

**FINCONET MEMBER SURVEY
ON CROSS-BORDER TRANSACTIONS**

**CONDUCTED BY FINANCIAL SERVICES AGENCY, JAPAN,
IN COLLABORATION WITH FINCONET MEMBERS**



Summary of the “Survey on Cross-border Transactions”

1. Background

The rapid development of digitalization and internationalization provides opportunities for consumers to transact directly with financial services providers in foreign jurisdictions. This has led to a growing market for overseas or cross-border transactions, including in its simplest form electronic money transfers and remittance payments.

Consumers need to be aware of the risks associated with these transactions, including fraud and scams.

2. “Survey on the Cross-border (Financial) Transaction”

The decision to conduct a survey on the Cross-border Transactions was adopted by the FinCoNet Governing Council in March, 2016, and the questionnaire, and the survey was undertaken during the period of April to October 2016, by the Financial Services Agency, Japan.

The survey mainly covered 2 points.

- Financial Consume Protection risks, especially related to cross-border transactions
- Prevention of risks and solution of existing complaints, including against frauds and/or scams

The questionnaires were sent to FinCoNet Members and Observers, and responses from 12 jurisdictions were received. The findings and conclusions of the survey were presented at FinCoNet Annual General Meeting held in Jakarta, Indonesia in November 2016.

3. Findings of the Survey

A majority of responding institutions report an increase in the risks incurred by consumers engaging in cross-border transactions. These risks emerge from errors, misunderstandings and miscommunication between consumers and financial services providers. In addition, the instances where some financial service providers, including unauthorized firms, intentionally commit fraud and/or scams on their customers also

emerged from the responses to the survey.

The results of the survey highlight that, compared to financial transactions occurring within one jurisdiction, cross-border transactions carry additional risks. For example, under existing frameworks, each financial regulator is authorized to take actions against regulated (licensed) financial service providers within its territory of jurisdiction (not financial service providers outside the territories). It becomes therefore more difficult to prevent or deal with financial consumer protection risks/troubles, notably associated with fraud and scams. In some countries, financial authorities have to cooperate with other authorities, such as the Department of Justice or Police, which might have the responsibilities for dealing with fraudulent behaviors and scams.

4. Conclusions

Responses from FinCoNet Members and Observers to this survey were valuable in understanding the situation that confronts national jurisdictions. These results are particularly relevant as, with increasing digitalization and internationalization, consumers can get involved in cross-border transactions more easily and may be exposed to the risks emerging from cross-border transactions, among financial services providers and their customers.

Against this background, supervisory authorities would benefit from sharing supervisory practices and experiences in managing these risks.