



FINCONET ANNUAL REPORT 2017

Activities from 1 January 2017 to 31 December 2017
2017 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.



Lucie Tedesco
Chair of FinCoNet

Report from the Chair of FinCoNet

It is my pleasure to present the FinCoNet Annual Report for 2017. An account of financial and strategic activities, this report provides us with clear evidence that FinCoNet is growing and evolving. Its mandate and role within the global financial services sector are as relevant and necessary as ever, if not more so.

Financial consumer protection: this is FinCoNet's focus—and, as such, plans, initiatives and resources are directed at identifying, understanding and, ultimately, mitigating risks to financial consumers. To right the balance between the interests of financial institutions and those of every person who uses their products and services, supervisory authorities from all corners of the world participate collaboratively in making FinCoNet what it is. The organisation is an international forum for research, discussions and the exchange of knowledge and ideas on best supervisory practices.

For us to keep progressing down these avenues, we look to increase and diversify the membership. This will enable FinCoNet to continually enhance its capacity to protect and strengthen the well-being of financial consumers and, by extension, the global economy. To date, the organisation has built its reputation and membership by way of work and results. This approach is effective and should continue.

In 2017, FinCoNet reported on sales and lending practices, and the security implications of new technology. Produced by our standing committees, the publications aim to inform and empower the international community of supervisors and regulators. I am grateful to the Chairs and members of these committees for the time and attention they so generously invest in their responsibilities and in FinCoNet.

My thanks also go to members of the Governing Council. It is a privilege to have been elected to lead this executive body comprised of colleagues who consistently bring their expertise and professional insights to FinCoNet initiatives and events. Sincere thanks also to those members who have kindly hosted physical meetings of FinCoNet this year, namely the Central Bank of Ireland and the Financial Services Agency of Japan. My gratitude extends further still to the representatives of the Organisation for Economic Co-operation and Development for keeping all of us involved in the organisation connected and engaged.

Building on the lessons learned from the activities detailed in this annual report, FinCoNet is prepared to address risks and opportunities affecting financial consumers. The information we continuously share and uncover. Our willingness to move forward over terrain fraught with complex situations and issues, and the openness of everyone associated with FinCoNet to work together to realize shared goals. By means of these and other characteristics, our organisation has achieved momentum—a momentum in pace with significant developments within the sector we oversee.



Lucie Tedesco
Chair
FinCoNet

Report of the FinCoNet Governing Council

The Governing Council is responsible for leading and organising the work of FinCoNet. There are currently twelve 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 Annual General Meeting on 27 October 2014 in Shanghai, China, and a further two members at the Annual General Meeting held in Jakarta, Indonesia on 15 November 2016.

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 four 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.

Members of the Governing Council:

Country	Representative	Organisation
Australia	Michael Saadat	Australian Securities and Investments Commission
Canada	Lucie M. A. Tedesco (Chair)	Financial Consumer Agency Canada
China	Wenjian Yu	People's Bank of China
France	Jean-Philippe Barjon (Treasurer)	Autorité de Contrôle Prudentiel et de Résolution, Banque de France
Germany	Thomas Schmitz-Lippert	Federal Financial Supervisory Authority (BaFin)
Indonesia	Hudiyanto Hudiyanto	Financial Services Authority
Ireland	Bernard Sheridan	Central Bank of Ireland
Japan	Mr. Takaaki Hattori	Financial Services Agency
Netherlands	Gert Luting	Netherlands Authority for Financial Markets

Portugal	Maria Lucia Leitão (Vice Chair)	Banco de 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 2017, on 18 January, 6 March, 7 April (physical meeting held in Dublin, Ireland), 29 May, 4 July, 6 October, 14 November (physical meeting held in Tokyo, Japan).

During 2017, 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 additional content was published. - 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	- 4 editions of the Newsletter were published in March, July, October and December 2017. - 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.
Programme of Work update:	<i>Standing Committee 1:</i> - Supervisory Toolbox	Collaboration with the OECD completed 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 FinCoNet Clearspace site on 27 February 2017.
	<i>Standing Committee 2:</i> - Digitalisation of high cost lending	The Standing Committee 2 commenced work on the FinCoNet priority area of Digitalisation of high cost lending.

		<p>A questionnaire was developed and distributed to FinCoNet Members, Associates and Observers and also to the full distribution list of participants of previous FinCoNet surveys, potential members and other interested parties.</p> <p>Following an iterative process conducted among SC2 members, a final version of the draft "Report on the Digitalisation of Short-term High-cost Consumer Credit" was presented at the 2017 AGM held in Tokyo, Japan.</p>
	<p><i>Standing Committee 3:</i> - Online and Mobile Payments</p>	<p>The Standing Committee 3 continued to further work and research on the subject of Online and Mobile Payments, developing a questionnaire which was distributed to FinCoNet Members, Associates and Observers and also to the full distribution list of participants of previous FinCoNet surveys, potential members and other interested parties.</p> <p>A report entitled 'An overview of supervisory practices to mitigate security risks' was developed using the responses received from the survey.</p> <p>A final version of the draft Report was delivered at the 2017 AGM held in Tokyo, Japan.</p>
	<p><i>Standing Committee 4:</i> - Practices and tools required to support risk based supervision in a digital age</p>	<p>Discussions on the FinCoNet Programme of Work and priorities held at the 2016 AGM in Jakarta, Indonesia concluded that the topic of practices and tools required to support risk based supervision in a digital age was a priority area of work for FinCoNet members. Standing Committee 4 was established to develop and oversee the work on this area.</p> <p>A questionnaire was developed and distributed to FinCoNet Members, Associates and Observers and also to the full distribution list of participants of previous FinCoNet surveys, potential members and other interested parties.</p> <p>Preliminary conclusions based on an analysis of the responses received was presented at the 2017 AGM held in Tokyo, Japan.</p>
<p>FinCoNet Open Meeting</p>	<p>Dublin, Ireland</p>	<p>An Open meeting was organised on 7 April 2017 in Dublin, Ireland and was hosted by the Central bank of Ireland. The meeting was held back-to-back with the European Banking Authority's Standing Committee on Consumer Protection and Financial Innovation (SCConFin).</p> <p>Key discussion topics included the work of the FinCoNet Standing Committees and financial innovation and consumer protection.</p>
<p>Leading on Outreach Initiatives</p>	<p>FinCoNet Chair & Secretariat</p>	<p>Progress was made on identifying potential new FinCoNet member authorities and contacting them to provide</p>

information on FinCoNet and invitations to attend Open meetings as ad hoc Observers. Follow up with the authorities identified was also made and four new FinCoNet Members were confirmed in 2017.

Members of the FinCoNet Governing Council also attended many meetings on behalf of FinCoNet in order to increase the visibility of the organisation and the work undertaken. A selection of the meetings attended by GC members can be found below:

- G20/OECD Task Force on Consumer Protection (Paris, France) 14-15 March 2017 and 10 October 2017
- Eurofinas spring Board meeting, Brussels, 21 March 2017
- GPFJ Forum and Plenary, Berlin, 02-04 May 2017



Flore-Anne Messy

Head of the FinCoNet Secretariat, OECD

Report of the Secretariat

The Organisation for Economic Cooperation and Development (OECD) serves as the FinCoNet Secretariat and provided a wide range of administrative, analytical and logistical support to the FinCoNet during the year. André Laboul the previous Head of the FinCoNet secretariat has been called to other functions within the organisation and is replaced by Flore-Anne Messy.

Main Activities During 2017

Supporting the membership

In addition to supporting and assisting the FinCoNet Chair, Governing Council and members, the Secretariat provided support and expertise to the Standing Committee Chairs and team members.

The Secretariat continued to support the work of Standing Committee 1 in the final stages of the development of the Supervisory Toolbox and undertook the launch of the Supervisory Toolbox on the FinCoNet Clearspace site. The Secretariat also supported the project work of Standing Committees 2, 3 and 4 in the development and distribution of questionnaires to FinCoNet Members, Associates, Observers and other interested parties, as well as assisting with the reports that were presented to the FinCoNet Members for comments at the 2017 AGM held in Tokyo, Japan.

The Secretariat also assisted FinCoNet members in the preparation of the joint work to be undertaken together with the G20 OECD Task Force on Financial Consumer Protection and the OECD International Network on Financial Education on short-term consumer credit.

Finally, the Secretariat assisted the membership in the discussion and definition of the programme of work for 2018 and onwards that took place at the 2017 AGM in Tokyo.

Outreach

In addition to supporting the existing members, the Secretariat continued to work with the Chair and others to build the FinCoNet membership base. Outreach activities included contacting and following up with potential new members, and drafting a template letter at the request of the FinCoNet Chair, to be used to contact potential new FinCoNet members. FinCoNet Membership in 2017 has increased to 24 Members, 1 Associate and 6 Observers. Four new members are the Bank of Russia, the National Bank of Angola, the Autorité des marchés financiers du Québec and the Superintendency of Banking,

Insurance and Private Pension Fund Administrators of Peru. Discussions are ongoing with other potential members.

The Information Brochure for Non-Members was also updated and published.

FinCoNet's outreach strategy is expected to be strengthened in the future especially vis-à-vis low income countries through the proposed change in fee structure, which was first presented by the Secretariat, in co-ordination with the Chair and Vice-Chair, at the Governing Council meeting that took place in Dublin.

Coordinating meetings

In 2017 the second FinCoNet Open Meeting was hosted by the Central Bank of Ireland in Dublin, Ireland on 7 April 2017, and was held back to back with the European Banking Authority's Standing Committee on Consumer Protection and Financial Innovation (SCConFin).

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 involved in the organisation of this meeting and in providing the key documents (agenda, summary record etc.). The Secretariat also organised a physical meeting of the FinCoNet Governing Council in Ireland on 7 April.

The FinCoNet 2017 Annual General Meeting was held in Tokyo, Japan on 14-15 November 2017, hosted by the Financial Services Agency of Japan. Promotion of the Annual General Meeting, and the accompanying International Seminar, helped to ensure the participation from the full membership base of FinCoNet, and was used to raise interest from potential new members in the Asian region.

Work was also commenced on the logistical organisation of the March 2018 Open Meeting, to be held back-to-back with the G20 OECD Task Force on Financial Consumer Protection in Paris, and the 2018 FinCoNet Annual General Meeting to be held in Brasilia, Brazil, in co-operation with the Central Bank of Brazil.

In addition to in person meetings, the Secretariat coordinated and provided administrative support for the meetings of the FinCoNet Standing Committees, Governing Council conference calls and other ad hoc meetings by phone.

Administration and communication

In 2017, the Secretariat facilitated the FinCoNet elections, in which the mandates of several Governing Council Members were renewed.

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 providing documents to members in time for review prior to telephone conference calls and meetings.

The Secretariat continued support for the development and maintenance of the FinCoNet website and member-only Clearspace site, including providing technical assistance to members in the creation and utilisation of their Clearspace accounts.

The Secretariat also collated and published four editions of the FinCoNet newsletter and the 2017 Annual Report.

Communication activities also involved responding to requests for information from individual countries and other international organisations and standard setting bodies.

The Secretariat also provided the Annual Budget of the Organisation and support for the FinCoNet Treasurer

Plans for 2018

The Secretariat and other project activity are expected to continue during 2018. In particular, the Secretariat will maintain its current level of logistical and analytical contributions to FinCoNet work and projects during 2018, and could potentially increase its analytical contribution substantially if resources were to be increased during this timeframe.

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

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 number of new members during 2018 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.



Flore-Anne Messy
Head, FinCoNet Secretariat

FinCoNet Members, Associates and Observers 2017

Members

Angola	National Bank of Angola
Australia	Australian Securities and Investments Commission
Brazil	Central Bank of Brazil
Canada	Financial Consumer Agency of Canada
Canada	Autorité des Marchés Financiers
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
Peru	Superintendency of Banking, Insurance and Private Pension Fund Administrators of Peru
Portugal	Central Bank of Portugal
Russian Federation	The Bank of Russia
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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Fernando Tejada
FinCoNet Treasurer

Report of the Treasurer

SUBJECT: FINCONET ACCOUNTS AS OF 31 DECEMBER 2017

Dear Governing Council Members,

Fernando Tejada from the Bank of Spain, was elected new FinCoNet Treasurer in the AGM held in Tokyo in November 2017 as from 1st January 2018. According to the information provided by the former Treasurer, Jean-Philippe Barjon referred to 2017, the current Treasurer is pleased to report that during the year ended 31 December 2017, FinCoNet established a solid financial basis upon which to build and develop activities in the coming years.

Membership fees were received in the course of 2017 from all but one FinCoNet Member and one Associate. The total amount effectively received during 2017 was EUR 229.970, being EUR 17.500 pending at the end of the year

Membership fees were the sole source of income in 2017.

On the cost side, the major expense incurred by the Organisation during 2017 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 154.350.

A detailed description of the services provided in 2017 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.

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 2017, they reach an amount of EUR 184.751.

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

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.

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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 blue ink, appearing to read 'Fernando Tejada', with a long vertical line extending downwards from the end of the signature.

Fernando Tejada

Treasurer

International Financial Consumer Protection Organisation

Dated: 8 September 2017

2017 Membership Fee Payments

Angola	Germany	Luxembourg	Saudi Arabia
Australia	Indonesia	Mauritius	South Africa
Brazil	Ireland	Norway	Spain
Canada x 2	Italy	Peru	United Kingdom
France	Japan	Portugal	
	Korea	Russian Federation	European Commission



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, 2017, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

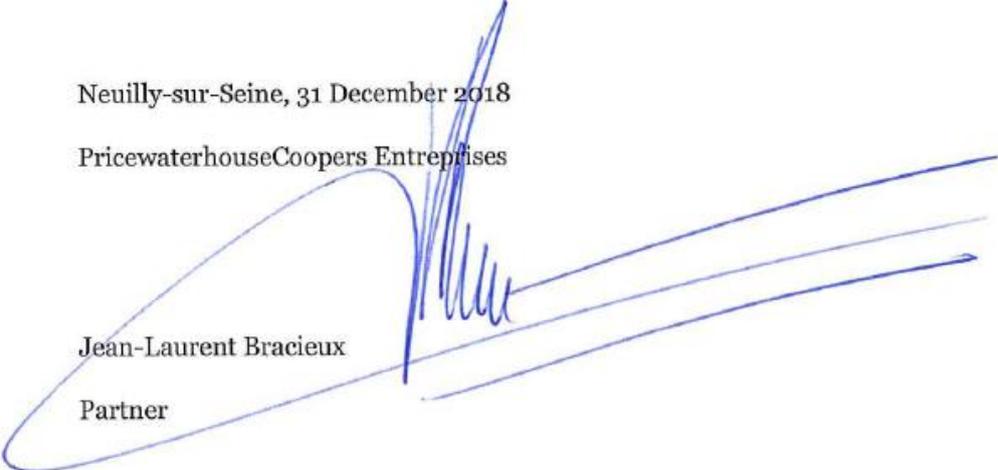
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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, 31 December 2018

PricewaterhouseCoopers Entreprises

Jean-Laurent Bracieux

Partner



FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)			
Statement of financial position			
As per 31 December 2017			
Assets	Notes	2017 (Euro)	2016 (Euro)
Cash at bank	1	362 692	242 485
Short term deposit			-
Interest accrued			-
Sundry debtors and prepayments	2	17 500	-
Total		<u>380 192</u>	<u>242 485</u>
Liabilities and net assets			
Prepaid membership fees			
Supplier debt	3	11 000	16 500
Accrued expenses	4	154 350	98 000
Total liabilities		<u>165 350</u>	<u>114 500</u>
Net Assets		<u>214 842</u>	<u>127 985</u>
Unrestricted Net Assets & Reserves			
Retained earnings before transfer		97 894	62 472
Changes in unrestricted net assets for the current year		86 857	35 422
		<u>184 751</u>	<u>97 894</u>
Transfer from Special Reserve		-	-
Transfer to Contingency Reserve		-	-
Retained Earnings after transfer		<u>184 751</u>	<u>97 894</u>
Special Reserve			
Contingency Reserve		30 091	30 091
Total Funds		<u>214 842</u>	<u>127 985</u>

FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)			
Statement of activities			
For the year ending 31st December 2017			
CHANGES IN UNRESTRICTED NET ASSETS			
	Notes	2017 (Euro)	2016 (Euro)
Revenue and gains			
Membership fees		247 470	203 730
Total unrestricted revenue and gains		<u>247 470</u>	<u>203 730</u>
Expenses			
audit fees related to current year		5 500	5 500
audit fees adjustment related to previous years		109	
Bank fees and charges		370	202
OECD administration		154 350	147 000
Conference expenses		264	1 681
Travel and entertainment expenses			2 926
Exceptional expenses : audit fees related to previous years			11 000
Total expenses		<u>160 613</u>	<u>168 308</u>
CHANGES IN UNRESTRICTED NET ASSETS		<u>86 857</u>	<u>35 422</u>

FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)

NOTES TO THE FINANCIAL STATEMENTS

Year ending 31 December 2017

1 Cash at bank at 31/12/2017.

2 Pending fees from The Netherlands and South Africa Treasury

3 PWC fees for 2017 (5.600) and 2014 (5.600)

4 The OECD Grant for 2017 is 164.360 € and will be paid in 2018.