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BLOG

**THE EVOLUTION OF COMPLAINTS
HANDLING REGULATIONS IN SEYCHELLES:
A Step Towards Consumer-
Centric Financial Services**



Albright



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INTRODUCTION

The global financial services industry has undergone a paradigm shift in recent years, with regulators placing heightened emphasis on consumer protection. As part of this shift, complaints handling has emerged as a fundamental element in safeguarding the interests of financial consumers. Seychelles, a burgeoning hub for financial services spanning banking, insurance, securities, and non-banking financial institutions, has not been immune to these changes. The introduction of the [Financial Consumer Protection Act, 2022 \(FCPA\)](#), the [Financial Consumer Protection \(Complaint Handling\) Regulations, 2024](#), and amendments to the [Securities Act](#) have significantly transformed the regulatory landscape for complaints handling in the country.

Recognizing the importance of consumer trust, Seychelles' regulators have expanded their oversight to include not only banking institutions but also non-banking financial services businesses such as [securities dealers, investment advisors, mutual funds, and insurers](#). The focus is clear: ensuring a robust, transparent, and consumer-friendly complaints handling framework that aligns Seychelles with international standards. This article looks into the recent evolution of complaints handling regulations in Seychelles, examining the implications for financial services providers and the broader benefits to consumers and the financial ecosystem.



CHAPTER 1

Key Regulatory Changes: Bridging the Gap Between Banking and Non-Banking Financial Services

1. Building a Consumer-Centric Framework: Financial Consumer Protection Act, 2022

The introduction of the **Financial Consumer Protection Act, 2022** was a watershed moment for financial regulation in Seychelles. The Act established a comprehensive framework governing consumer protection across financial services, mandating financial institutions to prioritize complaints handling as a core operational function. The FCPA explicitly recognizes the unique challenges faced by financial consumers, including lack of information, mis-selling of products, unfair practices, and inadequate dispute resolution mechanisms.

The **Financial Consumer Protection (Complaint Handling) Regulations, 2024**, issued under the FCPA, further operationalize these principles by setting out detailed obligations for complaints handling across **banks, securities dealers, investment advisors, mutual funds**, and other non-banking financial services providers. These regulations are a significant step forward in ensuring fair, efficient, and timely resolution of consumer grievances.



2. Enhanced Complaints Handling Obligations

Mandatory Complaints Handling Units

Under the **2024 Regulations**, all financial service providers must establish a dedicated complaints handling unit. This unit must:

- Be accessible through multiple channels (e.g., in-person, email, telephone, or online platforms).
- Operate with principles of fairness, accountability, and efficiency.
- Ensure complaints are acknowledged within **2 business days** and resolved within **21 business days**, with an extension of up to **90 business days** for complex cases.

Detailed Records Maintenance

To ensure transparency and accountability, financial service providers are now required to maintain an **accurate and up-to-date database of all complaints received**. For each complainant, the database must include:

- A copy of the biometric page of their **passport** or **national identity card**.
- Their **email address** and **country of residence**.
- The **date on which their account was opened** and the **status of the account**.
- The **complaint reference number, date of lodging, and nature of the complaint**.
- The **status of the complaint** within the

- complaint process.

This granular approach to record-keeping ensures that complaints are not only tracked but also resolved systematically, with detailed records available for audit and regulatory reporting.

CHAPTER 2

Regulatory Reporting Requirements: A Foundation for Transparency

The **Financial Consumer Protection Act, 2022**, introduces rigorous reporting requirements to ensure that financial service providers remain accountable to regulators. Key elements include:

Bi-Annual Reporting

Financial service providers are mandated to submit **bi-annual reports** to the Competent Authority (e.g., the Financial Services Authority or Central Bank of Seychelles). These reports must detail:

- Policies adopted for financial consumer protection.
- Measures taken to monitor compliance with these policies.
- The number, type, and resolution of consumer disputes handled internally.
- Activities of agents or third parties acting on behalf of the provider.
- Monitoring activities undertaken over agents and third parties.



Records Maintenance

The FCPA requires financial service providers to maintain complaints records for a minimum of **7 years**, ensuring that historical data is available for compliance reviews and audits. These records must capture the full lifecycle of a complaint, from receipt to resolution.

Publication of Decisions

Decisions made by the Competent Authority regarding complaints must be published to promote transparency and provide guidance to the industry. This practice aligns Seychelles with international norms, where regulatory decisions are often made public to enhance accountability and consumer confidence.

CHAPTER 3

The Securities Sector: Complaints Handling for Capital Markets Players

In addition to the FCPA, amendments to the **Securities Act** have introduced specific requirements for **securities dealers, investment advisors, and mutual funds**. These changes ensure that capital markets participants adhere to the same high standards of complaints handling as their banking counterparts.



Key Changes for the Securities Sector

The amendments to the Securities Act and the Financial Consumer Protection (Complaint Handling) Regulations, 2024 have introduced robust requirements for securities dealers, investment advisors, and mutual funds to elevate complaints handling practices in Seychelles' capital markets. Key changes include:

1. Fit and Proper Standards:

- Complaints handling is now a critical component of the "fit and proper" assessment for securities licensees. Failure to address consumer complaints effectively can result in penalties, suspension, or even revocation of licenses. This ensures that only entities with strong compliance and consumer protection mechanisms operate in Seychelles' capital markets.

2. Consumer Protection Policies:

- Securities dealers and investment advisors must implement tailored consumer protection policies, including confidentiality, conflict of interest management, and sales remuneration policies to prevent unethical practices. These policies must provide clear guidance on protecting consumer interests and resolving disputes efficiently.

3. Complaints Register:

- Securities licensees are required to maintain complete and clear complaints registers, ensuring that every complaint is documented in detail. The complaints register must include:

- The complaint reference number.
 - The date on which the complaint was lodged.
 - The nature of the complaint.
 - The status of the complaint in the resolution process.
 - Actions taken to investigate and resolve the complaint.
 - The final outcome or resolution of the complaint.
- This comprehensive approach ensures transparency and allows both the licensee and regulators to track, monitor, and review complaints effectively. Regulators can also audit these registers to assess compliance with the complaints handling framework.
4. Regulatory Reporting:
- Securities licensees must report detailed complaints data to the Financial Services Authority (FSA) as part of their bi-annual compliance obligations. This includes information on the number, type, and resolution of complaints, as well as the effectiveness of internal monitoring mechanisms. Such reporting enables the FSA to identify systemic issues and trends across the securities sector.



CHAPTER 4

Seychelles' Alignment with International Standards

The regulatory changes in Seychelles reflect a broader trend of aligning the country's financial services framework with international best practices. By strengthening complaints handling mechanisms, Seychelles is achieving several critical objectives:

1. Enhanced Consumer Trust:

- Transparent and efficient complaints handling builds consumer confidence in financial services, fostering greater participation in the sector.

2. Improved Market Integrity:

- Rigorous oversight of complaints handling deters unethical practices, ensuring a level playing field for all market participants.

3. Alignment with Global Norms:

- By adopting standards similar to those of leading financial jurisdictions, Seychelles is positioning itself as a credible and attractive destination for financial services.

4. Support for a Thriving Financial Ecosystem:

- Robust complaints handling frameworks benefit not only consumers but also financial service providers, who gain from clearer regulatory guidance and reduced reputational risks.



CONCLUSION

A New Era of Consumer Protection in Seychelles

The development of complaints handling regulations in Seychelles marks a significant step forward in creating a consumer-centric financial services environment. From the **Financial Consumer Protection Act, 2022** to the **2024 Complaint Handling Regulations** and amendments to the **Securities Act**, Seychelles has embraced a comprehensive approach that bridges the gap between banking and non-banking financial services.

As a compliance officer specializing in Seychelles' financial services sector, I recognize the profound impact of these changes. By mandating robust complaints handling units, detailed record-keeping, and bi-annual reporting, the new regulatory framework not only strengthens consumer protection but also enhances the reputation of Seychelles as a progressive financial hub. The journey ahead requires continued collaboration between regulators and industry players to ensure that consumers are empowered, and the financial services sector thrives in a rapidly evolving global landscape.