

Highlights on the Draft FCP Framework

The Joint Financial Sector Regulators Technical Working Group (TWG) has finalized the drafting of Kenya's Financial Consumer Protection Framework ("The Framework"). This Framework has been developed to strengthen consumer protection, enhance market conduct supervision, and support responsible behaviour in the financial services sector.

At its core, the Framework is anchored on six principles: fair treatment, transparency, product suitability, asset protection, accessible complaints handling, and data privacy. These principles establish clear obligations for financial service providers (FSPs), including:

- i. Maintaining clear and accurate information on financial products and services.
- ii. Providing key facts and disclosures to empower informed consumer choice.
- iii. Ensuring fair contract terms and avoiding misleading marketing or discriminatory practices.
- iv. Implementing safeguards on digital platforms, including usability, algorithmic transparency, and fraud protection.
- v. Applying product-specific rules to address reckless lending, insurance claims handling, early repayment rights, and protections for vulnerable consumers.

On market conduct supervision, the Framework requires regulators to establish dedicated functions with the authority, data systems, and capacity to enforce compliance. The supervisory approach is outcome-driven, risk-based, data-centric, responsive, and consumer-focused, with a cycle of monitoring, inspections, enforcement, and public reporting. FSPs must provide timely, accurate data and engage transparently with regulators to enable effective oversight.

The Framework also emphasizes cooperation and coordination among regulators to eliminate inconsistencies, reduce reporting burdens, and streamline supervisory actions. Mechanisms include joint working groups, information-sharing protocols, and coordinated enforcement. Regulators will deepen engagement with consumer groups, industry bodies, government agencies, and international partners. Clear external dispute resolution processes will ensure consumers can escalate unresolved complaints.

In terms of consumer awareness, regulators will lead nationwide initiatives using clear, accessible messaging, with special focus on vulnerable users. FSPs are mandated to implement literacy campaigns that are educational rather than promotional. These efforts aim to raise consumer confidence, reinforce responsible usage of financial services, and reduce susceptibility to fraud and mis-selling.

Finally, the Framework adopts a phased implementation approach, including review and realignment of regulatory tools, strengthening supervisory frameworks, capacity building, and ongoing stakeholder engagement. FSPs are expected to begin immediate alignment of internal policies and processes, especially where current practices fall short of the Framework's standards. A monitoring and evaluation tool with defined indicators will guide implementation, with a formal review of the Framework every five years.