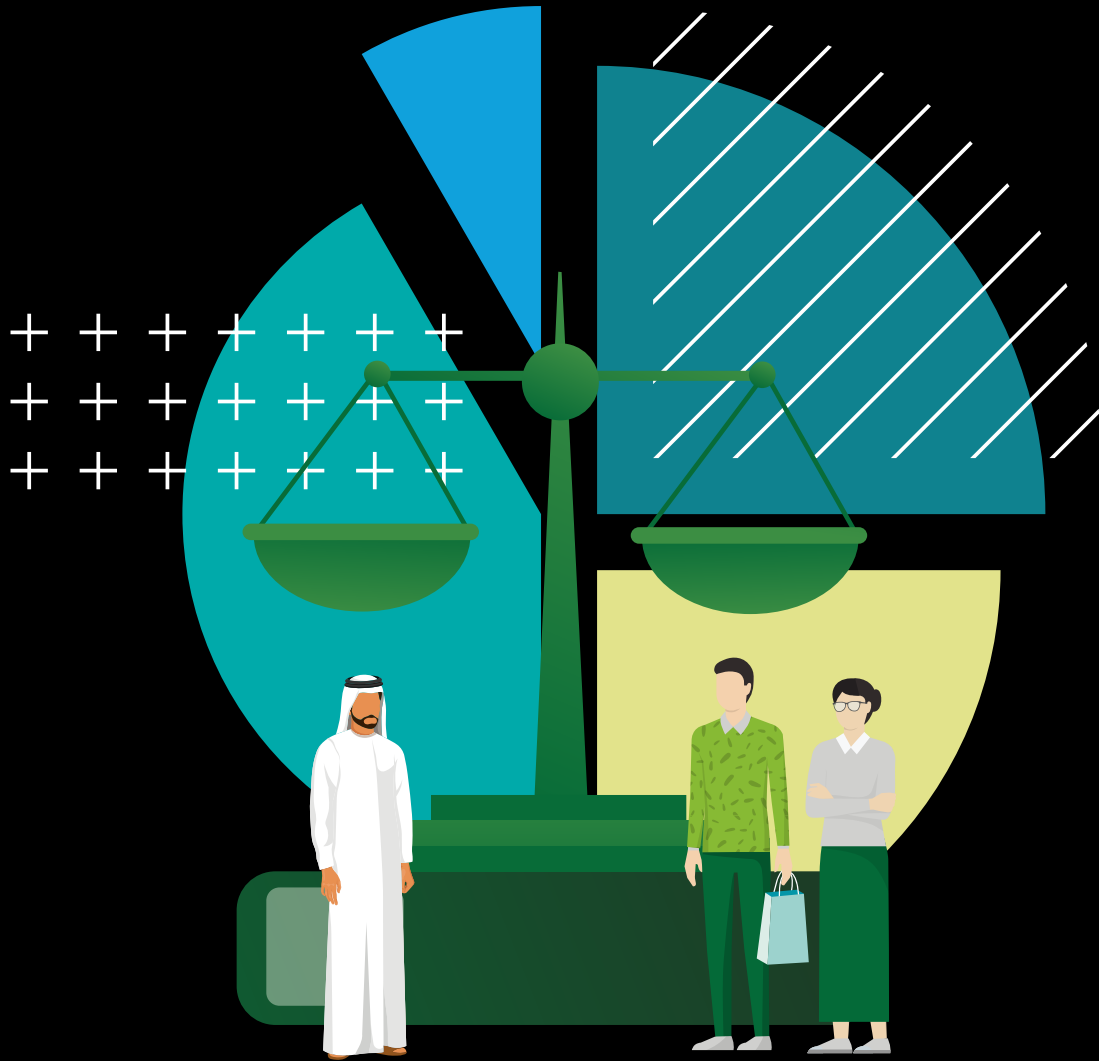


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The UAE market
conduct is entering
its next phase

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مئة عام
Years in the Middle East

Introduction

Over the past few years, the UAE financial services sector has undergone a clear shift. The introduction of Consumer Protection Regulations and Standards (CPR) marked the beginning of a more structured, customer-focused conduct environment. What began as a regulatory baseline is now evolving into a broader supervisory philosophy centered on outcomes, culture, and accountability.

We are moving from rule adoption to conduct maturity

The next phase will not be defined by new policies alone, but by how Licensed Financial Institutions (LFIs) embed customer fairness into decision making, governance, and risk management. The market is transitioning toward risk-based supervision. Regulators are no longer focused only on whether a regulation exists, but on whether conduct risk is understood, monitored, and actively managed. This includes:

1. How customer outcomes are measured and evidenced
2. Whether product design reflects customer suitability
3. How complaints data informs root cause analysis and remediation
4. How governance structures drive accountability for conduct
5. Whether risk culture supports fair treatment of customers

LFIs that rely on reactive compliance or inspection-driven responses will increasingly fall behind. Regulations such as CPR represent minimum expectations, not a target state.

The real question is no longer “Are we compliant?” but “Are we delivering fair outcomes consistently?”

The next phase will be defined by how LFIs embed customer fairness into decision making, governance, and risk management

Specialization is replacing generalization

A noticeable development in the UAE is the shift from broad consumer protection frameworks to deeper, specialized conduct disciplines. LFIs should start to treat conduct not as a single compliance topic, but as a collection of critical risk areas requiring dedicated expertise. The most prominent include:



This shift mirrors the evolution seen in mature jurisdictions, where conduct is embedded across the organization rather than managed centrally by Compliance or Risk alone.

Current practices in other markets

The trajectory of the UAE market is not unclear. The experience of Australia and the United Kingdom provides a strong indication of how conduct regulation typically evolves.

In Australia, a regulation like the Design and Distribution Obligations (DDO) shifted responsibility upstream to product design, requiring firms to demonstrate that products are built for clearly defined customer segments. The Financial Accountability Regime (FAR) strengthened senior management responsibility for customer outcomes and conduct failures. Additionally, the focus on sales practices and its alignment with the Best Interest Duty of the customer has materially shifted conduct expectations across the market.

Similarly in the UK, the introduction of the Consumer Duty raised expectations by requiring firms to deliver good customer outcomes in practice, not only demonstrate procedural compliance. The framework places strong emphasis on product suitability, fair value, customer understanding, and ongoing customer support, with a clear expectation that firms proactively identify and address risks of customer harm.


What this means for UAE LFIs

Conduct is moving from compliance obligation to strategic risk. LFIs that adapt successfully will be those asking:


1. Do we truly understand our conduct risk beyond regulatory requirements?
2. Can we evidence fair customer outcomes, not just compliant processes?
3. Is conduct embedded in decisions, products, and distribution?
4. Are governance and accountability structures truly effective?
5. Do we use complaints and customer data to detect emerging risk?

Waiting for the next regulation is no longer viable.


Across mature markets, supervisory findings show a consistent pattern: strengthening core conduct disciplines improves both customer outcomes and institutional resilience.

 **Complaints as an early warning system**


Complaint trends often reveal systemic issues before they escalate. LFIs that actively analyze root causes detect misconduct earlier and reduce customer harm.

 **Accountability strengthens lending discipline**

Clear conduct ownership strengthens affordability and suitability decisions, reducing unsustainable debt and remediation exposure.

 **Affordability protects both customer and institution**


Robust suitability assessment reduces defaults, complaints, and long-term conduct risk.

 **Preventive controls reduce misconduct**

LFIs investing in behavioral monitoring, incentive alignment, and preventive conduct controls experience fewer conduct failures than those relying mainly on post-event detection.


What LFIs should be focusing on now?

Conduct must be addressed across different departments and functions. For the lines of defense:

 **Internal Audit: From CPR reviews to specialist conduct oversight**

Across the UAE, Internal Audit has begun reviewing conduct and consumer protection. This is positive, but CPR-based reviews alone are no longer sufficient. Leading Internal Audit functions are moving toward specialist conduct audits covering complaints, responsible lending, governance, remediation, and frontline behavior.

Conduct evaluation now requires understanding behavioral risk, customer harm, and systemic conduct failure. It is increasingly recognized as a specialist discipline requiring deeper conduct expertise rather than traditional audit skillsets alone.

 **Compliance and Risk: From oversight to insight**

Compliance is expected to generate thematic insight across complaints, product governance, sales conduct, and vulnerable customer treatment. Teams should be able to understand and interpret the different conduct regulations and themes in relation to the scale and complexity of the institution.

Risk functions are expected to quantify conduct exposure, validate meaningful indicators, assess preventive controls, and evaluate behavioral drivers, including incentives and frontline practices.

Internal Audit is evolving from checklist-driven reviews to specialist conduct audits that address behavioral risk, governance, and real customer outcomes

The role of the Head of Conduct and Conduct Managers

Conduct differs fundamentally from traditional control disciplines such as financial crime, AML, KYC, or purely operational risk. While these areas are largely rule-driven and process-oriented, conduct sits at the intersection of regulation, behavior, governance, and customer outcomes. It requires interpretation, judgment, and the ability to assess complex situations that are rarely binary.

As conduct regulatory landscape continues to evolve, the number of conduct leadership roles in the UAE is also increasing. However, these positions are often filled by professionals transitioning from adjacent disciplines such as AML, governance, or even complaints management. While these backgrounds provide valuable control and regulatory foundations, effective conduct leadership requires additional depth in understanding customer harm, behavioral drivers, governance accountability, and supervisory expectations.

Effective conduct leadership demands more than control expertise—it requires deep understanding of customer harm and behavioral risk

Conduct is not defined solely by compliance with rules, but by the quality of customer outcomes and the ability to anticipate where conduct risk may emerge.

A conduct specialist should typically bring:



As LFIs deepen their conduct maturity, reliance on specialized conduct expertise rather than general control experience will become increasingly important.

Why conduct will continue to strengthen in the UAE

The UAE has built its global reputation on trust, service quality, and high standards across sectors, from infrastructure and public services to tourism, healthcare, and the broader customer experience.

Financial services play a central role in protecting everyday customers, including families managing finances, professionals building long-term wealth, and expatriates navigating a new financial system. Customers are not always financially sophisticated, and fairness in financial services is critical to maintaining confidence.

The regulator has already demonstrated a strong commitment to consumer protection and market conduct. As the financial sector grows in sophistication, supervisory focus on customer outcomes and fair treatment is expected to deepen further.

This is not a change in direction, but a continuation of an established path toward higher standards.

The next stage of conduct in the UAE

The UAE conduct landscape is entering a phase where execution quality will matter more than framework design.

Senior leaders should be asking:



Do we truly understand our conduct risk exposure?



Can we demonstrate fair customer outcomes?



Are governance, incentives, and frontline behavior aligned with conduct expectations?



Do our control functions have the depth to assess conduct meaningfully?



If we are found to be in breach, what are the regulatory consequences?

A further strategic question also arises:

Is now the right time to strengthen conduct capability through a comprehensive review before supervisory scrutiny deepens further, or is the LFI confident that its current capabilities fully reflect the evolving conduct landscape?

LFIs that act early will shape their conduct journey. Those that delay will remain reactive. The direction is clear; conduct in the UAE will continue to deepen and preparedness will increasingly differentiate leading institutions from the rest.

In the coming thought leadership piece, we will explore the methods LFIs should consider when assessing their conduct maturity.

Fairness in financial services is critical to maintaining customer confidence in an increasingly complex market

Author



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Karim El Kady is a Senior Manager at Deloitte specialising in conduct risk and consumer protection. With over 14 years in financial services, Karim's experience spans Australia and the UAE — including leading conduct and compliance engagements for major banks, wealth managers, and pension funds during Australia's landmark Royal Commission into Misconduct in the Banking and Financial Services Industry. He has delivered large-scale customer remediation programmes, conduct risk framework design, and regulatory conduct reviews for some of Australia's largest financial institutions. Since relocating to the region, Karim has focused on helping UAE financial institutions navigate the evolving conduct and consumer protection landscape



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