



16 January 2007

Mr Brendan Burgess  
Chairman  
Financial Services Consultative Consumer Panel

Dear Brendan,

I am responding to you regarding your formal suggestion on shopping around for deposits.

Our guide, 'Savings and Investments made easy' contains detailed information on savings accounts, including deposit accounts with banks, credit union share accounts and An Post deposit accounts. The guide explains that the higher the interest rate, the more money you earn and points to on-line and phone-based accounts, which can often pay higher interest than other savings accounts. Our SSIA campaign, which is one of our strategic action points, gave us an opportunity to promote 'Savings and Investments made easy'. Over 8,000 people called our consumer help-line last year for a copy of our Little Black Book of SSIA's and were also sent a copy of 'Savings and Investments made easy'.

The next phase of our SSIA campaign will focus on the over 500,000 people whose accounts will mature at the end of April, many of whom can be expected to put their money in deposit accounts. We will highlight the importance at looking at the different deposit and savings options and to examine terms and conditions carefully, particularly those concerning the effect of withdrawals, bonus interest and highlighting the difference between accounts designed for regular savings versus lump sums. This next phase of the campaign will commence in early February.

We are currently developing our new consumer website and as part of that project, we are examining the feasibility of including comparative tables for a range of financial products, including deposit accounts. You will recall that we met with members of the Consumer Panel to discuss this proposal.

I would also draw attention to Provisions in Chapter 3 of the Consumer Protection Code, which place obligations on banks to provide information to consumers on interest rates. This includes a rule that a credit institution must make available to existing deposit holding consumers, details of the different interest rates that are being applied to its other deposit accounts.

On a separate matter, the Farepak collapse in the UK, you are correct in your assumption that savings clubs are not regulated in Ireland. I can also confirm that savings clubs do not



FINANCIAL REGULATOR  
*Rialtóir Airgeadais*

PO BOX NO 9138  
COLLEGE GREEN,  
DUBLIN 2, IRELAND

T +353 1 410 4000  
F +353 1 410 4900  
[www.financialregulator.ie](http://www.financialregulator.ie)

appear to be regulated by the Registrar of Friendly Societies. An Irish based savings club similar to Farepak would not fall to be regulated as essentially Farepak was acting as a retailer, collecting money in advance for the sale of goods. It was not collecting savings with the promise of providing any financial return, financial service or permitting withdrawal facilities.

Regarding your suggestion that we would run a campaign to highlight the financial services type products which are not regulated by us, it is not possible to give a comprehensive list of areas that the Financial Regulator or others do not regulate as each case must be carefully considered on its own merits and new products are constantly coming on to the market. Also, the complexity of financial services legislation means that it would be unreasonable to expect consumers to understand the various exceptions to supervision and apply them to their financial decisions. Instead, we consistently point out that people should only deal with regulated financial services providers when buying financial products or getting financial advice. Our view is that we should concentrate on informing consumers about areas we do regulate, as opposed to those areas we do not. The message regarding dealing with regulated firms will form part of our information for consumers regarding the Consumer Protection Code.

Should you wish to further discuss any of these matters, I would be happy to meet with you.

Yours sincerely,

Sharon Donnery,  
Head of Consumer Information