



# Persatuan Pengguna Pulau Pinang Consumers Association of Penang

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**Letter to the Editor**

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## **CAP Urges Ban on Insurance Promotion in Banks**

The Consumers Association of Penang (CAP) urges Bank Negara Malaysia (BNM) to prohibit financial institutions from promoting any form of insurance, particularly investment-linked insurance, within their premises.

We have received complaints that bank officers approached customers inside bank premises to promote investment-linked insurance as a 'better investment option offering higher returns than savings or fixed deposits'.

In most cases, customers were not informed that they were being sold investment-linked insurance, which requires the payment of premiums over a certain number of years.

In one instance, a woman claimed she had clearly told the bank officer that she did not wish to purchase any insurance, as she was nearing retirement and had limited savings. The bank officer assured her it was merely a 'Savings Plan' locked in for five years. Believing it to be a new fixed deposit product, she agreed.

She was then presented with a stack of documents in fine print to sign. After the fifth year, she attempted to withdraw her 'savings', only to be told she would receive just a fraction of what she had paid. Furthermore, she was informed that she was required to continue paying annual premiums for the next 30 years, which would rapidly deplete her retirement savings.

Based on the number of complaints received, along with those documented by the Ombudsman for Financial Services (OFS, now known as Financial Markets Ombudsman Service, FMOS), such mis-selling is likely just the tip of the iceberg. Some cases are illogical, with insurance policies being sold to elderly individuals who clearly lack the financial means to service the premiums. In these instances, customers were told to sign up for auto-debit facilities with the bank, and the policy duration would likely outlast the policyholder's lifetime.

CAP is of the view that if a bank wishes to act as an agent for an insurance company, it should operate from a separate premise — not within the bank itself. Conducting such promotions inside the bank gives customers the misleading impression that the bank is offering a savings product. It also raises serious concerns about the security of customers' banking information.

BNM must ensure that such products are not promoted to vulnerable groups, particularly the elderly population.

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