

## **Customer protection in the provision of investment services**

### Approaches to supervision

This diploma thesis investigates possibilities and opportunities in the field of financial regulation and supervision conducted by the Czech National Bank. Its focus is the protection of customer in the area of investment services.

The thesis begins with the research question and the reasons why it was chosen. Then, basic overview of the financial law framework in the Czech Republic is provided.

The thesis continues with general remarks on deterrence and persuasion as two distinctive extremes. Some conclusions from the literature are compiled. A number of experiences is distilled from papers and empirical studies, too. Sources are not only from the field of financial regulation and supervision, but also from other fields. These form the basic framework for closer investigation of several supervisory/regulatory approaches.

Then pros and cons of several regulatory approaches are evaluated. These are: responsive regulation, smart regulation, principles-based regulation and anticipatory regulation.

One part is dedicated to evaluating conclusions drawn from real experiences with implementation of yet another approach, cooperative regulation (which has some similar characteristics with the others) in the field of tax regulation and supervision.

Then, the declared approach of Czech National Bank to financial supervision and regulation is analyzed. It turns out that it is, to some degree, rather aligned with basic assumptions of some of the analyzed approaches. There are opportunities identified for reinforcing the already existing supervisory elements which are in line with the approaches investigated in the previous chapters.

Then, possible adjustments and changes are proposed for improving the protection of customers in the area of providing investment services. At the very end, several areas for further research are identified.

**Key words:** compliance, supervision, regulation, financial market