



Banc Ceannais na hÉireann
Central Bank of Ireland

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Guidance on the Advertising Requirements of the Consumer Protection Code 2012



Foreword

Advertising of any kind is a key source of information for consumers. It is therefore important that regulated entities produce advertising that is ‘clear, fair, accurate and not misleading’ as this is one of the over-arching principles of the advertising requirements of the Consumer Protection Code 2012 (“the Code”). The advertising material used by a regulated entity needs to match what its products and services deliver, and enable consumers to feel confident about the choices they make. Headline claims and offers in advertising materials must be balanced with information on areas such as risks, fees and charges, to enable the consumer to make a fully informed choice.

The advertising of any product or service by a regulated entity is inextricably linked to the retail marketing strategy of that regulated entity and how its management chooses to formulate and present their offering to their targeted consumers. Where a decision is made to launch a new product or service, the decisions around how that product or service will be advertised are important, and should be considered in light of the advertising requirements of the Code. Appropriate governance of all aspects of product development, promotion, distribution and post-sale services must be undertaken to ensure consumers are protected and that there is full compliance with the letter and spirit of applicable rules. Regulated entities must ensure these standards are also adhered to where any aspect of advertising is outsourced. Where regulated entities undertake consumer testing on their advertising, it is important that they also test if the advertisement meets the underlying principles of being clear, fair, accurate and not misleading.

The Central Bank of Ireland (‘the Central Bank’) monitors advertising by regulated entities. In 2012, action was taken in relation to 189 advertisements. As at the end September 2013, action was required to be taken by regulated entities in respect of 178 advertisements. Where issues arise, the Central Bank pursues regulatory action, and if necessary, can take enforcement action in the event of a breach of applicable requirements. This includes, but is not limited to, Letters of Direction to withdraw advertising campaigns or conduct a review of all advertising material. Although such action can be costly for regulated entities, if the Central Bank has reason to believe that an advertisement is not in compliance with applicable requirements, it is, and must continue to be, proactive in ensuring that the advertisement is amended and/or withdrawn, as soon as possible, as consumers may use and act upon the information contained in advertisements.

In recent years, the Central Bank has seen an improvement in some sectors’ advertising practices, particularly in relation to the inclusion of key information and qualifying criteria in the main body of an advertisement. Embedding good practice from the outset (including at product development stage) mitigates against the risk of non-compliant advertising occurring. It is for this reason that we have produced this guidance for regulated entities on the practical application of the Code requirements in order to drive good practice standards. We would also

like to remind regulated entities, through this Guidance, of some of the provisions where we have seen poor practice and we encourage industry to build on this initiative to continue to improve standards in this area.

This guidance is a culmination of an extensive review of issues arising from our advertising monitoring function. In addition, we engaged with key consumer and industry groups and fellow regulators. We also researched consumer attitudes towards financial services advertising and consulted with our Consumer Advisory Group.

We hope this guidance will assist you in raising advertising standards in your firm and instilling a robust consumer protection ethos.

18 July 2014

Please note that this document is for information purposes only. It does not amend or alter the Code and does not form part of the Code. This document does not constitute legal advice and should not be used as a substitute for such advice. It is the responsibility of all regulated entities to ensure their compliance with the Code. Without limitation to the generality of the foregoing, in the case of advertising, regulated entities need to pay particular attention to Chapters 2, 3 and 4 of the Code in addition to the advertising requirements of Chapter 9. Nothing in this document should be taken to imply any assurance that the Central Bank will defer the use of its enforcement powers where a suspected breach of the Code comes to its attention.

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1. Scope of advertising rules

Regulated entities will be aware that advertising¹ can be communicated in a number of ways which may include, but is not limited to the following:

- TV, radio, print, outdoor (e.g. billboards, window displays, advertising on buses, trains, bus stops and train stations), online advertising (including but not limited to, banner/pop-up advertising);
- video streaming, micro blogging and comment feeds on social media sites;
- internet discussion sites;
- websites and marketing sites;
- search engine sponsorships;
- promotional materials (e.g. SMS²); and
- competitions and advertorials that promote products/services.

Regulated entities are reminded that the advertising rules in their entirety apply to all formats of advertising. The exemption from the rules for 'sponsorship material' only applies to material that communicates the entity's brand name, rather than the promotion of a specific financial product/service.

2. Resources, systems and control checks

Provision 2.4 of the Code provides that 'a regulated entity must ensure that in all its dealings with customers and within the context of its authorisation it has and employs effectively the resources, policies and procedures, systems and control checks, including compliance checks, and staff training that are necessary for compliance with this Code'.

Regulated entities should consider from the outset of the product/service development process, how the product/service will be advertised to target markets. Bearing in mind that a number of Code provisions may apply to an advertisement, consideration should be given to the General Principles and Advertising requirements of the Code during this process.

2.1 Resources

The Central Bank requires that regulated entities must have sufficient resources and processes in place for ensuring compliance with all aspects of the Code, including the advertising provisions. In this context, this includes monitoring advertising on an on-going basis, developing processes

¹ An advertisement is defined in the Code as 'any commercial communication in respect of a regulated entity, which is addressed to the consumer public or a section of it, the purpose being to advertise a regulated activity or a regulated entity excluding name plaques, sponsorship material and a prospectus drawn up in accordance with the Prospectus Directive (2003/71/EC)'

² Regulated entities should be mindful that the requirements of the Code apply when contacting consumers by SMS. It should be noted however that, as stated in Provision 4.7(c) of the Code, the regulatory disclosure statement is not required on SMS messages.

for issue escalation, evaluating advertising campaigns regularly and maintaining documentary evidence of carrying out these evaluations.

2.2 The role of the Compliance Function/Officer

The Central Bank has encountered instances where there has been a disjoint between the compliance function, the marketing function and the advertising agency used by the firm. It is important that the board/senior management, compliance function/officer, marketing and any external agency used work closely together to ensure that a finalised advertisement is in compliance with the relevant rules of the Code.

2.3 Systems and control checks

It is recommended that regulated entities consider the following points in relation to systems and controls, when developing advertising campaigns:

- Does management have a clear strategy for advertising/marketing? Does the strategy include clear accountability for the design and approval of advertisements?
- Do regulated entities have sufficient processes and controls in place to highlight the effectiveness, or deficiencies, of their systems and controls in order to ensure that the advertising approval system is operating effectively?
- Is there regular audit testing to ensure that processes and procedures are accessible, are working correctly and are being used in practice by those who design and approve advertisements?
- Are there relevant controls which allow for the release of advertisements only after confirmation that the advertisement is compliant with the advertising requirements of the Code?
- Are there additional controls/checks in place when changing processes and procedures or to allow for staff turnover etc.?
- Are there adequate control mechanisms in place where third parties are employed?
- Where audit tests such as the above are being carried out, is there a detailed record of how often, by whom (noting their official role/function) and when the next test is to be carried out?
- Is there a process for complaints analysis e.g., a formal process of notifying relevant staff internally where advertising issues arise? Are these issues being appropriately dealt with and escalated within the regulated entity?
- Where IT systems are used to record and store policies, procedures and issues arising, regulated entities are responsible for the efficient management of such systems by ensuring that records are adequate and complete.
- Is there a formal log of training on the rules and processes for staff that design and approve advertisements?
- It is recommended that procedures are reviewed at least annually and updated to address any significant or recurring issues which have occurred within the preceding year.

3. Guidance on advertising requirements of the Code

3.1 Outsourcing

Provision 2.10 of the Code provides that *'a regulated entity must ensure that in all its dealings with customers and within the context of its authorisation it ensures that any outsourced activity complies with the requirements of this Code'*.

Where any third party assistance is used in relation to the preparation, production or distribution of advertising material, regulated entities are reminded, as per provision 2.10 of the Code, that they (and not the third party) are ultimately responsible for ensuring that their advertising material is up to date and complies with the relevant provisions of the Code.

In addition, the terms of any outsourcing agreements or arrangements should be clear with particular emphasis on the respective responsibilities of each party to the agreement to ensure that the regulated entity complies with the provisions of the Code.

3.2 Font Size

Provision 4.4 of the Code provides that *'a regulated entity must ensure that the font size used in all printed information provided to consumers is:*

a) clearly legible, and

***b) appropriate to the type of document and the information contained therein'*.**

Regulated entities should consider the format and medium of advertising being used for the advertisement and be cognisant of how the proposed advertisement will appear in its final format.

While the size of the smaller print may appear sufficiently prominent in some formats of an advertisement, it may not be clearly legible in others. For example, an advertisement on a billboard or on public transport may require that key information be given greater prominence than is required for the same advertisement in print media.

3.3 Interest rates

Provision 4.6 of the Code provides that *'where a regulated entity publishes interest rates on its information services, including telephone helplines and websites, the regulated entity must update such information services as soon as any interest rate change comes into effect'*.

We have examined cases where the interest rates on websites are not being updated as soon as the interest rate change comes into effect. Regulated entities are reminded that, where interest rates are stated on its website, the website must be amended with immediate effect when an interest rate changes including where the administration of a regulated entity's website has been outsourced.

3.4 Use of regulatory disclosure statement

Regulated entities are reminded that the following provisions must be read in conjunction with Provision 9.1, which provides that *'a regulated entity must include a regulatory disclosure statement, which meets the requirements set out in Provision 4.10, in all advertisements'*.

Provision 4.9 of the Code provides that *'a regulated entity must have separate sections on any website it operates, for regulated activities and any other activities which it carries out'*.

Our guidance in this regard is to clarify that a regulatory disclosure statement must not be used on any webpage relating to the unregulated activities of the firm.

Provision 4.10 of the Code provides that *'a regulated entity must use a regulatory disclosure statement in either of the following formats, depending on the Member State where it has been authorised, registered or licensed:*

- a) *"[Full legal name of the regulated entity, trading as (insert all trading names used by the regulated entity)] is regulated by the Central Bank of Ireland"; or***
- b) *"[Full legal name of the regulated entity, trading as (insert all trading names used by that regulated entity), is authorised/licensed or registered by [insert name of the competent authority from which it received its authorisation or licence, or with which it is registered] in [insert name of the Member State where that competent authority resides] and is regulated by the Central Bank of Ireland for conduct of business rules."***

***A regulated entity must not insert additional text into the wording of the regulatory disclosure statements as set out above'*.**

The Central Bank has been asked by a number of regulated entities where best to place the regulatory disclosure statement in various formats of advertising. While it is a matter for each regulated entity to decide where best to place the regulatory disclosure statement, the Central Bank suggests that:

- for print advertisements, TV advertisements and websites, the regulatory disclosure statement should be placed in a position where it can be clearly seen as a standalone, but prominent and legible, statement; and
- for radio advertisements, the regulatory disclosure statement should be delivered at a speed that is clear and audible.

It is very important that consumers know the legal entity that they are dealing with and that they are not confused by the use of trading names. In this regard, the Central Bank has received a number of queries from regulated entities regarding the use of trading names. We would advise that where a regulated entity has a number of trading names, the regulated entity should use all trading names linked to the particular product, service or activity that is being advertised.

3.5 Use of term 'independent'

Provision 4.16 of the Code provides that *'the term 'independent' may only be used by an intermediary in its legal name, trading name or any other description of the firm where:*

- a) the principal regulated activities of the intermediary are provided on the basis of a fair analysis of the market; and*
- b) the intermediary allows the consumer the option to pay in full for its services by means of a fee'.*

Provision 4.17 of the Code provides that *'the term 'independent' may only be used in any trading name or other description of a regulated activity where the intermediary:*

- a) provides the regulated activity on the basis of a fair analysis of the market; and*
- b) allows the consumer the option to pay in full for the regulated activity by means of a fee'.*

Where a regulated entity uses the term 'independent' in an advertisement, to describe the regulated entity or activity of an intermediary, it is reminded of the Code Guidance which was issued on 18 October 2011 which states that: *'The term 'independent' may be used where the 'principal regulated activities' of an intermediary are provided on the basis of a fair analysis of the market. In order to meet these requirements, the Central Bank would expect that at least 75% of a regulated firm's total turnover on an annual basis from regulated activities comes from regulated activities that are provided on the basis of a fair analysis of the market. The intermediary may provide other regulated activities on a limited analysis basis or hold tied agencies, provided these activities do not constitute more than 25% of total turnover on an annual basis from regulated activities.*

Where the intermediary uses the term 'independent' in relation to individual regulated activities, the intermediary must ensure that the regulated activity in question is provided on the basis of a fair analysis of the market'.

3.6 Clear, fair, accurate and not misleading

All guidance on pages 8 to 12 of this document is provided to give clarity to the provisions which require advertising to be clear, fair, accurate and not misleading.

Provision 9.2 of the Code provides that *'a regulated entity must ensure that:*

- a) the design, presentation and content of an advertisement is clear, fair, accurate and not misleading;*
- b) an advertisement does not seek to influence a consumer's attitude to the advertised product or service or the regulated entity either by ambiguity, exaggeration or omission; and*
- c) the nature and type of the advertised product or service is clear and not disguised in any way.*

Provision 4.1 of the Code provides that *'a regulated entity must ensure that all information it provides to a consumer is clear, accurate, up to date, and written in plain English. Key information must be brought to the attention of the consumer. The method of presentation must not disguise, diminish or obscure important information'.*

To ensure that the information contained in an advertisement is accurate and up to date, and meets the requirements of Provisions 9.2 (a) and 4.1 of the Code, where a regulated entity quotes statistics/research in an advertisement, the regulated entity should use the most up to date statistics/research available. In addition, all statistics/research quoted in an advertisement should be supported by referencing, in the advertisement, the source and date of those statistics or research.

3.6.1 Design, content, clarity and presentation of an advertisement

The Central Bank has encountered instances where the imagery used in an advertisement is not consistent with the product or service on offer. For the avoidance of doubt, and to ensure that the design and content of an advertisement is not misleading, the imagery should not imply a benefit that the advertised product or service does not in fact provide (e.g. insurance cover for an event that is not in fact covered by the policy being advertised).

A regulated entity, whether it be a product producer, or an intermediary acting on behalf of a product producer, is reminded of its obligations under the Code including but not limited to the fact that, in accordance with provisions 9.2 and 4.1 of the Code, all information regarding the product or service on offer must be up to date.

Our guidance regarding the presentation of an advertisement is that regulated entities should ensure that:

- there is sufficient contrast between text and background colours to ensure ease of reading;
- text is not covered with watermarks;
- page bleeding³ is avoided in that the text fits the space which has been assigned to the advertisement in order to ensure that no information required by the Code e.g. regulatory disclosure statement, has been obscured or omitted in any way by means of the format of the advertisement. An example of this would be an advertisement on a bus where the space allowed may obscure or omit some of the regulatory information required; and
- the entire content of an advertisement should not potentially mislead a consumer into thinking that the Central Bank is endorsing the regulated entity or any of its products or services.

3.6.2 Use of warning statements

Our guidance for regulated entities regarding the use of warning statements in advertisements is that where regulated entities use warning statements in advertisements, they should be consistent with the content in the advertisement. Where there are stipulations on benefits or

³ Page bleeding is where the advertisement is bigger than the space permitted.

returns, these must be explained to ensure that the advertisement is clear, fair and accurate and that the consumer is not misled. For example, should an investment product only yield a promised return of capital on a particular date, the warning should clearly inform the consumer that an early encashment could result in the consumer losing some or all of their capital investment.

3.6.3 Benefits and risks

If a regulated entity highlights the benefits attached to a product or service, any risks should also be given equal prominence. For example, where the benefits of a particular product or service are included in the main body of an advertisement, so too should the risks, and both should be in the same font size, colour, etc. Regulated entities should also refer to the requirements of Provision 9.6 of the Code in this regard.

3.6.4 Use of terms such as 'Leading', 'Best Value' or having 'Access to all lenders'

To ensure that an advertisement meets with the requirements of Provision 9.2 (a) and (b) of the Code and that a consumer is not misled with regard to statements such as 'Leading', 'Best Value' or having 'Access to all lenders', any such statements, made in an advertisement regarding a regulated entity, should be factually accurate and the Central Bank recommends that the source should be noted.

To ensure that a retail intermediary meets with the requirements of Provision 9.3 (b) of the Code (i.e. a regulated entity must ensure that an advertisement is not misleading in relation to the regulated entity's ability to provide the advertised product or service), our guidance is that where an intermediary has indirect access to one or more product provider by virtue of its appointment with another intermediary, this should be clearly stated in the advertisement.

3.6.5 Application of these requirements of the Code to radio advertisements and other audio advertisements

The advertising requirements of the Code apply in their entirety to all radio and other audio advertisements. A restriction in advertising space or the cost of buying an advertisement is not an acceptable argument to avoid effective and balanced communication. If key information cannot be delivered within the medium and the consumer is required to seek this elsewhere, then the radio advertisement would not be deemed to meet the requirements of the Code. There are particular challenges to ensure that an audio advertisement is clear, fair, accurate and not misleading where warning statements and key information/qualifying criteria cannot be run at the same time as the headline message. Nevertheless, regulated entities must ensure that key information, required by the Code, is included in the main body of the advertisements and at a speed which makes it easy for the listener to understand.

3.6.6 Application of these requirements of the Code to TV advertisements and other audio visual advertisements

The advertising requirements apply in their entirety to all TV advertisements and other audio visual advertisements. If important information cannot be displayed within the advertisement and the consumer is required to seek this elsewhere, then the TV advertisement would not be deemed to meet the requirements of the Code and as such would not be deemed appropriate for use. Audio visual advertisements contain sound and images which, if addressed correctly, can provide clarity to consumers. However, if unbalanced, it may distract consumers from important information.

3.6.7 Application of these requirements of the Code to outdoor advertising

The advertising requirements apply in their entirety to all outdoor advertisements. In order to ensure that the content of an outdoor advertisement is clear, fair, accurate and not misleading, our guidance is that regulated entities should consider:

- if the font size is clearly legible;
- whether outdoor advertising is the most appropriate medium for the advertisement; and
- the overall visual impression of the advertisement at first glance.

3.6.8 Application of these requirements of the Code to online advertisements including social media advertising

Online advertising includes, but is not limited to: banner/pop-up advertising (and similar advertising types), video streaming, social media, microblogging and internet discussion sites.

While there are physical differences between several of these mediums e.g. video streaming, (which appears differently on 3G and Wifi), Desktop (including but not limited to, laptops, tablets, PCs) and Smartphone formats, regulated entities are reminded that the requirements of the Code apply in their entirety to online and social media advertisements. The Central Bank would remind regulated entities that, in order to comply with the requirement of provision 4.1 of the Code, they must ensure that any scrolling information does not scroll too quickly and is of sufficient length and text size for consumers to read online.

Online advertising (such as banner, pop up adverts etc.)

Regulated entities are reminded that the Code Guidance, which was issued in December 2012, states that a regulated entity should include a regulatory disclosure statement in all such advertisements except where a web banner advertisement or Google advertisement is of a size that renders the inclusion of a regulatory disclosure statement impractical. This is solely on the basis that regulated entities link the banner/pop-up advertisement to a product specific webpage on the regulated entity's website where all regulatory requirements, including key information and qualifying criteria regarding the advertised product/service, will be clearly displayed and where all the requirements of the Code are complied with (see provisions 9.6 and 9.7 of the Code in particular).

Comment feeds on social media sites

Some regulated entities use online and social media as a forum for networking, meeting potential customers and interacting with existing customers. However, some regulated entities are also using online and social media as a means of advertising their products and services. Should a regulated entity advertise through social media, the communication should contain the characters #ad (where appropriate) (in line with provision 9.5 of the Code) and a direct link to a product specific webpage on the regulated entity's website where all the advertising requirements of the Code are included.

3.7 Key information and qualifying criteria

All guidance on pages 12 to 15 of this document is provided to give clarity to the provisions which relate to the inclusion of key information and qualifying criteria in advertisements.

Provision 9.6 of the Code provides that 'a regulated entity must ensure that:

- a) key information, in relation to the advertised product or service, is prominent and is not obscured or disguised in any way by the content, design or format of the advertisement; and**
- b) small print or footnotes are only used to supplement or elaborate on the key information in the main body of the advertisement and must be of sufficient size and prominence to be clearly legible'.**

Provision 9.7 of the Code provides that 'a regulated entity must ensure that any qualifying criteria in relation to:

- a) obtaining a minimum price for the advertised product or service; or**
- b) benefiting from potential maximum savings relating to the advertised product or service is included in the main body of the advertisement'.**

Provision 9.12 of the Code provides that 'a regulated entity must ensure that an advertisement that promotes more than one product sets out clearly the key information relating to each product in such a way that a consumer can distinguish between the products'.

In developing an advertisement, the Central Bank recommends that regulated entities have appropriate compliance arrangements in place to ensure that their marketing departments and advertisers are aware of the key information and qualifying criteria regarding a product or service and consequently how the advertisement can be designed while keeping the key information and qualifying criteria in the main body of the advertisement.

The Central Bank has seen examples where an advertisement may highlight the benefits of a product or service and then include the restrictions in the small print. Regulated entities are reminded that advertisements should provide balanced messages about restrictions and benefits in the main body of the advertisement and should not exaggerate any benefits or create unrealistic expectations by omitting information on risks. An advertisement should also make full

disclosure of all material information, including fees and charges that a consumer is likely to pay, in the main body of an advertisement.

While it is not a Central Bank requirement that an advertisement states that 'Terms and Conditions apply', should an advertisement reference that 'Terms and Conditions apply', regulated entities must ensure that key information and qualifying criteria are not included as part of these terms and conditions and that (as per Provisions 9.6 and 9.7), any key information and qualifying criteria are included in the main body of the advertisement.

Key information is defined in the Code as '*any information which is likely to influence a consumer's actions with regard to a product or service*'. Consumer research carried out on behalf of the Central Bank, together with our own work on monitoring advertisements, deemed certain information to be key information. While it is the responsibility of each regulated entity to identify the key information regarding a product or service at the product development stage, examples may include, but are not limited to the following:

Savings/investment products

- A clear description of the actual product (e.g. lump sum versus regular savings)
- Rate/rate type (e.g. fixed, variable)
- Term
- Whether withdrawals are permitted/whether penalties apply
- New business restrictions
- Minimum/maximum opening balance
- Minimum/maximum deposit amounts (including if lumps sums can be lodged)
- Frequency of deposits
- Applicability of Capital guarantees
- Applicability of State guarantees
- Net interest rates
- Expiration (what happens)

Insurance

- Product benefits
- Maximum payouts
- Restrictions/exclusions e.g. only available online
- Add-ons
- Customer profile to highlight illustrative premium cost
- New business restrictions
- Minimum premium amounts
- What product the offer applies to i.e. building or contents insurance
- Value of property and the amount contents are valued at

- Application of discounts – i.e. applies over the policy term or over a specified time only
- Information on excesses

Qualifying criteria predominantly, but not exclusively, relates to the insurance sector. Our consumer research also highlighted that consumers deemed certain information to be qualifying criteria. While it is the responsibility of each regulated entity to identify the qualifying criteria regarding a product or service at the product development stage, examples may include, but are not limited to, the following:

Car Insurance

- Age
- Gender
- Occupation
- Make of car
- Year of car
- Value of car
- Mileage
- Place of residence
- Years no claims bonus

Home Insurance

- Geographical location
- Number of bedrooms
- Rebuild cost
- Contents valuation

3.7.1 Use of insurance customer profile examples in advertising

The use of this format of advertising in relation to motor insurance advertising is of particular concern to us. In the past, the Central Bank has had to instruct regulated entities to withdraw price specific motor insurance advertisements as the advertisements did not detail the specific instances where the quoted price could be obtained. Regulated entities are reminded that all price specific advertising must contain the specific key information and qualifying criteria regarding who can avail of the price quoted in the advertisement, in order to meet the requirements of the Code (including in particular Provisions 9.6 and 9.7). Regulated entities should also consider home values relative to their geographical location and contents relative to the size of the home as well as relevant valuables and home rebuilding costs, in accordance with the Society of Chartered Surveyors home rebuild cost guide.

3.7.2 Application of these requirements of the Code to TV advertisements and other audio visual advertisements

The Central Bank is aware that some regulated entities are unsure how to apply the requirements of Provisions 9.6 and 9.7 regarding key information and qualifying criteria to TV advertisements. Our guidance in this regard is that TV advertisement voiceovers can be used to relay the key information and qualifying criteria relating to the content of the advertisement. TV screen shots can also be used to display key information and qualifying criteria to allow the consumer to read the information with ease. A viewer should be able to understand easily the verbal or written content on first viewing. The visuals used in the advertisement should be consistent with the product or service on offer. A restriction in advertising space or the cost of buying an advertisement is not an acceptable argument to avoid effective and balanced communication.

3.7.3 Application of these requirements of the Code to the websites of regulated entities

The advertising rules of the Code apply in their entirety to the websites of regulated entities. If a website advertises a product or service on the homepage, quoting a price for the product or service, all key information and qualifying criteria regarding availing of this product or service at the price quoted should also be on the homepage. In this example, it is not sufficient to include all the advertising requirements on a link through webpage or by using a 'click to expand' function.

Should any webpage of a regulated entity's website advertise a price specific product or service, all key information and qualifying criteria regarding availing of the product or service at the price quoted must be stated alongside the price quoted in order to meet the requirements of provision 9.6 and 9.7 of the Code.

3.7.4 Application of these requirements of the Code to online advertisements including social media advertising

Our guidance in this regard is that all key information and qualifying criteria relating to the advertised product or service should be available on a product specific webpage linked directly from the online/social media webpage in order to meet the requirements of provision 9.6 and 9.7 of the Code.

Where a regulated entity makes reference to 'terms and conditions' in an online advertisement it is recommended that the advertisement include a direct link to the relevant terms and conditions webpage.

3.8 Recommendations and commendations

Provision 9.13 of the Code provides that *‘a regulated entity must ensure that any recommendations or commendations quoted are complete, fair, accurate and not misleading at the time of issue, and relevant to the advertised product or service’*.

Our guidance in this regard is that in order for a recommendation or commendation to be considered to be complete and not misleading it should be attributed to the source and dated. Recommendations and commendations should also be reviewed regularly and updated to ensure that the content of the recommendation or commendation remains accurate.

3.9 Use of comparisons

Provision 9.16 of the Code provides that *‘a regulated entity must ensure that comparisons or contrasts are based either on facts verified by the regulated entity, or on reasonable assumptions stated within the advertisement. They should be presented in a clear, fair and balanced way and not omit anything material to the comparison or contrast. Material differences between the products must be set out clearly’*.

Our guidance in this regard is that regulated entities should opt for the most directly comparable product available to make the comparison relevant and not misleading.

3.10 References to ‘Free’

Provision 9.18 of the Code provides that *‘a regulated entity must ensure that an advertisement only describes a product or service as free where the product or service in its entirety is available free of charge to the consumer’*.

Our guidance in this regard is that an advertisement must not state that a product or service is ‘free’ if there are any indirect fees and costs associated with the product/service. The product or service must be free in its entirety to the consumer.

However, in order to ensure that a general insurance advertisement meets the requirements of Provision 9.2 (a) and (b) of the Code, should a regulated entity offer a free period of cover, the advertisement should clearly state what period of cover is to be free, e.g. 2 calendar months or 8 weeks, and the advertisement should also note the percentage discount that this free period equates to.

A REMINDER ON ABBREVIATIONS !

The Central Bank has been asked by a number of regulated entities if they could abbreviate their full legal names or the name of the Central Bank of Ireland in an advertisement. Regulated entities are reminded that the Code states that the regulatory disclosure statement must take the following format ‘Full legal name of the regulated entity (insert any trading names used) is regulated by the Central Bank of Ireland’. Consequently, abbreviations are not permitted.

Good Practice Guidance Tips – a Checklist

The Central Bank has outlined some high level questions below, which regulated entities may wish to consider as part of their advertising campaigns. ***The questions below do not represent an exhaustive list of questions nor are they a substitute for giving detailed consideration to all of the requirements of the Code.*** This checklist does not contain requirements of the Code but instead is designed to guide work in this area and help regulated entities to provide a clear, fair, accurate and not misleading description of the product/service with a balanced approach of highlighting key risks and benefits:

- Who is the target audience? The regulated entity and advertisers in the development of the proposed content, design and delivery of an advertisement, should always consider proposals from the perspective of the target audience (and the potentially varying levels of financial capability and literacy skills). What information would this target audience need to know in order to make an informed decision on purchasing this product/service and is the advertising medium being proposed the most appropriate to facilitate it?
- Is plain English being used? Information should be clear and easy to understand.
- Is it clear what the product/service actually is and how consumers would benefit from it?
- Is it clear what commitment the consumer would have to make to get the benefits specified?
- If applicable, is it clear what the consumers' money will be invested in?
- Is it clear what penalties the consumer will suffer if they do not meet certain conditions e.g. early withdrawal?
- Have the key risks to the consumer's money/investment been highlighted i.e. do the consumers get less than they put in or do they get their original investments back?
- Have any guarantees been explained?
- Have the relevant product warning statements (prescribed in the Code) been included?
- Have all of the relevant rates and charges (and not just headline charges) been included?
- Have indirect fees or costs been included and are they fully up to date?
- Does the product/service claim to be 'free' when there are charges attached?
- Ensure statements do not contradict warning statements in the advertisement.
- Are claims on returns accurate and if these returns are only available under restricted circumstances, e.g. minimum balance, minimum term etc., has this been made clear to consumers in the main body of the text?
- Does the regulated entity claim to be a 'market leader', offer the 'best value' or to have 'access to all lenders in the market'? If so, these statements must be factually accurate and the source should be noted in the small print.
- Is there any key information e.g. drawbacks in the 'small print' that should be in the main body of the advertisement? Has information in the small print been kept minimal e.g. regulatory disclosure statement (no key information and qualifying criteria etc.)?

- Are headings and product name references balanced out by including relevant information in the main body of the advertisement?
- Are headings and product name references balanced out by including relevant information in the main body of the advertisement?
- Has the correct regulatory disclosure statement been included in the advertisement? Has distinction been made between regulated and unregulated activity (where applicable)?
- Is the design of the advertisement clear, easy to read and not obscuring any information? Will the proposed channel of advertising allow presentation of balanced information?
- Is the advertisement clear, fair, accurate and not misleading?
- Are any comparisons used directly comparable and are relevant product features highlighted in the main body of the text?
- If using insurance profiles, have realistic profiles been used and is there sufficient key information to allow consumers to make informed choices?
- It is recommended that the regulated entity has proper processes in place to monitor engagement with all parties involved in the development and sign off of advertisements.
- Each advertising campaign must be looked at individually in its own context, as needs will vary.
- Regulated entities should retain a procedural manual, to include detailed procedures on all processes, to include advertising, which is reviewed and updated regularly.

A note on our Consumer Research

The key objective of the consumer research carried out by the Central Bank of Ireland was to gain an understanding of consumer attitudes to financial services advertising. The results of this research have been used to inform the development of our Guidance. The research focussed on a number of specific aspects of print, radio, TV and online advertising:

- Use of key information/qualifying criteria being sought in advertising and the impact of the usage of small print to convey product/service features,
- The role of regulatory status and warning notices within advertising,
- The usage of money-off, discounts and special offer terminology,
- The usage of customer profiles/comparative pricing to illustrate pricing,
- The usage of “independent” and “free” within a financial context,
- The understanding of competitions as a form of advertising,
- Best practice advertising design/format and use of plain English, and
- Consideration of needs in online advertising.

The key findings from this research are outlined below:

- Consumer demand exists for specific key information to be clearly displayed in high profile text in the main body of print advertisements. Where key information is prominent, the advertisement is more understandable and there is likely to be greater interest.
- However, the focus must remain on key information, as over-burdening consumers with excessive information is likely to be a stronger cause of confusion than insufficient information. This is a particular issue for online advertisements and is also dependent on product type.
- Older participants were more focussed on the key information/transparency of information, and while the younger participants were less focussed on this, they noticed it when it was pointed out to them. Both considered the advertisement to be an invitation.

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