FinCoNet
ANNUAL GENERAL MEETING AND INTERNATIONAL SEMINAR

Panel Discussion 1

Lisboa, Portugal, November 23, 2022

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Global Leadership in Financial Supervision

About Toronto Centre

- Toronto Centre was established in 1998
  - Trained 20,000 mid-and-senior supervisors from 190 jurisdictions
  - Annually delivers 80 - 90 training programs to 3,500+ officials
  - Introduced Virtual Supervisory Guidance Assistance to help partner agencies pressing supervisory issues or concerns
  - International Association of Insurance Supervisors implementation partner
  - Women's Leadership Program for female supervisors in Sub-Saharan Africa
  - Since March 2020, we've completed over 240 virtual programs
  - TC Certified Financial Supervisor (CFS) – Launched virtually October 31, 2022
- Celebrating 25 years in 2023

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NEED A REASON?

Punjab National Bank fraud points to Reserve Bank of India failure: Govt

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE — Thursday, August 21, 2014

Bank of America to Pay $16.65 Billion in Historic Justice Department Settlement for Financial Fraud Leading up to and During the Financial Crisis

FINANCE

Sen. Warren asks bank regulator to reject TD's $13.4 billion acquisition after customer-abuse report

PUBL… 43 AM EDT | UPDATED WED, JUN 15 2022 5:21 PM EDT

How the PPI scandal unfolded

Britain's banks have been aggressively selling 'ineffective and inefficient' – but highly profitable – payment protection insurance for more than a decade

U.S. LEGAL NEWS — FEBRUARY 21, 2020 / 1:49 PM

Wells Fargo to pay $3 billion to U.S. … admits pressuring workers in fake-accounts scandal

Australia's financial sector will pay customers $7.2bn for wrongdoing, regulator says

Australian Securities and Investments Commission issues guide for paying compensation and tells companies to pay up quickly

Abraaj Founder Fined Staggering $135M by Du… Regulator

A regulatory body in Dubai is seeking to fine the … staggering penalty of $135.5 million.

By Associated Press | Jan. 27, 2022, at 9:44 a.m.

Westpac misconduct shows banking compliance measures are not working

Bayes banking expert comments on Australian banking giant's governance breaches and subsequent penalty.

Credit Suisse denies wrongdoing after big banking data leak

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The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Australia), February 2019

The report stated that there are 6 norms for conduct which are "well-established, widely accepted, and easily understood"

1. Obey the law;
2. Do not mislead or deceive;
3. Act fairly;
4. Provide services that are fit for purpose;
5. Deliver services with reasonable care and skill; and
6. When acting for another, act in the best interests of that other.

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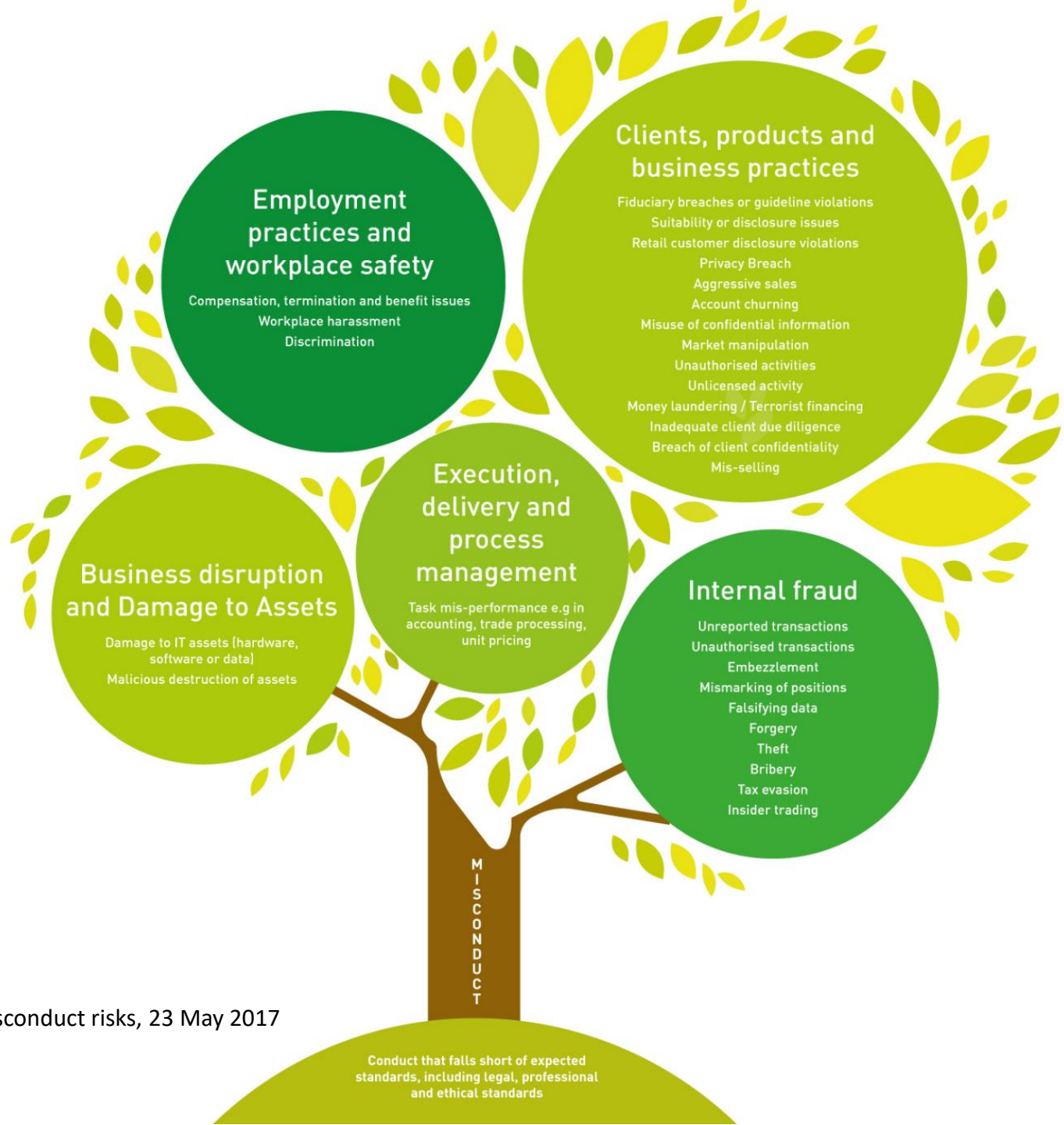
Financial Stability Board: Strengthen governance frameworks to mitigate misconduct risks

Root Causes of Misconduct

- *Culture*
- *Individual accountability*
- *"Rolling bad apples"*
- *People management and incentives*



FSB: Stocktake of efforts to strengthen governance frameworks to mitigate misconduct risks, 23 May 2017

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Financial Inclusion + Stability, Integrity, and Protection (I-SIP) Framework – Key Elements

INCLUSION[U]	STABILITY[V]	INTEGRITY[W]	PROTECTION[X]
• Access to financial services • Use of financial services • Quality of the products and service delivery • Impact of financial inclusion on households' and firms' outcomes	Stability (absence of disturbances) in: • Financial infrastructure • Financial institutions • Financial markets	• Assessment, understanding, management and mitigation of money laundering/ financing of terrorism risks • Customer acceptance policy • Customer and beneficial owner identification, verification, and risk profiling • Ongoing monitoring • Management of information • Reporting of suspicious transactions and asset freezing	• Disclosure and transparency • Fair treatment and business conduct • Data protection and privacy • Dispute resolution mechanisms • Guarantee schemes and insolvency • Financial capability

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Financial Inclusion + Stability, Integrity, and Protection (I-SIP) Framework – Qualitative Indicators

INCLUSION	STABILITY	INTEGRITY	PROTECTION
Access to financial services • % of adults with an account at a formal financial institution Usage • % of adults used mobile phone to make a payment Quality • Average monthly cost to have a basic account, based on the official minimum wage	Financial soundness of deposit-taking institutions • Regulatory capital to risk-weighted assets • Liquid assets to total assets (liquid asset ratio) • % of nonperforming loans	Financial intelligence • Number of suspicious transaction reports received Supervisors appropriately supervise and regulate financial institutions for AML/CFT compliance commensurate with their risks. • Number of onsite AML/CFT monitoring or inspections	Complaints handling and redress • % of consumers who have contacted a consumer protection authority to solve a problem regarding financial services within the past 3–6 months and had their problem resolved within 2 months Fair treatment • % of consumers who have felt mistreated by the staff at a financial institution

Source: Tomilova, Olga, and Myra Valenzuela. 2018. "Financial Inclusion + Stability, Integrity, and Protection (I-SIP): Policy Making for an Inclusive Financial System." Technical Guide. Washington, D.C.: CGAP

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Why is gender relevant to supervision?

Prudential

- Gender-balanced boards and leadership correlates with better risk management and compliance

Conduct and Consumer Protection

- FSPs need to treat all customer segments fairly, including women, to build confidence in financial markets

Equality and inclusion

- Legal duty of equal treatment and non-discrimination does not mean treating women the same as men

Support sustainable, inclusive economic growth

Enabled by technology and data

Source: Toronto Centre. 2021 Gender-Aware Supervision Toolkit https://www.torontocentre.org/index.php?option=com_content&view=article&id=342:test&catid=2&Itemid=99

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