

Press release

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Joint Forum release of customer suitability paper

The Joint Forum released a paper today entitled *Customer suitability in the retail sale of financial products and services*.

The customer suitability report considers how supervisors and regulated firms across the banking, securities and insurance sectors deal with risks posed by the sale of unsuitable retail financial products. The Joint Forum reviewed both the disclosure of information to retail investors and requirements on firms to determine whether recommended investment products are suitable for such investors. The report focuses exclusively on requirements related to retail customers and products with a significant investment component. The Joint Forum evaluated investment-based or investment-linked insurance products, but not those insurance contracts that insure only against risk.

“Innovation in the financial services industry has brought enormous benefits for consumers, but it also raises the prospect that some individual investors may buy products that are not suitable for them,” said John C Dugan, Chairman of the Joint Forum and Comptroller of the Currency in the United States. “As regulators, our concern is to make sure that investors are properly protected, and that the institutions we supervise don’t suffer damage to their reputation. This report will help greatly in that regard.”

The paper is available on the websites of the Bank for International Settlements (<http://www.bis.org>), the International Organization of Securities Commissions (IOSCO) (<http://www.iosco.org>) and the International Association of Insurance Supervisors (IAIS) (<http://www.iaisweb.org>).

The Joint Forum was established in 1996 under the aegis of the Basel Committee on Banking Supervision, IOSCO, and the IAIS to deal with issues common to the banking, securities and insurance sectors, including the supervision of financial conglomerates.