REVIEW

Conducting reviews, including reviewing compliance with codes and regulations and assessing the effectiveness of processes and controls against the desired Vulnerable Consumer objectives.

TECHNOLOGY & DATA

Support with identifying vulnerable customers through the analysis of data and interaction patterns. Interpreting the data and providing recommendations on how to improve processes or support customers identified as experiencing vulnerability.

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