

CONTENTS

Welcome	1
In Focus	2
Current Issues Forum	8
Auto Finance: extended-term loans in Canada	8
The BCBS advances on consumer protection in its financial inclusion guidance	9
Third GPFI-FSI/BIS Conference on Standard-Setting Bodies and Innovative Financial Inclusion	11
CGAP-TC Digital Financial Inclusion Supervision training	11
IAIS publishes Application Paper on Approaches to Supervising the Conduct of Intermediaries	12
The late payment regime for credit agreements (the Portuguese approach)	12

Welcome to the FinCoNet Newsletter

Welcome to the third 2016 edition of the FinCoNet newsletter.

This edition of the Newsletter brings with it a new FinCoNet Chair, Ms. Lucie Tedesco, Commissioner at the Financial Consumer Agency of Canada and former Vice Chair of FinCoNet.

Ms. Tedesco was nominated as the FinCoNet Chair during the FinCoNet Annual General Meeting held in Jakarta, Indonesia on 15 November 2016, and will take over the reins from Mr. Bernard Sheridan, Director of Consumer Protection at the Central Bank of Ireland. The FinCoNet Members express their gratitude for the on-going commitment and engagement of both Mr. Sheridan and Ms Tedesco within FinCoNet.

In addition, Ms. Maria Lúcia Leitaó, Head of the Banking Conduct Supervision Department at the Bank of Portugal was nominated as FinCoNet Vice-Chair and two new members were welcomed to the FinCoNet Governing Council - BaFin, Germany and OJK, Indonesia. The Governing Council Members look forward to their on-going collaboration.

In Focus

In Focus...

Introducing the new FinCoNet Chair, Lucie Tedesco



On November 15, Lucie Tedesco, Commissioner of the Financial Consumer Agency of Canada (FCAC), was appointed Chair of FinCoNet. From 2013, the year FinCoNet was formally established, she held the position of Vice-Chair.

Lucie strongly believes in FinCoNet's capacity to influence policy and address consumer protection challenges within the international financial services sector. She recently sat down with us to answer a few questions, introduce herself and provide us a glimpse of her vision for FinCoNet.

Question 1: What type of leadership can members expect from you?

Rather than answering this one herself, Lucie suggested that we seek responses from others who have worked with her a long time and know her well. As you will see, there are common themes in what her close colleagues had to say about her leadership style.

“Lucie is a collaborative leader. She is a strong, thoughtful and knowledgeable regulator whose decisions are guided by vision, and who protects consumers and ensures that they have the knowledge, skills and confidence to make informed financial decisions.”

Jane Rooney, Financial Literacy Leader of Canada, FCAC; Canada’s representative, OECD International Network on Financial Education

“I’ve enjoyed working with Lucie at the international level since 2013, and she has been an important force in building FinCoNet since those early days. Lucie’s professional approach is rooted in collaboration and cooperation, essential elements in expanding our global effort to capitalise on each country’s experience and knowledge in promoting financial consumer protection. I know that she will succeed in realising her vision of taking FinCoNet to new levels by broadening our membership and deepening our engagement, to the benefit of consumers worldwide.”

Bernard Sheridan, Director, Consumer Protection, Central Bank of Ireland and former Chair, FinCoNet

Question 2: What are your priorities for the organisation?

One of my priorities is to increase membership. I would like to see the size of our organisation and the mix of professionals grow and become increasingly diverse. This will enrich the experiences and outcomes of our collaborative efforts.

FinCoNet is a small network with big potential. To realise the possibilities of tomorrow, we also have to operate on what I call a “planful” basis, in choosing our projects. By this, I mean our plans and goals have to be realistic, resourceful and effective.

Collaboration with other international organisations will also be key for FinCoNet going forward. As we’re seeing with the ongoing growth and impact of fintech, it is only a matter of time before a trend or an issue affecting one country emerges within another country.

This is the time for international organisations to work together on projects, each carrying out distinct but complementary responsibilities. The G20/OECD Task Force on Financial Consumer Protection and the International Network for Financial Education are two organisations that jump to mind as potential partners. Partnerships will enable us to expand our efforts and results and more complete work projects.

Question 3: What are the advantages of FinCoNet that you’d like to share with potential members?

FinCoNet membership offers unmatched privileges. We have access to excellent information and engage in fruitful discussions. We are also positioned to strengthen and apply our collective influence on the international agenda.

On a day-to-day basis—that is, outside the context of our formal meetings and other planned settings—membership means being able to turn to one another for advice and fresh ideas. When I’m working in my office in Ottawa, Canada, facing an emerging consumer protection issue, I know I can reach out to my FinCoNet colleagues who may have dealt with, or be dealing with a similar issue. This “virtual” collegiality helps all of us step up our game, to the benefit of financial consumers.

One of the many benefits of membership I particularly appreciate is getting advance notice about those issues that have not yet emerged at home. For example, at our meeting in Amsterdam last spring, I learned that selfie photos were being used to identify MasterCard holders. This wasn’t happening in Canada at the time, but it certainly was a few months later.

The message I have for anyone considering joining is this: You are welcome. Your participation is valuable. With the pace and nature of changes in the financial services sector, none of us can grasp or solve every issue on our own. Let’s learn together and support one another in navigating the changes and challenges ahead.

In Focus...

FinCoNet Governing Council

The FinCoNet Governing Council is responsible for leading and organising FinCoNet and acts in the best interests of the organisation. There are currently twelve members on the Governing Council.

Country	Representative	Organisation
Australia	Greg Kirk, 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	Autorité de Contrôle Prudentiel et de Résolution, Banque de France
Germany	Thomas Schmitz-Lippert	Federal Financial Supervisory Authority
Indonesia	Kusumaningtuti S. Soetiono	Financial Services Authority
Ireland	Bernard Sheridan	Central Bank of Ireland
Japan	Takaaki Hattori	Financial Services Agency
Netherlands	Gert Luting	Netherlands Authority for Financial Markets
Portugal	Maria Lucia Leitão (Vice-Chair)	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)

In Focus...

New FinCoNet Member: Bank of Mauritius

The Bank of Mauritius officially joined the International Financial Consumer Protection Organisation (FinCoNet) in May 2016.

The decision by the Bank of Mauritius to become a FinCoNet member is motivated by the central bank's endeavour to align protection of consumers of financial services in Mauritius with international best practices. Being part of FinCoNet will undoubtedly put the Bank of Mauritius in a privileged position to take stock of the evolution of consumer protection in the banking industry around the world. The Bank of Mauritius is represented by a Deputy Governor on FinCoNet.

Whilst the FinCoNet membership stands as a vantage point that will provide the Bank of Mauritius with the capacity to benefit from the know-how of peers and thus take proactive steps with regard to the improvement of the legal framework and the implementation of consumer protection initiatives, it will also enable the Bank of Mauritius to share its experience. The notion of protecting the interests of consumers has taken greater significance in the wake of the 2007-08 global financial crisis. The impact of the crisis on financial institutions has driven central banks to put consumer protection and financial access on the list of their priorities. This is of particular relevance in a low-yield environment which sometimes drive banks to increase non-interest fees, charges and commissions to levels that may be deemed abusive.

Beyond discharging its core responsibilities of regulating the banking industry and ensuring the stability and soundness of the financial system as spelt out in the Bank of Mauritius Act 2004 and the Banking Act of 2004, the Bank of Mauritius strives to create conducive conditions for financial institutions not only to tailor their services to the needs of the market, but also to treat customers fairly and responsibly. The Bank of Mauritius adheres to the G20 high-level principles on financial consumer protection. These high-level principles were developed as a response to the G20 Finance Ministers and Central Bank Governors call in February 2011 for the OECD, the Financial Stability Board and other relevant international organisations to develop common principles on consumer protection in the field of financial services.

Several other local entities work towards protecting consumers in Mauritius. Amongst these is the Financial Services Commission, which is the independent regulator for non-banking financial services and Global Business. Beyond ensuring that investors are duly protected and their interests safeguarded, the Financial Services Commission is mandated to promote public understanding of the financial system and create awareness on the risks associated with different kinds of investment and taking necessary measures for the better protection of

consumers of financial services.

Non-Governmental Organisations (NGOs) such as the Institute for Consumer Protection (ICP) and the Association des Consommateurs de l'Île Maurice (ACIM) are also very active with regard to consumer protection issues. These two organisations are both reckoned as pressure groups that voice out their concerns as a watchdog.

In the last decade, a number of milestones were reached on the path of consumer protection in Mauritius. In 2004, the Bank of Mauritius was endowed with enhanced powers to protect customers of financial institutions. The modernised law in effect allowed for the Bank to “develop and promote such programmes and initiatives, where it thinks necessary in collaboration with financial institutions or bodies representing the financial institutions, to inform and educate customers or potential customers of financial products and financial services.”

Another major step forward was the setting up of the Mauritius Credit Information Bureau (MCIB) in 2005. This platform is hosted by the Bank of Mauritius. It collects information from lenders on credit facilities granted to both individuals and firms with a view to providing to prospective lenders a complete picture on borrowers' financial commitments. The main objective of the MCIB is to ensure the development of an overall sound credit environment by discouraging over-indebtedness.

In August 2013, the Bank of Mauritius issued the Guideline on Complaints Handling Procedures. The Guideline details a broad range of measures to be implemented by financial institutions when dealing with complaints and grievances from their customers and when reporting information thereon to the Bank of Mauritius. All banks now have a complaint desk and only the issues that cannot be resolved through direct interaction between clients and banks are referred to the Bank of Mauritius.

Effective consumer protection also demands a proper legal framework. The current relevant legislation consists of the Borrower Protection Act voted by Parliament and proclaimed in 2007. This law has enhanced collaboration between regulators and law enforcement agencies to safeguard the interest of customers borrowing funds from financial institution up to a specific threshold. The Borrower Protection Act clearly sets out the obligations of lenders in providing clear information on the terms and conditions governing the grant of any credit facility.

The Bank of Mauritius is taking the protection of borrowers to yet another level with the project of establishing an Asset Management Company (AMC). The AMC will help banks improve the handling and management of non-performing loans whilst also seeing to it that borrowers benefit from the best possible value for collaterals they have provided. In parallel, the setting up of a Deposit Insurance Scheme is expected to protect depositors and guarantee the repayment of part of their deposits in case a bank or non-bank deposit taking institution licensed by the Bank of Mauritius fails.

FinCoNet stands as a key platform for keeping abreast of trends in consumer protection and how these impact the market and steer consumer-centric strategies. Being part of such a global network as FinCoNet is of significance to the Bank of Mauritius, especially in the context of creating not only a modern and resilient Mauritian banking industry, but also one that is respectful of consumer demands and rights.

For more information, please visit the webpage of the Bank of Mauritius at <https://www.bom.mu>.

Current Issues Forum

Auto Finance: extended-term loans in Canada

Contributor: Teresa Frick, Financial Consumer Agency of Canada.

The Financial Consumer Agency of Canada (FCAC) recently conducted research in the auto-lending space to better understand market conduct, regulatory frameworks, and growing microeconomic risks. The report focuses on auto loans offered by federally regulated lenders and the risks posed to consumers by extended-term loans.

Canadians brought home 1.9 million new vehicles in 2015, setting a record for the third consecutive year. Record sales have been accompanied by a significant expansion of Canada's auto finance market, which has nearly doubled in size over the past eight years, from roughly \$60 billion to \$120 billion. The expansion of consumer debt in auto loans has outpaced that of all other forms of household credit, including mortgages.

Until recently, the financing arms of automobile manufacturers were the dominant participants in Canada's auto finance market. During the Financial Crisis and subsequent recession, manufacturers pulled back and federally regulated entities increased their share to close to half of the auto finance market. This shift was accompanied by a move away from leasing towards extended-term auto loans. Extended-term loans (ETL) are defined as loans with terms in excess of five years.

Longer term auto loans significantly increase consumers' vulnerability to financial risks, borrowing costs, and negative equity risks. More consumers are drawing payments out over periods of 72, 84 and 96 months. The trends toward more extended-term loans and growing consumer

leverage are of concern, particularly at a time when consumers are already carrying high levels of debt.

In some cases, the availability of extended-term loans appears to be encouraging consumers to buy more vehicle than they can afford. Delinquency and default rates are much higher for auto loans with terms in excess of 60 months. There has been a clear trend towards the purchase of larger and more expensive vehicles in Canada. Luxury brands are the fastest growing segment, while passenger car sales have been falling.

Consumers are focusing on the size of their monthly or bi-weekly payment and neglecting to compare the overall cost of different types of vehicles or different types of financing. Excessive outlays on vehicles could aggravate microeconomic risk, especially since many households are already highly indebted.

The Agency's research found that the average loan term for new vehicle purchases has increased by nearly two months every year since 2010, reaching 74 months in 2015. ETLs now make up approximately 60 percent of the auto loan portfolios of Canada's largest lenders. And demand is still growing. Indeed, ETLs are the fastest growing category of auto loan at the large banks investigated by FCAC. More than 70 percent of new auto loan bookings at the large banks have extended terms.

ETLS increase consumers' exposure to negative equity risk. Negative equity occurs when a consumers' outstanding auto loan

obligation exceeds the market value of the vehicle securing the loan. The industry describes these consumers as underwater or upside down. Vehicles depreciate rapidly over the first year of use, and the portion of each loan payment dedicated to interest is larger during those first two years than it is later in the term. Consequently, negative equity tends to peak early in the second year.

When consumers are carrying negative equity it can be more difficult for them to break the loan if they can no longer afford the payments. In addition, consumers who are carrying negative equity may find themselves on an “auto-debt treadmill” as they refinance negative equity into new auto loans and perpetually make payments on the car they are driving as well as the car they used to drive. These so-called

consolidated auto loans have higher loan-to-value (LTV) ratios, which makes the probability and magnitude of loss higher for lenders.

FCAC monitors auto finance trends closely because the market impacts a large number of consumers. Outside of the country’s largest cities, most Canadians rely on automobiles to get to work and care for their families. Automobiles are the most widely held nonfinancial asset in Canada. When the time comes to purchase a vehicle, most consumers rely on the auto finance market. Buying a vehicle is a significant life event, and automobiles are an important part of the debt households carry. While record sales are evidence of an efficient auto finance market, the Agency has serious concerns about the trend towards extended-term loans. The full report can be found [here](#).

The BCBS advances on consumer protection in its financial inclusion guidance

Contributor: Juan Carlos Izaguirre, Senior Financial Sector Specialist at CGAP, and member of the Basel Consultative Group’s Financial Inclusion Workstream

In September 2016, the Basel Committee on Banking Supervision (BCBS) – the primary global standard-setter for the prudential regulation of banks – issued its [Guidance on the application of the Core Principles for Effective Banking Supervision](#) to the regulation and supervision of institutions relevant to financial inclusion. For the first time, the Guidance addresses financial consumer protection and market conduct issues of relevance to different Core Principles. It intends to help prudential supervisors apply a proportionate approach to the regulation and supervision of financial institutions working to reach the approximately two billion adults currently unserved or underserved by formal financial institutions, including through innovations in products, services and delivery channels.

Based on a subset of 19 Core Principles deemed most relevant to financial inclusion, the Guidance provides a comprehensive view of the risks presented by banks and non-bank financial institutions engaged in financial inclusion-related activities, recognizing the linkages between the core safety and soundness objective of banking supervision and the financial consumer protection and financial integrity objectives. The Guidance takes into account the risks that financial exclusion may pose to the safety and soundness of the financial system. Similarly, the Guidance considers that financial inclusion policies should be accompanied with proportionate consumer protection policies that ensure that all financial institutions offering similar products follow minimum rules of conduct vis-à-vis consumers and do not engage in business

practices that may cause harm to consumers, thereby introducing risks to the long-term health of the financial sector.

As today's landscape of financial services can quickly move beyond the remit of a traditional banking supervisor, this document provides guidance statements that may be useful to not only prudential supervisors, but also to payments overseers, non-bank financial sector authorities, telecommunications regulators overseeing non-financial firms participating in innovative financial services, as well as financial consumer protection authorities.

The Guidance underscores the need for coordination and collaboration among prudential authorities, authorities with financial consumer protection responsibilities, and other relevant authorities (Core Principle 3); as well as the importance of considering financial consumer protection aspects at the licensing stage (Core Principle 5) and during ongoing supervision – through adequate supervisory techniques and tools (Core Principle 8), and reporting requirements (Core Principle 10).

From a regulatory standpoint, the Guidance reflects on the need for financial institutions to establish and communicate their corporate culture and values, including fair treatment of customers, ensuring that they are upheld by parties to whom they outsource functions (Core Principle 14). Also, the Guidance emphasizes the importance of requiring and determining that financial institutions have adequate policies and processes to manage consumer protection risks (Core Principle 15), monitoring and avoiding over-indebtedness (Core Principle 17), and that they have the necessary internal controls and information

systems ensuring that consumer protection risks are appropriately managed (Core Principle 25).

For the first time, the BCBS also provided explicit guidance statements on consumer protection relevant to financial supervisors in Annex A of the Guidance. This Annex employs the G20/OECD High-level Principles on Financial Consumer Protection as a framework to offer guidance for supervisors of financial institutions engaged in financial inclusion activities that also have a financial consumer protection mandate, such as guidance on legal, regulatory and supervisory frameworks; role of oversight bodies; fair treatment of consumers; disclosure and transparency; financial education and awareness; responsible business conduct; protection of consumer assets against fraud and misuse; data and privacy protection; complaints handling and redress; and competition.

The Guidance builds on important past work by the BCBS, including a report released in 2015 on the [Range of practice in the regulation and supervision of institutions relevant to financial inclusion](#) and the guidance set forth in the BCBS's 2010 [Microfinance activities and the Core Principles for Effective Banking Supervision](#), and reflects comments received on a [consultative version](#) of the Guidance published in December 2015.

The Guidance is available on the [Bank for International Settlements](#) website. For further information on this document, please contact Juan Carlos Izaguirre (iizaguirre@worldbank.org)

Third GPFI-FSI/BIS Conference on Standard-Setting Bodies and Innovative Financial Inclusion

Contributor: CGAP

At the [Third GPFI-FSI/BIS Conference on Standard-Setting Bodies and Innovative Financial Inclusion](#), on October 26-27, representatives from standard-setting bodies (SSBs) and other policymakers advanced dialogue on supervision of digital financial inclusion. Organized by the Regulation and SSBs Subgroup of the G20's Global Partnership for Financial Inclusion (GPFI) and hosted by the Financial Stability Institute (FSI) of the Bank for International Settlements (BIS) in Basel, the conference brought together governments, regulators, supervisors and overseers, and global standard-setting bodies with the theme "[New Frontiers in the Supervision and Oversight of Digital Financial Services](#)." FinCoNet participated for the first time in a GPFI SSBs conference.

Participants underlined the benefits of digital technologies by revolutionizing access to finance and bringing much needed services to the world's two billion financially unserved and underserved. The need to strike the right balance between encouraging financial innovations, protecting consumers and protecting the soundness of financial systems underpinned a call for collective action, both at the domestic level and at the global level, as noted by BIS General Manager, [Jaime Caruana in his welcoming remarks](#). The conference – and FinCoNet's participation – represent an example of such joint engagement.

CGAP-TC Digital Financial Inclusion Supervision training

Contributor: CGAP

The [Consultative Group to Assist the Poor \(CGAP\)](#) and the Toronto Centre recently piloted a weeklong Digital Financial Inclusion Supervision training program. Hosted by the Bank of Tanzania, 25 participants from 6 countries across the region attended the training, which focused on good practices and ways to cope with digital financial inclusion challenges and the ever-expanding supervisory perimeter. The training also covered timely issues such as proportional regulation and supervision;

supervisory mandate; structure and capacity; supervision of banks and nonbanks operating through agents; consumer protection in digital finance and protection of customer assets; AML/CFT; and interoperability.

For further information on the Digital Financial Inclusion Supervision training program see [here](#), and contact Ivo Jenik (ijenic@worldbank.org).

IAIS publishes Application Paper on Approaches to Supervising the Conduct of Intermediaries

Contributor: Peter Cooke, IAIS

On 9 November 2016, the IAIS adopted an *Application Paper on Approaches to Supervising the Conduct of Intermediaries*.

The Application Paper recognises the key role that insurance intermediaries have in building and justifying public confidence and trust in the insurance sector. It is therefore important that they conduct their business with due skill, care and diligence.

The paper documents ideas on approaches that IAIS Members may wish to consider when developing or revising a regime for the supervision of intermediaries, including when implementing ICP 18 (Intermediaries) and the relevant aspects of ICP 19 (Conduct of business), and incorporating them into their broader supervisory frameworks.

This paper supplements the IAIS's *Application Paper on Approaches to Conduct of Business Supervision*. Whilst that paper focuses on conduct of business by insurers, this Application Paper addresses conduct of business by intermediaries, reflecting the fact that customers should be protected equally regardless of whether they obtain cover directly from an insurer or through an

insurance intermediary. The supervisory framework should take account of all relevant industry participants, to ensure fair treatment of customers.

The paper builds on the results of a survey of IAIS Members, conducted in 2015, which sought information on their approaches to intermediary supervision. The paper:

- describes the different types of intermediaries and the diversity of intermediation;
- discusses approaches to intermediary supervision within the overall supervisory framework; and
- outlines supervisory requirements and approaches that promote good conduct of business by intermediaries.

In doing so, it includes a number of examples of supervisory and approaches in IAIS Member jurisdictions.

The paper is publicly available on the IAIS website at: <http://www.iaisweb.org/page/supervisory-material/application-papers>.

The late payment regime for credit agreements (the Portuguese approach)

Contributor: Mariana Júdice, Banco de Portugal

In the context of over-indebtedness, it is extremely important to guarantee the right balance between institutions and bank customers in case of arrears, ensuring compensation to institutions, but also providing bank customers with the means to overcome the situation. It is also necessary to ensure clear and transparent rules,

promoting a level playing field for institutions with regard to the amounts that can be charged to bank customers in the event of late payment.

It was in this context that Portugal decided to review the rules applicable to late payment in credit agreements, limiting the contractual freedom of the parties, by

imposing caps on late payment interest and on the collection of fees by institutions in such cases. These new rules were set out in Decree-Law No 58/2013 of 8 May 2013¹, which revised and updated the previous regime applicable, which had been in force for more than 30 years.

This law provides a specific regime on late payment in credit agreements, defining rules to be applied by credit institutions, financial companies, payment institutions, electronic money institutions and other entities supervised by Banco de Portugal. These rules apply to all bank customers (and not only to consumers).

Considering this specific scope, this law constitutes a special regime that derogates from the general framework (i.e. civil and commercial law) applicable to late payment in other agreements. In addition, it does not apply to compensation (interest, fees or other amounts) due in the event of definitive breach of contract, which shall be settled by the courts.

One of the main features of this law is the imposition of a general prohibition on charging fees and expenses related to late payment, even as a penalty clause. In fact, institutions may only charge in the case of a late payment by the debtor:

- Late payment interest, by applying a maximum annual surcharge of 3%, added to the conventional interest rate of the credit operation;
- A fee for the recovery of the amounts due, which cannot exceed 4% of the overdue and unpaid instalment, with a minimum of

€12.00 and a maximum amount of €150.00. This fee may only be charged once, for each unpaid instalment, regardless of whether the customer remains in arrears;

- Expenses incurred by institutions after default, paid on behalf of the debtor to third parties (namely payments to registry offices, notary offices or taxes), provided that the relevant documentary evidence is presented to the debtor.

The new regime also introduces some changes in interest capitalisation, allowing the capitalisation of conventional interest, overdue and unpaid, for periods of one month or more but only if there is a written agreement between the parties. It also establishes that, for the purposes of late payment interest, conventional interest included in each overdue and unpaid instalment may only be capitalised once.

In the exercise of its banking conduct supervision mandate, Banco de Portugal is responsible for monitoring compliance with the new late payment regime, and also for sanctioning the infringements of its provisions.

In fact, following the entry into force of the regime, Banco de Portugal conducted offsite inspections to analyse pricelists. The main purpose of those actions was to ensure compliance with the provisions related with the maximum payment interest surcharge and with the prohibition on charging fees and expenses, except for the fee for the recovery of amounts due. Banco de Portugal also supported the implementation of this regime by supervised institutions, namely by publishing several understandings on this subject in the 2013 Banking Conduct Supervision Report² and by developing specific contents about the

¹ For further information, consult the English version of Decree-Law No 58/2013, of 8 May 2013, on page 54 of our brochure “ARREARS ON CREDIT Prevention and settlement of arrears on credit agreements with household customers” (<http://clientebancario.bportugal.pt/SiteCollectionDocuments/Prevention%20and%20settlement%20of%20arrears%20on%20credit%20agreements%20with%20household%20customers.pdf>).

² For further information, please see Banco de Portugal, Relatório de Supervisão Comportamental 2013, available at <http://clientebancario.bportugal.pt> (in Portuguese only).

late payment regime for the Bank Customer Website, which constitutes an important source of information for bank customers and for supervised institutions.

Banco de Portugal continues to monitor the conduct of institutions on this subject both through on-site inspections to the central services of the institutions and through the analysis of complaints presented by bank customers. In this context, Banco de Portugal bases its action mainly on the analysis of credit agreements, bank statements and other relevant documents previously collected, which enable Banco de Portugal to assess concrete situations of late payment, namely in terms of the amounts charged by institutions to bank customers under such circumstances.

Exercising enforcement powers also reflects the oversight that Banco de Portugal has been performing within the late payment regime. In fact, Banco de Portugal is empowered to issue specific orders to correct non-compliance with that regime by supervised institutions, and also to impose penalties to institutions in case of more severe infringements, by initiating administrative proceedings.

The results of the supervisory activities of Banco de Portugal with regard to the late payment regime are published in the Banking Conduct Supervision Reports, available at the Bank Customer Website³. These reports present detailed information, including in what respects to the main inspections undertaken by Banco de Portugal and the results of the exercise of its enforcement powers, according to the products and subjects involved.

³ For further information, please see Banco de Portugal, Relatório de Supervisão Comportamental 2015, available at <http://.cliente bancario.bportugal.pt> (in Portuguese only).

FinCoNet

Established in 2013, 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 promotes sound market conduct and strong consumer protection through efficient and effective financial market conduct supervision.

Each member of FinCoNet has 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.

FinCoNet's initial focus is on banking and credit consumer issues.

Contacts

FinCoNet Chair

Ms. Lucie Tedesco
Lucie.Tedesco@fcac-acfc.gc.ca

FinCoNet Secretariat

Mr. André Laboul
andre.laboul@oecd.org

Ms. Flore-Anne Messy
Flore-anne.messy@oecd.org

FinCoNet Vice-Chair

Ms. Maria Lucia Leitao
mleिताo@bportugal.pt

Mr. Mike Chapman
Michael.chapman@oecd.org

Mr. Andrea Grifoni
Andrea.grifoni@oecd.org

Ms. Sally Day-Hanotiaux
Sally.day-hanotiaux@oecd.org