



FINCONET ANNUAL REPORT 2016

Activities from 1 January 2016 to 31 December 2016
2016 Financial Statements



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Foreword

The International Financial Consumer Protection Organisation (FinCoNet) was 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.



Bernard Sheridan
Chair of FinCoNet

Report from the Chair of FinCoNet

It gives me great pleasure to present this Annual Report in my final year as Chair of FinCoNet.

The importance of the role played by supervisory authorities in protection the interests of consumers has never been greater.

FinCoNet is now soundly established to play its part in supporting members deliver on their specific mandates.

By sharing best practices and through our ongoing exchanges FinCoNet is helping supervisory authorities deal with a number of key consumer issues.

I would like to thank the Chair of each of our Standing Committees. Through the work of members on each of the Standing Committees, we have progressed key topics relating to consumer risks with online and mobile payments, how sales incentives impact on responsible lending and what tools supervisors are using to ensure compliance with standards.

In addition to this work FinCoNet provides a forum for more informal exchanges through our newsletters, website and annual meetings as well as accommodating bilateral engagements between authorities.

FinCoNet's future priorities reflect the changing nature of how financial products and services are being provided, the impact of new technologies and the challenges this presents for supervisory authorities. This work will be of major importance to all members in helping them deliver on their consumer protection mandates. It is important that financial services providers also focus on the need to ensure that they have the best interests of their customers at the centre of their innovations and developments.

Finally, I would like to thank the Vice-Chair and other members of the Governing Council for their support over the last three years as well as the OECD for working with FinCoNet to ensure it develops and grows. I look forward to seeing FinCoNet build on the progress made in promoting the importance of financial consumer protection.

Bernard Sheridan

Bernard Sheridan
Chair
FinCoNet

Report of the FinCoNet Governing Council

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

The Governing Council continued to set the strategic priorities of the organisation and to oversee the work of the Standing Committees and Secretariat. In particular the Governing Council focussed on developing resources for members and progressing the key priorities of the three Standing Committees, as set out below, as well as helping to increase the profile of FinCoNet through outreach to other bodies and potential new members.

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, Michael Saadat	Australian Securities and Investments Commission
Canada	Lucie M. A. Tedesco (Vice Chair)	Financial Consumer Agency Canada
China	Wenjian Yu	People's Bank of China
France	Charles Banaste, Jean-Philippe Barjon	Autorité de Contrôle Prudentiel et de Résolution, Banque de France
Ireland	Bernard Sheridan (Chair)	Central Bank of Ireland
Japan	Mr. Takaaki Hattori	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)

Seven meetings of the Governing Council were held in 2016, on 26 January, 7 March, 22 April (physical meeting held in Amsterdam, the Netherlands), 21 June, 15 September, 4 November and 15 November (physical meeting held in Jakarta, Indonesia).

Through its promotion of sound market conduct and strong consumer protection through efficient and effective financial market conduct supervision, FinCoNet Members all have responsibility for and an interest in protecting the interests of consumers of financial services. FinCoNet seeks to enhance the protection of consumers and strengthen consumer confidence by promoting robust and effective supervisory standards and practices and by the sharing of best practices among supervisors. It also seeks to promote fair and transparent market practices and clear disclosure to consumers of financial services.

During 2016, 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	- Update website - Update Clearspace	- The structure of the website was continually updated and further content was published. - The Standing Committee 2 and 3 reports were published to the website and a public consultation page was created for the Standing Committee 2 Consultation Paper. - The members-only website, Clearspace, was continually updated and progress was made in encouraging FinCoNet members to use this site, for example, to download meeting documents in lieu of distribution by email.
	- Develop and publish Newsletter - Potential new members data base	- 3 editions of the Newsletter were published in April, July and December 2016. - Distribution included an email distribution to FinCoNet non-members, and in particular, those authorities that have expressed an interest in joining FinCoNet in the future and those non-members interested in the work of the Standing Committees. Progress was made on further developments of a data base of potential new members. To be used in wider communications of FinCoNet activities and outputs.
Programme of Work update:	<i>Standing Committee 1:</i> - Supervisory Toolbox	On the technical side of the project, collaboration with the OECD advanced the designing, programming and migration of the Supervisory Toolbox onto the OECD website platform. A guide was issued to assist FinCoNet members in populating the Toolkit with their country information. Members were invited to populate the Toolbox with relevant information. The Toolbox was made live on the public FinCoNet website on [date to be inserted] and was accompanied by a press release also published on the FinCoNet website.

<p><i>Standing Committee 2:</i> - Responsible Lending</p>	<p>The FinCoNet Report on Sales Incentives and Responsible Lending was published in January 2016.</p> <p>A Consultation Paper on Guidance - Impact of Sales Incentives on the Sale of Consumer Credit Products was published in July 2016. FinCoNet's Draft Guidance to Supervisors on the setting of Standards in the field of Sales Incentives and Responsible Lending was revised on foot of the responses received to the Consultation Paper (which closed on 30 September 2016) and was submitted for agreement at the 2016 AGM (16 November 2016 in Jakarta, Indonesia).</p>
<p><i>Standing Committee 3:</i> - Online and Mobile Payments</p>	<p>Survey on online and mobile payments was developed and issued, with responses received from 27 jurisdictions, including several FinCoNet non-members.</p> <p>A presentation of the Report was made at the GPFI Forum and GPFI Plenary meeting to introduce the Report on Online and Mobile payments to the G20 Delegates.</p> <p>The final report was published on the FinCoNet website in September 2016 and circulated to the Governing Council and FinCoNet Members at the AGM. Additional questions were also sent to FinCoNet Observers for their consideration following the publication of the Report.</p> <p>The publication of the final report on Online and Mobile Payments was accompanied by a press release.</p>
<p><i>Cross Border Transactions</i></p>	<p>The Japanese FinCoNet Governing Council Member led a survey on Cross Border Transactions.</p> <p>Responses received from FinCoNet Members were presented at the 2016 AGM and the next steps of the work to be undertaken was described.</p>
<p>FinCoNet Open Meeting</p>	<p>Amsterdam, the Netherlands</p> <p>An Open meeting was organised on 22 April 2016 in Amsterdam, the Netherlands and was hosted by the Netherlands AFM. The meeting was held back to back with an OECD/INFE bi-annual meeting.</p> <p>The meeting was attended by 15 Members, 3 Observers and 5 Non-Members.</p> <p>Key discussion topics included the work of the FinCoNet Standing Committees and future challenges in respect of consumer protection in an international context.</p>
<p>Leading on Outreach Initiatives</p>	<p>FinCoNet Chair</p> <p>Meetings Attended:</p> <p>G20/OECD Task Force on Consumer Protection (Paris and London)</p> <ul style="list-style-type: none"> • 14-15 March 2016

- 3 October 2016

Teleconference to a meeting of the Basel Consultative Group on 24 May, with the aim of promoting FinCoNet and facilitating its outreach activities.

Third GPF I Conference on Standard-Setting Bodies and Innovative Financial Inclusion (Basel)

- 26-27 October 2016

Maria Lucia Leitao travelled to Chendu, People's Republic of China to attend and present at the GPF I Workshop "Digital Financial Inclusion" held on 18-19 July 2016.

Maria Lucia Leitao also travelled to Basel to attend the Third GPF I Conference on Stand Setting Bodies and Innovative Financial Inclusion, held on 26-27 October.

Chair of SC3 and GC
member



André Laboul
Head of the FinCoNet Secretariat

Report of the Secretariat

The FinCoNet Secretariat provided a wide range of support to the FinCoNet Members during the year.

In addition to supporting the membership base and servicing and supporting the Governing Council, the Secretariat has, at the request of the FinCoNet Chair and the Chairs of the FinCoNet Standing Committees, undertaken an increased analytical role, which will be developed further in the coming years.

The Secretariat fulfilled its plans for 2016 with continued support for the development of the FinCoNet website and Clearspace site. The Secretariat also continued to provide support to the FinCoNet Standing Committees, in particular, assisting FinCoNet Standing Committee 1 in the trailing of the Supervisory Toolbox and supporting the FinCoNet Standing Committees 2 and 3 in the elaboration and publication of the two FinCoNet reports on the Impact of Sales Incentives on the Sale of Consumer Credit Products and on Online and Mobile Payments: Supervisory challenges to mitigate security risks.

Following a survey undertaken at the end of 2015, the Secretariat worked to draft a Future Priorities paper that identified work for future research and investigation for the next FinCoNet Programme of Work (2017-2018) whereby the existing Standing Committees would continue to work as required to complete their mandate and two new Standing Committees were proposed to commence work on the digitalisation of high cost lending and practices and tools required to support risk based supervision in a digital age.

FinCoNet also became an Associate Implementing Partner of the Global Partnership for Financial Inclusion (GPII) in March 2016 and participated in the GPII Forum on Digital Financial Inclusion held in July 2016 in Chengdu, China under the Chinese G20 Presidency to present FinCoNet work on online and mobile payments. The Secretariat, in addition to facilitating contact with the GPII, also produced a note for the FinCoNet Governing Council Members that provided information and background on the Global Partnership for Financial Inclusion.

Main Tasks Completed During 2016

Documents

The Secretariat continued to support the work of Standing Committee 1 in the development of the supervisory toolkit and work to support the migration and launch of the toolkit on the FinCoNet website.

The Secretariat also provided assistance to Standing Committee 2 on the publication of the final report on the Impact of Sales Incentives on the Sale of Consumer Credit Products and managed the Public Consultation process surrounding the corresponding Consultation Paper which closed for submissions on 30 September 2016.

The Secretariat also provided assistance to Standing Committee 3 in the publication of the final Report on Online and Mobile Payments: Supervisory Challenges to Mitigate Security Risks.

Development of the FinCoNet public website and member-only site, Clearspace, continued during 2016 and the Information Brochure for Non-Members was updated and published.

Finally, the Secretariat provided and coordinated numerous other documents, including through continued assistance to the FinCoNet Chair and Governing Council, the preparation of agendas and minutes for the FinCoNet Standing Committees, Governing Council telephone conference calls and the Annual General Meeting. The Secretariat also provided the Annual Budget of the Organisation, three editions of the FinCoNet newsletter and the 2016 Annual Report.

Meetings

In 2016 the first FinCoNet Open Meeting was hosted by The Netherlands Authority for the Financial Markets in Amsterdam, the Netherlands on 22 April 2016, and was held back to back with an OECD/INFE bi-annual meeting.

The FinCoNet Open Meeting provided an opportunity for supervisors to learn about the work of FinCoNet and to gain useful insights into the benefits of membership through the value of sharing information and knowledge on supervisory tools and best practices. The Secretariat was heavily involved in the organisation of this meeting and in providing the key documents (agenda, summary record etc.).

In addition, the Secretariat also organised a physical meeting of the FinCoNet Governing Council in the Netherlands on 22 April.

The Secretariat also played a key role in the organisation of the FinCoNet Annual General Meeting, held in Jakarta, Indonesia in November 2016, with thanks to the Financial Services Authority of Indonesia for their excellent cooperation. Marketing of the Annual General Meeting by the Secretariat helped to ensure that the Annual General Meeting continued to attract participation from the full membership base of FinCoNet, and raised interest from potential new members in the Asian region.

Work was also commenced on the logistical organisation of the 2017 FinCoNet Annual General Meeting to be held in Tokyo, Japan.

The Secretariat also engaged in the establishment, organisation and preparation of the meetings of the FinCoNet Governing Council and Standing Committees, via telephone conference.

Support was additionally provided to the FinCoNet Treasurer.

Administration and other

In 2016, the Secretariat facilitated the FinCoNet elections, in which a new FinCoNet Chair [and Vice Chair] were nominated and the mandates of several Governing Council Members were renewed. In addition, two new Governing Council Members were elected.

In keeping with the support provided to the FinCoNet Standing Committee 2, the Secretariat also drafted a document on the procedures to provide guidelines for the undertaking of a public consultation.

A paper on the coverage of mission expenses by FinCoNet was also finalised in 2016.

The Secretariat continued to work during 2016 to build the FinCoNet membership base, contacting and following up with potential new members, and developing the potential member database. FinCoNet Membership grew by 10% in 2016, the full membership base now including 20 full Members, 1 Associate Member and 6 Observers.

Communication and record keeping in relation to existing members was also undertaken, with the Secretariat ensuring that all contact databases were up to date and striving to provide documents to members in time for review prior to telephone conference calls and meetings.

The Secretariat continued to update and develop the FinCoNet public website and the members-only site, Clearspace, including regularly updating the content and presentation of the public website.

The Secretariat continued to provide technical assistance to FinCoNet Members in the creation and utilisation of their Clearspace accounts. The Secretariat also worked on responding to requests for information from individual countries and other international organisations and standard setting bodies and provided advice on the copyright of FinCoNet documents and reports.

Finally, the OECD/FinCoNet Memorandum of Understanding was confirmed during 2016 following a review of the Secretariat services provided undertaken by both FinCoNet and the OECD.

Plans for 2017

The Secretariat and other project activity can be expected to continue during 2017. It is expected that the Secretariat will maintain, or indeed increase, its current level of analytical contributions to FinCoNet work and projects during 2017.

The Secretariat will continue to work on the development of the FinCoNet website.

Continued support will be provided to existing members, from circulating meeting documents to dealing with ad hoc requests for information and assistance.

The Secretariat also hopes to bring on board a series of new members during 2017 that have previously expressed interest in the Organisation and will continue to contact other organisations and authorities that could benefit from FinCoNet membership and provide useful input into our Programme of Work.



André Laboul
Head, FinCoNet Secretariat

FinCoNet Members, Associates and Observers 2016

Members

Australia	Australian Securities and Investments Commission
Brazil	Central Bank of Brazil
Canada	Financial Consumer Agency of Canada
China	People's Bank of China
France	Central Bank of France
Germany	Federal Financial Supervisory Authority (BaFin)
Indonesia	Financial Services Agency
Ireland	Central Bank of Ireland
Italy	Central Bank of Italy
Japan	Financial Services Agency
Korea	Financial Services Commission
Luxembourg	Financial Sector Surveillance Commission
Mauritius	Bank of Mauritius
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

Associates

South Africa	Department of the Treasury
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Observers

CGAP
 Consumers International
 European Commission
 IAIS
 OECD
 World Bank

Secretariat

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Jean-Philippe Barjon
FinCoNet Treasurer

Report of the Treasurer

SUBJECT: FINCONET ACCOUNTS AS OF 31 DECEMBER 2016

Dear Governing Council Members,

The treasurer is pleased to report that during the year ended 31 December 2016, 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 203,730 in 2016.

Membership fees were the sole source of income in 2016.

On the cost side, the major expense incurred by the Organisation during 2016 was the Secretariat support provided by the OECD under the official partnership agreement between the OECD and FinCoNet, signed on 21 May 2014. This expense amounts a total of EUR 147,000.

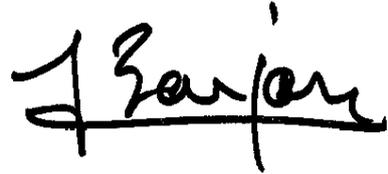
A detailed description of the services provided in 2016 was outlined in the reports provided by the OECD to the treasurer. The total spend by the Secretariat was in line with the budget provided by FinCoNet.

Audit fees reached an annual amount of EUR 5,500. For the first time, they have been taken into account. This leads to register a normal expense of EUR 5,500 for the current year and to put in debt an amount of EUR 11,000. Other costs are less significant and related to conferences, meetings and travel expenses.

In recognition of its organisation's non-profit status, FinCoNet is not submitted to any taxes given that its only income stems from its members.

The only asset of FinCoNet is cash at bank. FinCoNet's own funds are made up of retained earnings and reserves. They are available to cover potential losses in the future. At the end of 2016, they reach an amount of EUR 127,985.

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

A handwritten signature in black ink, appearing to read 'J Barjon', with a horizontal line drawn underneath the name.

Jean-Philippe Barjon
Treasurer
International Financial Consumer Protection Organisation
Dated: 8 September 2017

2016 Membership Fee Payments			
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Australia	Indonesia	Mauritius	Spain
Brazil	Ireland	Netherlands	United Kingdom
Canada	Italy	Norway	
China	Japan	Portugal	South Africa Treasury
France	Korea	Saudi Arabia	European Commission
Germany	Luxembourg	South Africa	



Independent auditor's report to the members of International Financial Consumer Protection Organisation

Association FinCoNet
26, Avenue Trudaine
75009 Paris

Opinion

We have audited the financial statements of the International Financial Consumer Protection Organisation (the "FinCoNet"), which comprise the notes to the financial statements. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the FinCoNet as at December 31, 2016, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the FinCoNet in accordance with the ethical requirements that are relevant to our audit of the financial statements in France, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the FinCoNet's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the FinCoNet or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the FinCoNet's financial reporting process.

Independent auditor's report to the members of International Financial Consumer Protection Organisation – page 2

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Neuilly-sur-Seine, 29 September 2017

PricewaterhouseCoopers Entreprises

Jean-Laurent Bracieux

Partner



FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)			
Statement of financial position			
As per 31 December 2016			
Assets	Notes	2016 (Euro)	2015 (Euro)
Cash at bank		242,485	162,563
Short term deposit		-	-
Interest accrued		-	-
Sundry debtors and prepayments		-	-
Total		<u>242,485</u>	<u>162,563</u>
Liabilities and net assets			
Prepaid membership fees			
Supplier debt		16,500	
Accrued expenses		98,000	70,000
Total liabilities		<u>114,500</u>	<u>70,000</u>
Net Assets		<u>127,985</u>	<u>92,563</u>
Unrestricted Net Assets & Reserves			
Retained earnings before transfer		62,472	73,690
Changes in unrestricted net assets for the current year		35,422	- 11,218
			<u>62,472</u>
Transfer from Special Reserve		-	-
Transfer to Contingency Reserve		-	-
Retained Earnings after transfer		<u>97,894</u>	<u>62,472</u>
Special Reserve			
Contingency Reserve		30,091	30,091
Total Funds		<u>127,985</u>	<u>92,563</u>

FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)			
Statement of activities			
For the year ending 31st December 2016			
CHANGES IN UNRESTRICTED NET ASSETS			
	Notes	2016 (Euro)	2015 (Euro)
Revenue and gains			
Membership fees		203,730	169,955
Total unrestricted revenue and gains		203,730	169,955
Expenses			
audit fees related to current year		5,500	
Bank fees and charges		202	173
OECD administration		147,000	181,000
Conference expenses		1,681	-
Travel and entertainment expenses		2,926	-
Exceptional expenses : audit fees related to previous years	1	11,000	-
Total expenses		168,308	181,173
CHANGES IN UNRESTRICTED NET ASSETS		35,422	- 11,218

FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)

NOTES TO THE FINANCIAL STATEMENTS

Year ending 31 December 2016

1 exceptional expenses : audit fees were not paid and not accounted in 2014 and in 2015

2 The OECD Grant for 2016 is 147 000€. 49 000€ has been paid in 2016 and 98 000€ will be paid in April 2017. 70 000€ has also been paid in january 2016, regarding the OECD Grant for 2015.