



FINCONET ANNUAL REPORT 2014

Activities from January 2014 to December 2014
2014 Financial Statements



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Foreword

The International Financial Consumer Protection Organisation (FinCoNet) has been created in response to the growing focus on financial consumer protection worldwide, and the need for better interaction, sharing and collaboration among supervisory bodies responsible for the oversight of the various national financial consumer protection regimes.

FinCoNet is an international organisation of supervisory authorities which have responsibility for financial consumer protection. It is a member based organisation and has been set up as a not-for-profit association under French law.

FinCoNet replaces the informal network of supervisory authorities which has existed since 2003, and will continue to build on its work, while advancing the G20's financial consumer protection agenda. It provides a forum for research and the exchange of information and best practices related to market conduct supervision and consumer protection issues with a focus on consumer credit and banking.

Report from the Chair of FinCoNet

“It gives me great pleasure to present the first Annual Report of FinCoNet. In essence, FinCoNet exists to support its members to deliver on their consumer protection mandates by connecting with and learning from the experiences and practices of others. Although only formed at the end of 2013, FinCoNet has already made considerable progress in establishing itself as an important international body charged with promoting sound market conduct and strong consumer protection through efficient and effective supervision. I would like to thank the Governing Council members who have been such a strong support in helping to shape and lead the strategic direction of our fledgling organisation.

During our first year we have placed a significant focus on putting the necessary governance and structures in place to support FinCoNet’s work. FinCoNet’s partnership agreement with the OECD provides us with a strong support framework which is, in my view, an essential part of the infrastructure to really help us to deliver in a meaningful and timely way for our members. I look forward to a long and strong working relationship between the two organisations over the coming years.

We have secured a wide and diverse membership which will allow us to tap into and share the experience, expertise and best practices of consumer protection supervisors in an increasingly complex, challenging and dynamic financial system. In addition, we are delighted to include Consumers International, the EU Commission, IAIS and the OECD as observers who bring an important context and insight to our evolving work programme and priorities for collaboration and action.

In addition to securing its successful establishment, FinCoNet has already commenced our consumer protection programme of work in order to help our members to share best practices in how to ensure that the consumer’s best interests are protected. Our initial focus has been on Banking and Credit as they play such an important part in the everyday lives of people across the world. It is vital that financial service providers exercise their responsibilities fully in ensuring that they deal with their customers in a fair and transparent way, and treat them at all times with the required dignity and respect. In July this year FinCoNet published its first report on Responsible Lending based on a review of supervisory tools designed to ensure suitable consumer lending practices by financial service providers. This is a report that is designed to be a useful reference point for members in identifying gaps and weaknesses in their own practices, and will help them strengthen their consumer protection frameworks. I would like to thank the Working Group, led by the Australian Securities and Investments Commission, for delivering such a comprehensive report.

As a new organisation, much has been achieved but I know that we have much more to do, working together in a spirit of collaboration and partnership in order to develop and grow FinCoNet’s true potential as a significant international support body for our members. My priority as Chairperson is to build on the solid foundations that we now have in place, to grow our member base and to guide FinCoNet as we identify members’ strategic priorities and desired outcomes and, ultimately, to play my full part in helping to deliver on our overall shared goal of strong and effective consumer protection.”



Bernard Sheridan
Chair
FinCoNet

Activity report by the FinCoNet Governing Council

The Governing Council is responsible for leading and organizing the work of FinCoNet. There are currently ten members on the Governing Council.

Eight members were elected to the Governing Council at the Annual General Meeting held in Lisbon, Portugal in 2013. Two additional members were elected at the General Meeting on 28 May 2014.

Members of the Governing Council:

Country	Representative	Organisation
Australia	Greg Kirk	Australian Securities and Investments Commission
Canada	Lucie M. A. Tedesco (Vice Chair)	Financial Consumer Agency Canada
China	Jiao Jinpu	People's Bank of China
France	Charles Banaste	Autorité de Contrôle Prudentiel et de Résolution, Banque de France
Ireland	Bernard Sheridan (Chair)	Central Bank of Ireland
Japan	Kenji Okamura	Financial Services Agency
Netherlands	Gert Luting	Netherlands Authority for Financial Markets
Portugal	Maria Lucia Leitão	Banco de Portugal (Central Bank of Portugal)
South Africa	Caroline da Silva	Financial Services Board
Spain	Fernando Tejada	Banco de España (Central Bank of Spain)

There were five meetings of the Governing Council held since the AGM in 2013 on 5 December 2013, 20 December 2013, 19 February 2014, 26 March 2014 and 5 September 2014. The Governing Council members also participated at the General Meeting held on 28 May 2014.

The Governing Council worked to progress a number of key issues including:

Key Issues	Goal Identified	Progress Achieved
Overseeing the Development of Resources for Members	- Agree format and initial content of website	- Website launched on 15 July 2014 www.finconet.org (The OECD graciously provided ownership of the www.finconet.org domain name to FinConet)
	- Develop and publish Newsletter	- First edition published on 7 February 2014
Programme of Work update:	<i>Working Group 2:</i> - Agree final report on Responsible Lending	- Survey on responsible lending developed and issued, responses received from 20 jurisdictions; - Responses analysed, focusing on five main areas: regulatory framework; consumer engagement; industry obligations; regulatory controls; supervisory and enforcement tools; - Good practice observations developed; - Report on Responsible Lending published on 15 July 2014.
	<i>Working Group 1:</i> - Supervisory Tools	- World Bank Global Survey completed on Financial Consumer Protection; - Phase one of Supervisory Toolbox: Prototype developed where members can share and compare their approaches to financial supervision in order to learn from the practices of others, and to inform their own policies and procedures.
Establishing Operations	- Agree partnership arrangements and provide for administrative support	- Partnership agreement with the OECD signed on 21 May 2014
	- Arrange for bank account to be opened	- Bank account opened on 17 December 2013
Leading on Outreach Initiatives	- Adoption of the FinCoNet logo	- The FinCoNet logo was developed and adopted in January 2014
	- Consumers International Webinar address on FinCoNet	- Webinar held on 4 December 2013 www.consumersinternational.org
	- Media	- International Banker Magazine Article published January 2014 http://internationalbanker.com/banking/finconet-advancing-financial-consumer-protection-agenda/
	- Conferences	- Consumer Protection & Financial Literacy Conference attended in June 2014 (Bulgaria) - FinCoNet was represented at a seminar hosted by the Central Bank of Brazil on 9th September 2014. A presentation was made on FinCoNet and mobile payments.
	- G20/OECD Task Force on Consumer Protection (Paris)	- Meetings attended <ul style="list-style-type: none"> • 17 December 2013 • 11 February 2014 • 16 April 2014 • 20 June 2014 • 17 October 2014

Report of the Secretariat

The signing of the Memorandum of Understanding (MoU) between the FinCoNet and the OECD on 21st May, 2014, provides the mechanism by which the OECD will offer technical and administrative support to FinCoNet and also supports joint cooperation between FinCoNet and the OECD.

Under the leadership of the Chair, the FinCoNet Secretariat has provided a wide range of support and guidance to the Governing Council and to the membership during this initial phase of development and looks forward to continuing its role during 2015.

The secretariat worked on the establishment of the FinCoNet website, which was considered an early priority for the organisation. The website went live on 15 July 2014 with the release of the publication of the FinCoNet report outlining key findings and good practices on Responsible Lending – a Review of Supervisory Tools for Consumer Lending Practices.

The Secretariat continues to update and develop the website for FinCoNet members.

The Secretariat has been engaged in the preparation and organisation of the FinCoNet 2014 Annual General Meeting hosted by the People's Bank of China held in Shanghai, China on 27-28 October 2014 and the People's Bank of China Seminar on Financial Consumer Protection held on 29 October 2014.

The Secretariat co-ordinated input into a range of documents including the preparation of the agenda for the AGM meeting in Shanghai, briefing for the Governing Council on the Annual Budget for the organisation and the preparation of the FinCoNet Programme of Work 2015-2016 and the 2014 Annual Report.

The Secretariat continues to support the participation of FinCoNet in the G20/OECD Task Force on Financial Consumer Protection and its programme of work and will endeavour to enlarge cooperation with other international organisations.



André Laboul
Head
FinCoNet Secretariat

FinCoNet Members, Associates and Observers 2014

Members

Australia	Australian Securities and Investments Commission
Canada	Financial Consumer Agency of Canada
China	People's Bank of China
France	Central Bank of France
Indonesia	Financial Services Agency
Ireland	Central Bank of Ireland
Japan	Financial Services Agency
Korea	Financial Services Commission
Netherlands	Authority for the Financial Markets
Norway	Finanstilsynet
Portugal	Central Bank of Portugal
Saudi Arabia	Saudi Arabian Monetary Agency
South Africa	Financial Services Board
Spain	Central Bank of Spain
United Kingdom	Financial Conduct Authority

Observers

Consumers International
European Commission
IAIS
OECD

Secretariat

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Charles Banaste
FinCoNet Treasurer

Report of the Treasurer

SUBJECT: FINCONET ACCOUNTS AS OF 31 DECEMBER 2014

Dear Governing Council Members,

The treasurer is pleased to report that during the year ended 31 December 2014, FinCoNet established a solid financial basis upon which to build and develop activities in the coming year.

Membership fees were received from all FinCoNet Members and Observers, amounting to a total of EUR 150 455 in 2014.

Membership fees were the sole source of income in 2014.

On the cost side, the major expense incurred by the Organisation during 2014 was the Secretariat support provided by the OECD under the official partnership agreement between the OECD and FinCoNet, signed on 21 May 2014.

A detailed description of the services provided in 2014 was outlined in the reports provided by the OECD to the Treasurer. The total spend by the Secretariat was in line with the budget provided by FinCoNet.

Conference and meeting expenses during 2014 amounted to EUR 5 500. The FinCoNet Annual General Meeting was held in Shanghai, People's Republic of China.

In recognition of the Organisation's non-profit status a reserving policy was adopted to hold a target 20% of estimated membership fees. This contingency reserve is designed to cover uncertainties relating to the timing of receipt and levels of membership fee payments, from which the Organisation's main income is derived.

Remaining funds will be used to build up an additional reserve to cover potential future event expenditure, such as costs relating to the conferences or regional seminars. The total reserves held at the end of 2014 are therefore EUR 103 781.

This leaves the Organisation with a solid financial base upon which to develop further activities with the framework of the FinCoNet Programme of Work.



Charles Banaste
Treasurer
International Financial Consumer Protection Organisation
Dated: 11 September 2015

2014 Membership Fee Payments			
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Australia	Indonesia	Netherlands	South Africa
Canada	Ireland	Norway	Spain
China	Japan	Portugal	United Kingdom
France	Korea	Saudi Arabia	European Commmission

Audited Financial Statements 2014



FinCoNet
DCPC – Service de Coordination
61, rue Taitbout
75436 Paris Cedex 09

Neuilly-sur-Seine, 16 décembre 2015

Report of the Auditors **To the Members of International Financial Consumer Protection Organisation**

We have audited the accompanying balance sheet of the International Financial Consumer Protection Organisation (the "FinCoNet") as of 31 December 2014 and the related statements of income for the year then ended. These financial statements are the responsibility of FinCoNet's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of FinCoNet as of 31 December 2014, in accordance with International Financial Reporting Standards.

Jean-Laurent Bracieux
Partner

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FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)			
Statement of financial position			
As per 31 December 2014			
Assets	Notes	2014 (Euro)	2013 (Euro)
Cash at bank		103,780	-
Short term deposit		-	-
Interest accrued		-	-
Sundry debtors and prepayments		-	-
Total		<u>103,780</u>	<u>-</u>
Liabilities and net assets			
Prepaid membership fees			-
Accrued expenses			-
Total liabilities		<u>-</u>	<u>-</u>
Net Assets		<u>103,780</u>	<u>-</u>
Unrestricted Net Assets & Reserves			
Retained earnings before transfer		103,780	-
Changes in unrestricted net assets for the current year		-	-
		<u>103,780</u>	<u>-</u>
Transfer from Special Reserve		-	-
Transfer to Contingency Reserve		- 30,091	-
Retained Earnings after transfer		<u>73,689</u>	<u>-</u>
Special Reserve			-
Contingency Reserve		30,091	-
Total Funds		<u>103,780</u>	<u>-</u>

FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)			
Statement of activities			
For the year ending 31st December 2014			
CHANGES IN UNRESTRICTED NET ASSETS			
	Notes	2014 (Euro)	2013 (Euro)
Revenue and gains			
Membership fees		150,455	
bank account costs refunded		60	
Total unrestricted revenue and gains		150,515	
Expenses			
Audit			
Bank fees and charges		234	
Secretariat support costs		-	
OECD administration	1	41,000	
Conference expenses		5,500	
Subscriptions		-	
Publishing Costs		-	
Lawyer costs			
Editor			
Miscellaneous			
Total expenses		46,734	
CHANGES IN UNRESTRICTED NET ASSETS		103,781	

FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)

NOTES TO THE FINANCIAL STATEMENTS

Year ending 31 December 2014

1 The OECD Grant for 2014 is 82000€. 41000€ has been paid in 2014 and 41000€ will be paid in July 2015.