Consumer Protection Report 2019

2 April 2019

Summary

In this report, Finansinspektionen (FI) presents the most prioritised consumer risks it has identified for 2019. FI also presents the experiences from its consumer protection work over the past year. Finally, FI identifies two areas on the financial market where consumer protection is clearly deficient and proposes regulatory changes to fill these gaps.

One consumer protection-related risk that FI will prioritise is related to today's low interest rates and difficulties achieving a yield on savings. Some consumers may choose to take greater risks than what is considered appropriate – given their economic situation and capacity – for withstanding a fall in share prices or losses in fixed income investments with credit risk. There is a risk that consumers seeking investment advice will receive advice that is not appropriate for them but rather benefits the advisor (in the form of commission). FI will therefore continue to conduct supervision in this area. Many consumers have also not understood that deposit institutions, which in general offer higher interest rates than savings accounts in banks, are not covered by deposit insurance.

Another highly prioritised risk is associated with a change in payment patterns. Fast digital services come with high demands that the firms offering payment services can protect information and successfully maintain continuity in significant processes, i.e. ensure that consumers do not suffer interruptions or disruptions. FI has also noted that some types of fraud have increased and will discuss with the industry and the police what actions different parties can take to develop security measures. The entire chain must maintain a high level of security, from the moment the agreement is signed, when the payment instrument and security solutions are handed to the consumer, to when a payment transaction is executed.

Just like in previous years, FI has also identified consumer protection risks associated with indebtedness. Households with high debt could find it difficult to make their interest rate payments, or they might need to make major adjustments to their consumption, if they were to suffer economic hardship. The same would happen if interest rates go up. A key component is the lenders' obligation to conduct responsible lending business. FI will continue to follow the developments in this area and even deepen its analysis of both mortgages and consumption loans.

The report concludes with a description of the changes in regulations that FI considers to be necessary to further strengthen consumer protection. Crowdfunding and deposits with deposit institutions are two areas where there are gaps that need to be filled.

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