



## IRISH COST OF LIVING CRISIS: KEY ISSUES FOR RETAIL FINANCIAL INSTITUTIONS

- The Central Bank of Ireland (CBI) has published a [Discussion Paper](#) (DP) in relation to its Consumer Protection Code Review. While not going as far as to introduce a consumer duty, the DP is very focussed on strong protections and fair outcomes for consumers, in particular that firms must act in the best interests of their customers, to ensure an appropriate level of consumer protection. In managing the cost of living crisis, regulated firms should bear in mind the draft guidance set out in the Discussion Paper and ensure that customer outcomes are at the forefront of any internal measures implemented to deal with the cost of living crisis.
- In November 2022, the CBI also circulated a [Dear CEO Letter](#) to all Irish regulated financial service providers reminding them of their consumer protection obligations in the context of the challenging economic outlook (see a separate Engage article [here](#)).
- With the cost of living impacting both individuals and businesses, with the rising costs of doing business, regulated firms will need to ensure compliance with measures aimed at protecting SMEs, such as, in Ireland, the [SME Regulations](#).
- The CBI's retail credit regime was extended from 16 May 2022 to include providers of indirect credit (e.g. BNPL), such that such providers will now need to seek authorisation from the CBI.
- The [legislation](#) allows the CBI to close a consumer protection gap so that consumers who enter into hire purchase, PCP, consumer hire and indirect credit (e.g. BNPL) agreements can be protected by the CBI's consumer protection framework including key provisions of the Consumer Protection Code 2012, the Minimum Competency Code 2017, and the Minimum Competency Regulations 2017.
- In November 2022, Irish consumer credit legislation was also updated to, amongst other things, impose maximum permitted simple interest rates chargeable on consumer credit agreements of 1% per week and 48% per annum. These amendments also replace the historic term 'moneylender' with 'high cost credit provider'.
- Legislation, guidance (such as [Operational Resilience | Central Bank of Ireland](#)) and developments ([Digital Operational Resilience for the financial sector \(also known as DORA\)](#)) in the area of operational resilience should be examined to ensure firms are and will continue to be in a position to comply with the requirements.
- While written in the context of the large scale migration of customer bank accounts as a result of the departure of a number of retail banks from the Irish market, the CBI has reminded firms who also operate as Direct Debit Originators to take all necessary action to ensure they can support their customers switching bank accounts in a smooth and timely manner. Earlier in the year, the CBI sought plans from these firms, to detail what action is being taken to ensure that their customers are supported during the switching process.