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Marketing campaigns in relation to financial products or services linked to rewards or giveaways

The Authority notes the emergence of marketing campaigns launched by regulated entities related to specific financial products or services wherein the general public is being encouraged to purchase a product or to provide their contact details, with the possibility of winning a gift or being rewarded with cash, only to be subsequently contacted by a regulated entity for the purposes of selling financial products.

Regulated entities should note that gifts can only be offered in cases where these are related to the Product or Service being offered and/or enhances the value thereof. Furthermore, the gift should not be of substantial value. The Authority is of the view that financial services is a respected profession which should not be diminished through the provision directly, or indirectly, of gifts to entice persons to purchase a product.

The Authority strongly believes that the consumer's decision should not be clouded by the potential acquisition of any kind of reward which is not linked to the product itself, nor should this decision be rushed by the pressure of obtaining any sort of reward or the possibility to obtain any sort of giveaway or to participate in a lottery. Therefore, the decision to be taken by consumers in respect of that financial product should not be linked to or determined by the possibility of winning a prize.

Furthermore, the Authority believes that linking any kind of reward to the acquisition of a financial service can push the consumer in acquiring services and/or products which are not required by the consumer and/or it does not meet their needs. Regulated entities shall as much as possible avoid making unsolicited or unarranged calls to clients unless otherwise requested by the client. In calling clients or potential clients, the regulated entity shall amongst other things ensure that the persons making the call do not use undue pressure on the client and do not promote any complex products.

Compliance Officers of regulated entities are required to carry out an *ex-ante* review of the promotional material to ensure that it is compliant with the applicable rules. Furthermore, the granting of a licence by the Authority is a privilege and when promoting any financial product, the marketing strategy being adopted must conform with the respect to be shown to the financial services sector.

The Authority is hereby recommending that the use of any of the abovementioned practices is avoided by the regulated entities. The MFSA shall continue with monitoring the financial promotion of regulated entities and, if necessary, will take the necessary measures in relation to any practice which is deemed to be unfair, harmful or detrimental for consumers.

The Authority is confident that regulated entities also appreciate the need to ensure high standards of conduct and management throughout the financial system, including the marketing and sale of financial products.

In case of any queries, please do not hesitate to contact us on financialpromotion@mfsa.mt.