

The FSCA publishes Statement on Consumer Vulnerability

The Financial Sector Conduct Authority (FSCA) today published its Statement on Consumer Vulnerability (Vulnerability Statement). The FSCA is responsible for, among other things, protecting financial customers by promoting their fair treatment by financial institutions. It is also responsible for promoting financial inclusion. The Vulnerability Statement supports both these objectives and aims to galvanise thinking and actions in the financial sector to identify and address the needs of vulnerable consumers.

Like many other countries, South African consumers have recently experienced high-impacting events such as the COVID-19 pandemic, floods and droughts, and political riots. Consumers are also grappling with a cost-of-living crisis as they face higher interest rates alongside higher inflation associated with increasing prices for food, energy and other household expenses. These factors all amplify the financial vulnerability of consumers and households.

Due to their circumstances, vulnerable customers may be more susceptible to poor customer outcomes than others in the financial sector. These stem from unsuitable or harmful financial products, unfair or misleading sales practices, and difficulty accessing and using financial products and services.

The Vulnerability Statement examines the concept of consumer vulnerability and outlines its relevance in the context of market conduct regulation for South Africa. Understanding consumer vulnerability is an important practical step towards operationalising and embedding Treating Customers Fairly (TCF) principles and driving positive consumer outcomes with maximum impact.

"The FSCA appreciates the strides made by the financial sector in embedding the TCF Principles into their organisations. We believe that a focus on vulnerable customers will strengthen efforts to deliver positive consumer impact," said Unathi Kamlana, Commissioner of the FSCA.

The FSCA will engage with stakeholders on the Vulnerability Statement with the aim of soliciting views and inputs on how an approach to consumer vulnerability can be refined and embedded within the financial regulatory and supervisory landscape.

The Vulnerability Statement is available on the FSCA website:

[https://www.fsca.co.za/Documents/FSCA Statement on Consumer Vulnerability_PUBLISHED.pdf](https://www.fsca.co.za/Documents/FSCA%20Statement%20on%20Consumer%20Vulnerability_PUBLISHED.pdf)

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