



CBUAE issues new Consumer Protection Regulation

Abu Dhabi (01 February 2021): The Central Bank of the UAE (CBUAE) has issued Consumer Protection Regulation, which is the foundation of its new Financial Consumer Protection Regulatory Framework (FCPRF) and aims to ensure fair treatment and protection of consumers.

The new Regulation is supported by Decretal Federal Law No. 14 of 2018 Regarding the Central Bank and Organisation of Financial Institutions and Activities, which gave CBUAE an expanded mandate to establish regulations and detailed standards for the protection of customers of licensed financial institutions. The Principles-Based Regulation sets out key objectives to ensure protection of consumers' interest in their use of any financial product, service and relationship with Licenced Financial Institutions (LFIs).

The Regulation provides a broad spectrum of appropriate behaviour and conduct expected of LFIs. The Principles cover areas as disclosure and transparency, institutional oversight, market conduct, business conduct and protection of consumer data and privacy. Moreover, the principles set responsibilities for responsible financing practices, complaint management and dispute resolutions, consumer education and awareness and financial inclusion and Shariah compliance for financial services.

The regulatory principles are supported by detailed Standards, which will ensure LFIs' consistent application of these Principles and act with integrity and fairness in the treatment of financial consumers.

His Excellency Abdulhamid M. Saeed Alahmadi, Governor of CBUAE, said: "The financial sector in the UAE is growing and expanding in terms of diverse products and services and technology, all of which are adding to the complexity of making the right decision by consumers. As a result, CBUAE has issued UAE's first comprehensive financial consumer protection regulatory framework that defines the relationship between the financial and banking service providers and the consumers in order to ensure the protection of financial consumers and continued confidence in the sector."

His Excellency added: "The issuance of the Consumer Protection Regulation comes within the Central Bank's keenness to promote transparency and fairness when Licensed Financial Institutions deal with their consumers. It will enhances competitiveness, integrity and stability of the banking and financial sector."

These protective measures are designed to improve the quality of information provided by financial institutions about products and services, provide a more effective and efficient way of settling disputes including a requirement for individual LFIs to put in place an independent and fair complaint resolution mechanism in order to receive and address



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consumer complaints. To address concerns of over indebtedness LFI's are to incorporate principles for responsible financing by ensuring consumers' financial situation are properly considered in determining an appropriate level of financing to be provided to the consumer.

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