



中国保险监督管理委员会
China Insurance Regulatory Commission

CIRC

中国保险消费者权益保护 Insurance Consumer Interests Protection in China

中国保监会保险消费者权益保护局 罗青

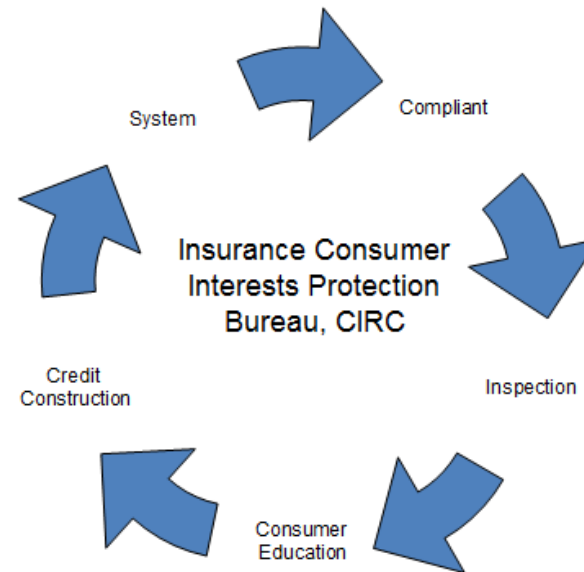
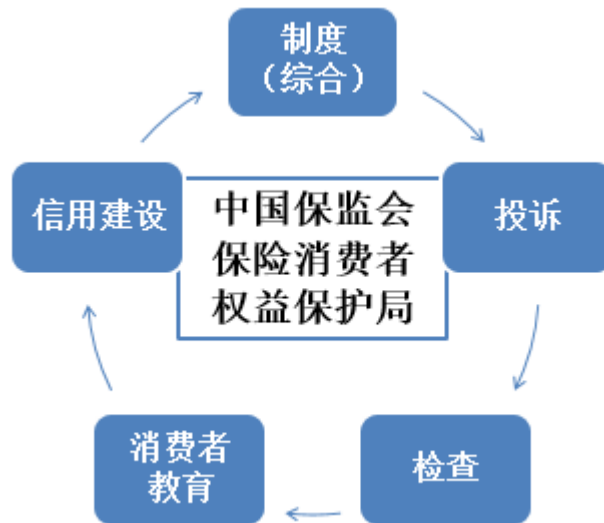
Luo Qing,

Insurance Consumer Interests Protection Bureau, CIRC



一、中国保监会保险消费者权益保护职能定位与组织架构

I. Mandate and Structure of Insurance Consumer Interests Protection of CIRC



中国保监会36家地方保监局全面设立保险消费者权益保护处

All 36 CIRC local bureaus set Insurance Consumer Interests Protection Bureaus.



二、近年来中国保险消费者权益保护主要做法

II. Recent Practices of Insurance Consumer Interests Protection in China

(一) 加强保险消费者权益保护法律制度建设

A. Strengthen legal system for consumers interests protection

(二) 强化保险公司市场行为监管

B. Reinforce regulation of insurers market conduct

(三) 做好投诉处理和纠纷化解工作

C. Improve complaint handling and dispute settlement

(四) 加强保险消费者教育和风险提示

D. Enhance insurance consumers education and risk warning

(五) 推进保险业信用体系建设

E. Promote construction of the insurance credit system



三、推进保险业信用体系建设

III. Next Key Steps of China's Insurance Consumer Interests Protection

完善保险消费者权益保护专项制度和标准

Improve system and standards for consumer interests protection

研究建立第三方辅助性保险消费者权益保护机构

Study and establish a third-party insurance consumer protection agency

推进协同监管

Promote collaborative supervision

谢谢！

Thank YOU!

International Academy of Financial Consumer
(2017 Annual Conference)

How is Financial Innovation viewed by Banking Supervisory Officials of Emerging Economies?

3 November 2017

Eiichiro KAWABE

Deputy Commissioner for International Affairs
President, Global Financial Partnership Center
Financial Services Agency, Japan

** The views expressed in this presentation are those of the speaker, and are not those of the FSA or any other institution.*

** The slides are prepared for the purpose of discussion at this meeting only.*

Global Financial Consumer under Digitalization

Digitalization

Globalization

Global Financial Consumer equipped with Computers
- Transaction beyond distance and time difference

Making Financial Innovation work for Consumers

- Better products / services
- New Risks
- Financial inclusion
- Regional / International cooperation
- Main challenges

➤ GLOPAC Fellowship Program

- The JFSA invites foreign financial authority's officials/central bankers as visiting fellows to Japan and provide a program which they can learn about the Japanese financial market, regulatory /supervisory methods.
- This program is conducted three times a year, targeting officials of authorities of securities, banking, and insurance. Each program lasts for 2-3 months.
- As of November 2017, 97 officials from 25 countries joined this program.

➤ The views of the GLOPAC fellows

- Officials/Central bankers from 11 emerging economies participated in the 10th GLOPAC fellowship program (Bank supervision group: July 25 – September 29, 2017). They gave views on financial innovation.



Argentina Chile Indonesia India Iran Mongolia Myanmar Laos Thailand UAE Viet Nam

1. Is financial innovation driving better products and services for consumers? How is it? What new risks are there?

【How is it?】

- New products : cheaper, faster, easier, and more secure
- Fit to individual customer's needs
- Accessibility and Equality : Poor people get benefits
- Use of credit scoring
- Traceability : Any transaction between banks and customers

【What new risks are there?】

- IT security : malware, hacker attack, loss of private information
- Financial crime : fraud, cross-border money laundering
- Operational risk : misunderstanding of new products
- Compliance risk : posed by fierce competition
- System risk : greater vulnerability in time of stress
- Lack of supervisory capability

2. How can financial innovation improve financial inclusion ?

【Means】

- **Mobile application** in developing economies, rural areas
: expanding access and usage to financial services
- Simple product and service with systemize process: **lower cost**
- Good system for **credit information**

【Formalization】

- **contribution to formalization of economy** : to block organized crime, drug trafficking and money laundering

【Role】

- **Financial institutions** : changing business model
- **Government** : Update regulation

3. What kind of regional and/or international cooperation would be useful to harness financial innovation while keeping consumers in different countries safe ?

【Information sharing】 (regular basis, forum, etc.)

- new product improving quality of service
- new ways of protecting consumer information
- fraud, suspicious transactions

【Supervision】

- Cooperation between home and host country
- Applying stringent regulations in all countries

【Others】

- Enhancement of high-qualified human resource

【Framework】

- OECD, BIS, FSB
- Utilization of Supervisory Colleges

4. **What** are the **main challenges** arising from financial innovation for consumers and thereby for regulators/supervisors and ombudsman both nationally and across borders?

【Consumer】

- **Upgrade knowledge**

【Financial services providers】

- **Clarification of information** about the new financial products

【Regulators/Supervisors】

- **Reform of financial regulation** / regulatory frameworks
: to ensure innovation with sufficient risk management and consumer protection.
- **Staff competence**
- **Support from developed countries** to developing countries
: to prevent terrorists and criminals from using developing countries to attack financial system of other countries.

Conclusion

- The GLOPAC Fellows of banking supervision group think:
 - The financial innovation definitely gives better products/services with lower cost. It will improve financial inclusion, especially the remittance and payment in rural area.
 - The potential risks are cyber-risk such as hacking personal financial data, financial crime such as cross-border money laundering. Also financial providers, supervisory authorities and consumers would find it difficult to understand the feature and the risk of new products/services.
 - The regional and international corporations such as information sharing and supervision are required.
 - Consumer education on new products/services is needed.



Understanding Gen Y and Their Complaint Behavior towards Bank

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*Presented at IAFICO Conference, Shanghai, China
November 3rd, 2017*

Introduction

- ❖ The study about consumer complaint behavior has begun since 1970s
- ❖ Traditionally, complaint behavior had been regarded as a **negative response from dissatisfied consumers** to the company (Oh, 2005)
- ❖ Nowadays, complaints are considered as a “**useful feedback**” from consumers
- ❖ It enables companies to become **aware of problems** in service and also **open the opportunity for company to correct its mistakes** before the mistakes cause a company an even bigger loses

Introduction

NOMOR: 1 / POJK.07 / 2013
Article 32

Financial services company **must own and implement mechanism of complaints handling and settlement for Consumer.**

However



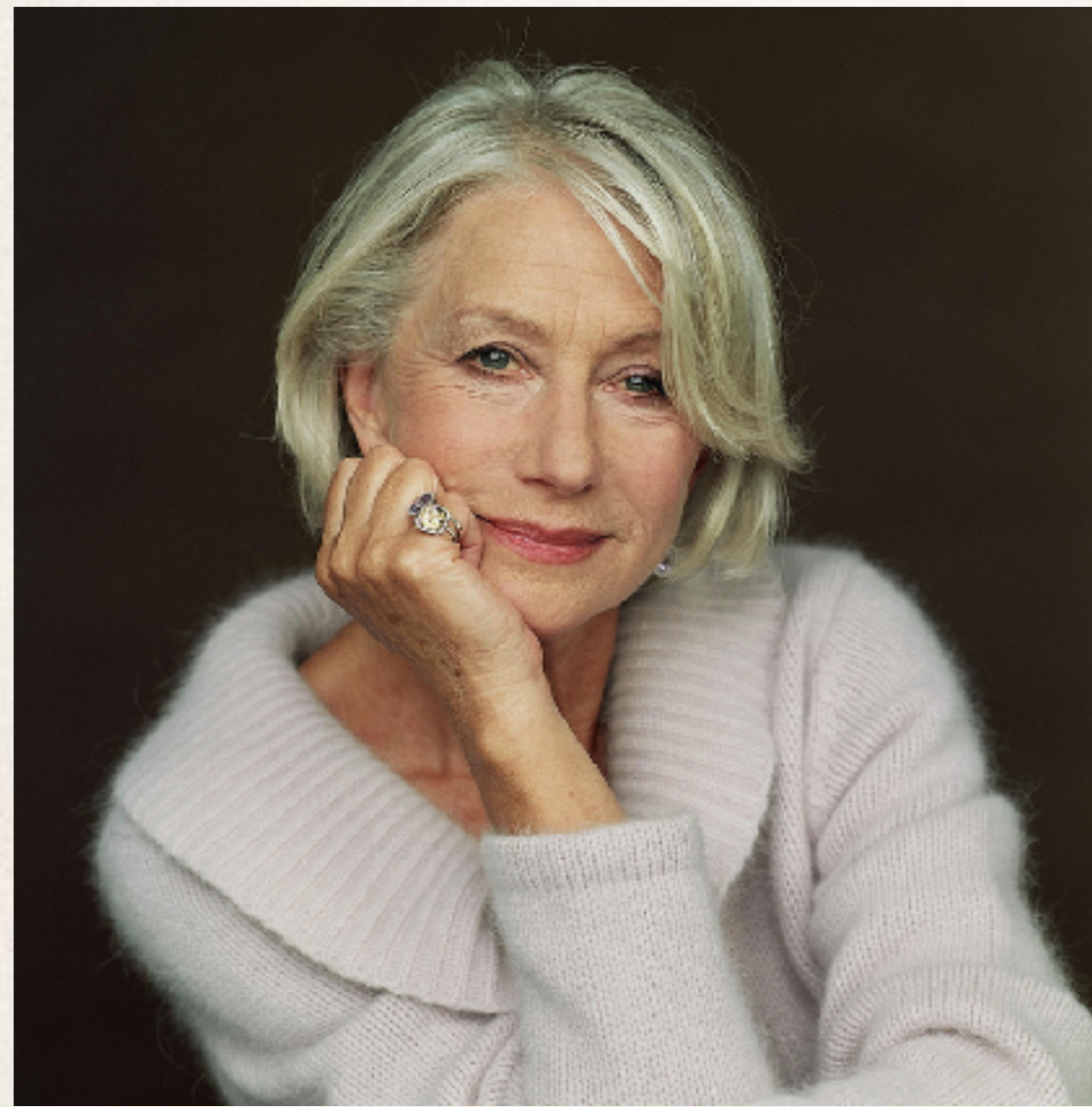
In Indonesia, banking industry has always been **ranked as the top 5 industries that get a lot of complaints** from consumers.

In 2016 alone, 56% of all complaints are coming from three main sectors that are banking, real-estate, and online shopping.

Hence, understanding consumer complaint behavior in banking industry is critically important from both theoretical and practical perspectives.

Introduction

Consumers in different generations do have different types of complaint behavior and intentions.



Silent Generation
(1925-1945)



Baby Boomers
(1946-1960)



Generation X
(1961-1981)



Generation Y
(1981-1999)

Introduction - Why Generation Y?

This generation accounts for 100 millions people in Indonesia

They are digitally native consumers; thus, represent characteristics of current digital consumers.

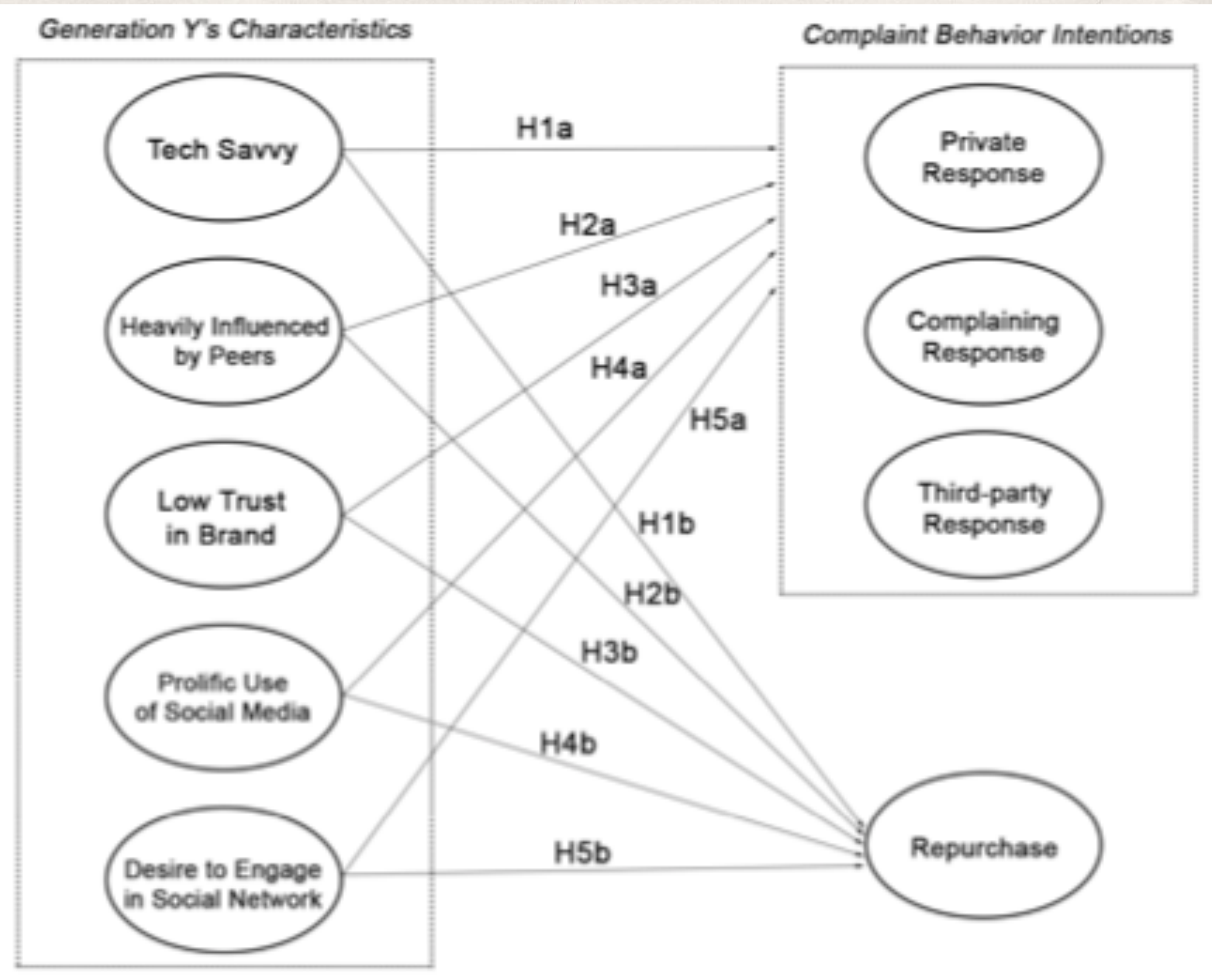
This generation has bigger possibility to become early adopters and main users of banking digital services.

Research Problem



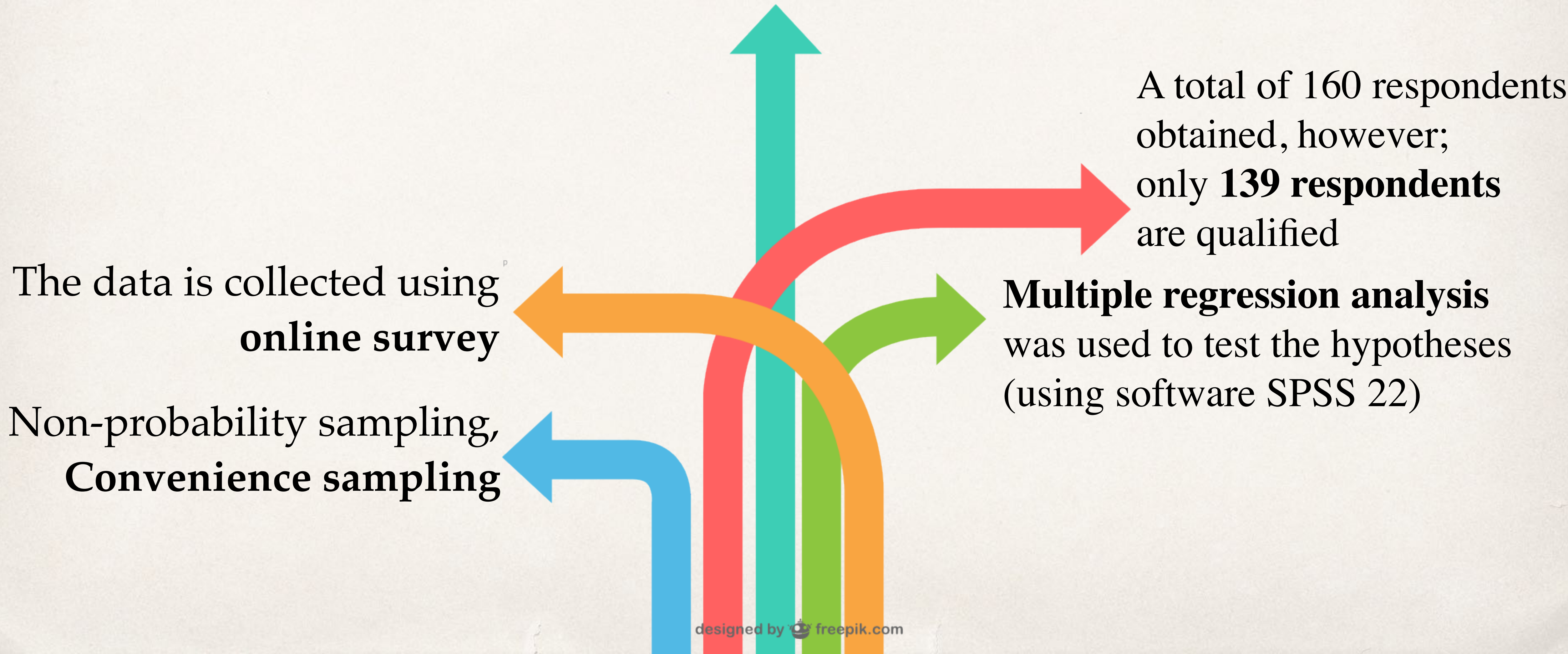
1. Which **characteristics of Generation Y** affects **their intention to complaints about a service failure?**
2. Which **characteristics of Generation Y** affects **their acceptance towards service recovery responses?**

Theoretical Background & Research Hypotheses



Proposed model is mainly replicated from previous study by Soares et. al. (2017)

Research Methodology





RESULTS

Description of Sample



Gender

Mostly are woman
(67.63% of all respondents)



Education

The majority of respondents (67%) hold Bachelor degree, followed by Highschool diploma (24%)

Age

90% respondents are within the age range of 19 - 26 years old

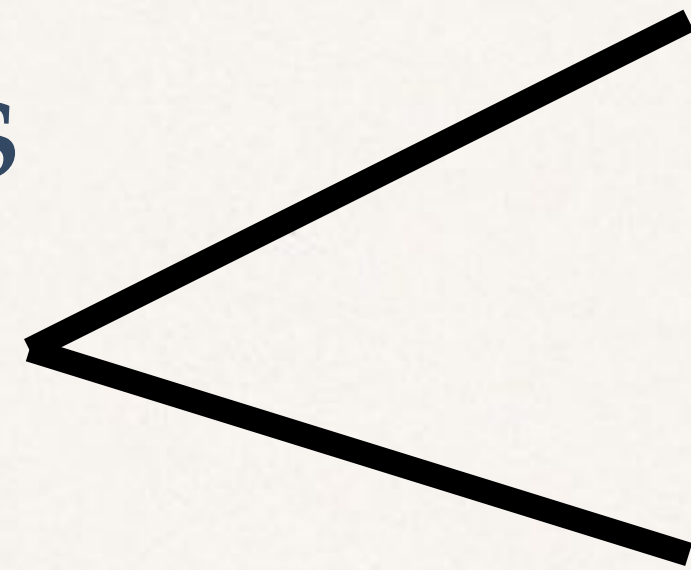


Income

Rp. 1,000,000 - Rp. 2,000,000 > 23%
Rp. 2,000,000 - Rp. 5,000,000 > 46%
Rp. 5,000,000 - Rp. 7,000,000 > 15%

Past Complaint Behavior

54% of all respondents had service failure experience with Bank



complained directly towards the Bank (24%)

The other 76% said that they were not complained

automated teller machine (ATM), mobile banking, and savings account

Three biggest source of service failure:

Automated teller machine (ATM)

Mobile banking

Savings account

Hypotheses Testing

Table 3. Multiple regression analysis predicting consumer complaint intentions

Predictors	Mean	Regression Analysis			<u>Collinearity</u>	
		SE	t- value	Beta	TOL	VIF
TS	6.27	0.091	1.682	0.154	0.770	1.299
HIBP	4.65	0.089	0.652	0.058	0.817	1.225
LTIB	3.17	0.086	-2.095	-0.180	0.870	1.149
PUSM	6.02	0.139	0.007	0.001	0.332	3.01
DESN	5.80	0.139	1.428	0.139	0.334	2.990







Notes: R2 = 0.113

Table 4. Multiple regression analysis predicting repurchase





Predictors	Regression Analysis			<u>Collinearity</u>	
	SE	t- value	Beta	TOL	VIF
TS	0.094	- 0,440	-0.041	0.770	1.299
HIBP	0.091	0.991	0.091	0.817	1.225
LTIB	0.089	-0.542	-0.048	0.870	1.149
PUSM	0.143	0.386	0.055	0.332	3.01
DESN	0.143	1.545	0.221	0.334	2.990

Notes: R2 = 0.058

Hypotheses Testing

-  H1a | Generation Y consumers' **tech savviness** is **positively related** to (a) the **likelihood of complaining** after service failure, and (b) **repurchasing**
-  H1b | after receiving satisfactory service recovery
-  H2a | Generation Y consumers' being **heavily influenced by their peers**, is positively related to (a) the **likelihood of complaining** after service failure,
-  H2b | and (b) **repurchasing** after receiving satisfactory service recovery
-  H3a | Generation Y consumers' **low trust in brand**, is positively related to (a) the **likelihood of complaining** after service failure, and (b) **repurchasing** after
-  H3b | receiving satisfactory service recovery

Hypotheses Testing

-  H4a | Generation Y consumers' **prolific use of social media** is **positively related** to (a) the **likelihood of complaining** after service failure, and (b) **repurchasing** after receiving satisfactory service recovery
-  H4b | **repurchasing** after receiving satisfactory service recovery
-  H5a | Generation Y consumers' **desire to engage in social media**, is positively related to (a) the **likelihood of complaining** after service failure, and (b) **repurchasing** after receiving satisfactory service recovery
-  H5b | **repurchasing** after receiving satisfactory service recovery

note:

although H3a is not supported ($t = -2,095$), the result shows that there is a significant negative effect of low trust in brand towards consumers' interest to complain.

Conclusion

- ❖ Only tech savviness characteristics influence Generation Y's intention to complaints
- ❖ In terms of repurchase intention after service recovery effort, all Generation Y's characteristics do not influence them to repurchase from the same company.
only 20% of respondents who experience service failure actually voice their complaints to the Bank
- ❖ **Cultural differences** might contributed to the different outcomes between complaint behavior of Indonesian Generation Y and Generation Y from western countries (Nevertheless, **only 20% of respondents who experience service failure actually voice their complaints to the Bank**).

Implication



Financial service company should encourage Generation Y to voice their complaint by making convenient channels of complaint and easy to access (e.g. *mobile apps, feedback app, social media*)

Bank and government authorities should increase the awareness of consumers' complaint procedure so that consumers will know the right way to complaints





THANK YOU

The Role of the Insurance Ombudsman in Consumer Protection

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Financial Consumer, Society and Global Development, Nov. 03, 2017



Goals of presentation



- ❖ The main goal of our presentation is indicating to growing role of the Insurance Ombudsman in Consumer Protection.
- Provisions that provide consumer protection in insurance in Poland and EU countries are scattered throughout several legal acts.

There is no uniform set of rules governing consumer protection in insurance in Polish and EU law



EUROPEAN UNION	POLAND
Directive Solvency II (2009)/European Insurance and Occupational Pensions Authority (EIOPA) Regulation (2010)	Insurance and Reinsurance Activity Act (2015)/ Polish Financial Supervision Authority(PFSA) Recommendations and Guidelines
Insurance Mediation Directive (IMD) (2012)/Insurance Distribution Directive (IDD) (2016/Feb.2018)	Act on Insurance Mediation (2003)/Insurance Distribution Act (2017 Draft/Full Implementation Feb. 2018)
The Consumer Rights Directive (CRD)/(2011)	Consumer Rights Act (2014)
Domestic Civil Codes	Polish Civil Code (1964)
	Act on the handling of complaints by financial market organizations and on the Financial Ombudsman (2015).

Key elements of the insurance consumer protection in EU - rules



- ❖ Growing powers of EIOPA in consumer protection in the EU insurance sector to ensure:
 - transparency,
 - simplicity and
 - fairnessacross the internal market for consumers.

Key elements of the insurance consumer protection in EU – elements (1)



- ❖ EIOPA's strategy towards a comprehensive risk based and preventive framework for conduct of business supervision (January 2016):
 - preventive, holistic approach including product intervention powers;

- ❖ Guidelines on product oversight and governance arrangements by insurance undertakings and insurance distributors (March 2016):
 - introduces mandatory standards into the product life cycle from the consumer's perspective;

Key elements of the insurance consumer protection in EU – elements (2)



- ❖ Regulation on key information documents for packaged retail and insurance based investment products (PRIIP's), (November 2014);
- ❖ Standardised presentation format for the Insurance Product Information Document for all non life products (February 2017);
- ❖ Insurance Distribution Directive (IDD) (January 2016):
 - includes product oversight and governance arrangements, conflict of interests issues and inducements.

Key elements of the insurance consumer protection in Poland - features



- ❖ We can notice growing powers of Financial/Insurance Ombudsman in consumer protection (apart from EIOPA/Polish Financial Supervision Authority(PFSA) recommendations and guidelines).
- ❖ The Polish Insurance Ombudsman was created in 1995 as the effect of amendments to the Insurance Activity Act (1990).
- ❖ The need of this specific amendment resulted from the necessity to adjust the insurance regulations to the new legal and economic conditions in Poland during the transformation of the political system (1989-1995).

Key elements of the insurance consumer protection in Poland – features (2)



- ❖ According to this conception, the Insurance Ombudsman institution was created to protect the consumers of insurance services who were much weaker than Insurance Companies as they have better resources and qualified lawyers on their disposal.
- ❖ Former practice showed that the consumers' interest was not always well protected.
- ❖ In 2015 was implemented special new regulation – „Act on the handling of complaints by financial market organizations and on the Financial Ombudsman” which increased scope of activities of Ombudsman for the whole Polish financial market.

Role of Insurance/Financial Ombudsman in insurance consumer protection in Poland (1)



- ❖ Complaints Act specifies principles of examining complaints by financial market entities, filed by the clients of those entities as well as rules of actions undertaken by Financial Ombudsman.
- ❖ Complaint is defined as „document directed to financial market entity by its client, in which the client files objections concerning services rendered by financial market entity”;
- ❖ Complaint may be submitted in every unit of financial market entity that renders services for clients (in written form, orally or in electronic form)

Role of Insurance/Financial Ombudsman in insurance consumer protection in Poland (2)



- ❖ Duties of Ombudsman include undertaking actions to protect clients of insurers, whose interests he represents, and in particular:
 - 1) examining motions in individual cases submitted as a result of non-recognition of client's claims by insurers in the framework of complaints procedure;
 - 2) examining of motions concerning non-performance of activities resulting from a complaint terminated in accordance with client's request within no longer than 30 days;

Role of Insurance/Financial Ombudsman in insurance consumer protection in Poland (3)



- ❖ Duties of Ombudsman include undertaking actions to protect clients of insurers, whose interests he represents, and in particular:
 - 3) providing opinion on projects of legal acts regarding organisation and functioning of insurers;
 - 4) filing motions to competent bodies to undertake legislative initiative or to issue or amend other legal acts on cases concerning organisation and functioning of insurance market;

Role of Insurance/Financial Ombudsman in insurance consumer protection in Poland (4)



- ❖ Duties of Ombudsman include undertaking actions to protect clients of insurers, whose interests he represents, and in particular:
 - 5) informing competent supervision and control bodies about noted irregularities in functioning of insurers;

 - 6) initiating and organising educational and information activity in the field of protection of interests of insurers clients.

Role of Insurance/Financial Ombudsman in insurance consumer protection in Poland (4)



- ❖ Ombudsman may impose a fine, by means of decision, up to the amount of 100 000 PLN on financial market entity that infringes upon obligations.
- ❖ At Ombudsman's there are extrajudicial proceedings conducted in order to resolve disputes between clients of financial market entities and those entities.

Frequent reasons for complaints – examples PL & GB



The most frequent reasons for complaints lodged by clients involved the following situations:

- ✓ lack of full and clear information - (Life&Non-Life products);
- ✓ rejected claim - (L&NL);
- ✓ incomplete assessment by financial advisors (distributors) of the consumer's financial situations and needs, adequate to the level of the product - (L&NL);
- ✓ failure to make the buyers aware that income from the investment will only arise after the planned investment period has finished - (L);
- ✓ underestimated surrender value of policy - ULL Insurance;
- ✓ advising the consumers that they invest their money in a policy, in the guise of selling another financial product - (L&NL).

Conclusions

- ❖ The role of Polish Financial/Insurance Ombudsman is growing.

- ❖ This role is accelerated and driven by:
 - market situation (growing number of complaints as result of misselling, conflicts of interest, asymmetry of information, bad reputation) and
 - new regulation (EU and domestic – enhanced consumer protection policy).

Thank you for your attention.