

I am responding specifically to one area of the code, 2.3 Informing Effectively.

2.3 Informing Effectively

Introduction

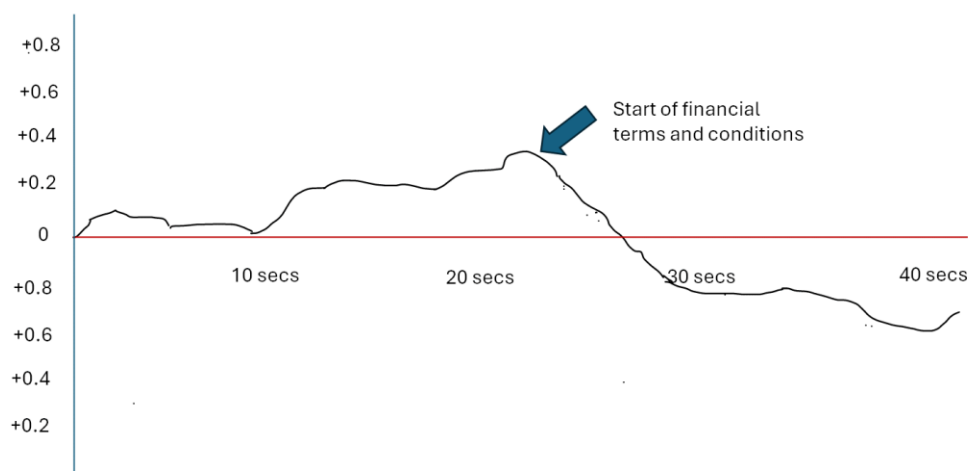
The Independent Broadcasters of Ireland and RadioCentre Ireland are in favour of effective consumer protection and transparency in advertising, but we feel that the current financial conditions information provisions are not achieving those objectives and that there are other potential options which could be adopted which take account of the specifics of audio/radio media.

As CEO of RadioCentre, I agree completely with the statements in this section that well-functioning markets require consumers to have access to clear and unbiased information. Clear disclosure of product features, risk and price, allows consumers to select the provider and product that best serves their needs. I am also very happy to see that there will be a shift in the Central Bank's approach, agreeing that informing customers effectively should be less about merely 'providing information' but also about 'ensuring understanding'. As part of this, it is very encouraging to see that there will be a focus on the standardisation and simplicity of information and language. A firm's overall approach should not be about simply 'providing information' to meet their regulatory disclosure obligation, but more crucially, about 'ensuring practical understanding' by the customer. Audio/radio are not as suitable for "footnotes" as print.

Consumer research around terms and conditions on radio

In relation to the current terms and conditions requirements that apply to radio commercials, a lot of complex financial language is compressed into a very short space of time, which is very difficult for consumers to understand. If the new approach from The Central Bank is less about merely "providing information" but is about "ensuring understanding", the current terms and conditions rules for radio commercials should be revised. Because the current situation produces terms and conditions (Ts&Cs) that are long and complex, consumers are switching off and not paying attention to the T%C portion of the radio commercial. The below piece of research illustrates this very clearly.

Engagement meter trace for a financial Radio Ad March 2018



Source: Lancaster University 536 radio listeners

This piece of research measures second by second the attention of listeners to a specific financial radio commercial and the research shows that when the terms and conditions

elements of the radio commercial was broadcast, consumer attention and engagement immediately dropped very significantly.

A 2004 Radio Commercials and Wealth Warnings study by Navigator revealed that consumers viewed the value of wealth warnings (financial Ts&Cs) in advertising with some cynicism. They also felt that wealth warnings on radio were particularly problematic because of the sequential way in which the information is necessarily delivered, making the listener more likely to zone out when the caveats were too long.

The Navigator 2004 research concluded that consumers don't feel radio is the right place to include detailed financial terms and conditions which need time and attention to understand and 72% of radio listeners would prefer to read financial terms and conditions in their own time on a website. This is not surprising - over 98% of radio listening is in real time and in nine out of ten listening occasions listeners are engaged in other activities with radio in the background.

From 2013 to 2016, three online panel surveys of 3,200 radio listeners were conducted by Lancaster University which explored the extent to which listeners absorb financial information in radio ads as well as the impact of Ts&Cs on brand trust. Participants were asked to score brands for favourability and trust immediately prior to being exposed to radio ads and again immediately afterwards. When participants had heard an ad with long financial Ts&Cs, scores for favourability and trust in the brand declined. However, when participants had heard the same ad but with much shorter Ts&Cs, brand scores increased.

Crucially, listeners don't recall figures easily no matter how important they might view them as. A 2015 study by Other Lines of Enquiry analysing responses from 800 radio listeners found that less than 4% of respondents could recall the key information from a radio commercial immediately after listening to the radio ad. Even when the financial information is shortened and includes just one number, spontaneous recall didn't get any higher than 11% for any of the radio commercials listened to.

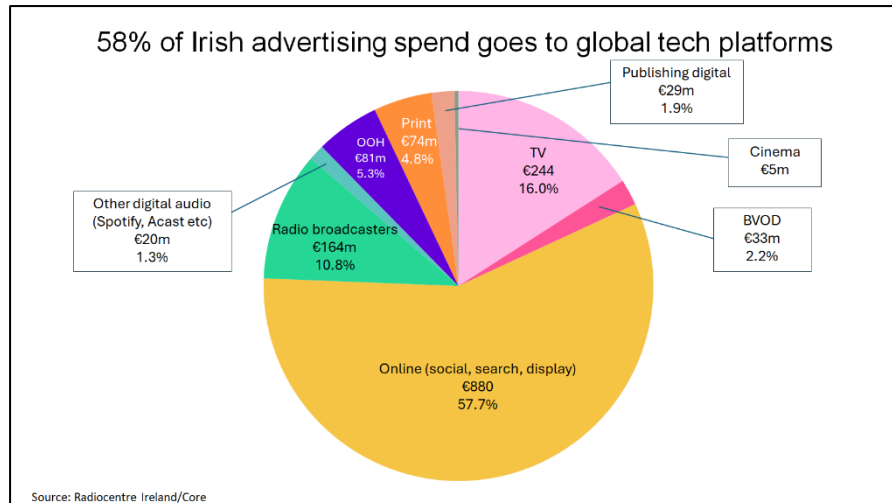
Less is clearly more, and simplicity is vital when communicating important financial information effectively on radio. The longer and more complex the financial Ts&Cs, the less likely listeners are to pay attention and the more likely they are to simply zone out. To increase the chances of critical information landing effectively and in doing so protecting consumers, it is vitally important that Ts&Cs on radio are kept to an absolute minimum with clear signposting to further details online or at point of sale.

Trust in radio

At a time when there is a lot of misinformation in the media, radio is the medium that consumers trust most, and it is a medium that they rely on for informed facts about many topics. The annual Eurobarometer survey from the European Commission confirmed that radio remains the most trusted medium in Ireland, having come out top for the 12th year in a row. The survey found that radio was trusted by 65% of the Irish population, compared to 59% for TV and 52% for press. Citizens in 26 out of 37 European countries trust radio the most, with trust in radio in Ireland ranking 4th highest among the 37 countries. By contrast, the internet and social media are trusted the least, with only 17% of Irish adults trusting social media and only 26% trusting the internet.

Sector viability

It is hugely important for Irish society to have a strong, vibrant, indigenous media that is trusted by its citizens, and Irish radio has significant challenges to ensure it is viable into the future. Currently, 58% of all Irish advertising revenue goes to the big global tech platforms (eg google, Meta etc) as reported by Core Advertising/Radiocentre Ireland.



Currently, many advertisers who are required to put detailed terms and conditions into audio commercials are reducing investment in the medium because the terms and conditions do not provide clear information to their customers as shown by the research above and it also reduces significantly the effectiveness of their audio advertising campaigns. According to Nielsen Adspend, spend from financial companies on radio advertising for quarter 1 2024 is down 36% compared to the q1 2023. The financial category is a very important category for radio broadcasters, the 4th largest category in terms of advertising expenditure. This is in sharp contrast to product categories that do not require terms and conditions where revenue to radio broadcasters is in a much healthier position.

The European Council, in its directive of the European Parliament and of the Council on consumer credits recognised the unique position of radio by adopting on June 9, 2022 in its Recital 29 where it states *"In specific and justified cases, in order to improve consumer understanding of information disclosed in advertising of credit agreements[...] where the medium used does not allow to visually display it at all or in an easily legible way, such as in radio advertising, the amount of information disclosed [...] should be reduced."*

Conclusion

In a medium that does not allow a visual display, to increase the chances of critical information landing effectively and in doing so protecting consumers, it is vitally important that Ts&Cs on radio/audio are kept to an absolute minimum with clear signposting to further details online or at point of sale. The longer and more complex the financial Ts&Cs, the less likely listeners are to pay attention and the more likely they are to simply zone out. Radio is the most trusted medium by Irish citizens and to ensure there is a practical understanding of financial products, terms and conditions on radio/audio must be hugely simplified to provide information in a real and practical manner that consumers will appreciate.

The audio/radio sectors are happy to commit to working with clients to increase visibility of terms and conditions on websites to address the challenge of providing information in the most effective way.