



# FinCoNet

INTERNATIONAL FINANCIAL CONSUMER  
PROTECTION ORGANISATION

FinCoNet Annual Report 2021  
& 2021 Financial Statements

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## Foreword

The International Financial Consumer Protection Organisation (FinCoNet) was created in 2013 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 that 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.



*Maria Lúcia Leitão*  
*Chair of FinCoNet*

## Report from the Chair

I am deeply honoured to present the FinCoNet Annual Report for 2021, which provides a comprehensive overview of FinCoNet's activities undertaken to promote sound market conduct and strong consumer protection through efficient and effective financial conduct supervision.

During the COVID-19 crisis, the role of market conduct supervisors was acknowledged. It has been clear that having a comprehensive financial consumer protection framework in place, that assigns rights to consumers, is crucial in helping them overcome financial shocks, and thus decisively contributing to financial stability.

Against this background, business conduct supervisors have been called upon to help mitigate the impact of the COVID-19 pandemic on consumers, namely on borrowers and users of digital financial services. Market conduct supervisors closely monitored the adoption of payment holidays and credit moratoria, making use of effective powers of oversight, which complemented financial consumer protection frameworks. The need to rely on digital financial services fostered by lockdown restrictions and the very fast pace of technological innovation brought to the top of the agenda the response to cybersecurity risks and to the challenges arising from new or renewed financial products and services.

The recovery from the economic impact of the pandemic is underway, although with an uneven pace and still with a considerable level of uncertainty, resulting from the confluence of a diverse set of factors. Countries all around the world are facing different waves of this pandemic, with different levels of vaccination, the threat of new variants as well as other challenges such as rising inflation and subdued employment growth. In this context, the impact of the pandemic on financial consumers will remain a source of concern for market conduct supervisors.

In those countries where lockdown restrictions have been progressively withdrawn, the soft landing from credit moratoria and payment holidays adopted by the authorities and the

industry to mitigate the impact on debt repayment by households and MSMEs brings new challenges to regulators and supervisors to prevent overindebtedness. Technological innovation will continue to defy all the participants in financial markets and market conduct supervisors need to be more vigilant, monitoring any new developments and contributing to mitigating security risks.

FinCoNet has been committed to supporting its Members, in particular by implementing its ambitious Programme of Work, which balances standard issues with COVID-19 driven concerns. Work is being developed concerning credit moratoria and the management of pre-arrears and arrears, as well as the digitalisation of financial services. At the same time, FinCoNet continues to explore the topics of selling practices and the use of SupTech tools by market conduct supervisors in order to ensure more effective financial consumer protection.

During this year, FinCoNet has advanced work through its different Standing Committees. I am very pleased that we have published a report on “Financial Product Governance and Culture”, which was a very important common project developed with the G20/OECD Task Force on Financial Consumer Protection. This report presents the different approaches from respondent jurisdictions to product governance and culture in relation to banking products, providing information on policy developments, the use of product governance tools by supervisors and the importance of firm culture to motivate consumer-focused outcomes.

We have also published a report on “Supervisory approaches to consumers’ creditworthiness assessments”. This report explores the regulatory frameworks in place and the supervisory strategies to oversee creditworthiness assessment obligations, as well as the challenges raised from a consumer protection perspective by the growing use of innovative models, based on AI technologies and alternative sources of information, to assess consumers’ creditworthiness.

I am very grateful to the Chairs and Members of all our Standing Committees for the time and efforts they so generously invested in developing these reports. FinCoNet’s activities are covered in more detail in later sections of this Annual Report.

Unfortunately, it has not yet been possible to resume our in-person meetings in 2021 due to ongoing COVID-19 restrictions. The Joint Meeting of the G20-OECD Task Force on Financial Consumer Protection and FinCoNet, which takes place in March, as well as the 2021 FinCoNet Annual General Meeting, which was to have taken place in Lisbon, Portugal, had to rely, once again, on virtual platforms. We anticipate that the 2022 AGM will allow us to meet again in person, which facilitates not only communication, but also the informal sharing of experiences among Members.


In this context, the FinCoNet Newsletter has played a very important role as a way of keeping us together. The Newsletter collects contributions from Members about changes and developments relating to supervisory activities, new products or initiatives and keeps Members up to date with important news and events. It is a very useful tool for this and is published on a quarterly basis by the Secretariat and this year it is presented in a revamped version. I would like to thank and acknowledge the jurisdictions that have contributed in 2021. The editions of the Newsletter published in 2021 have featured articles from ASIC Australia, BaFin Germany, Banco de Portugal, the Central Bank of Russia, the Central Bank of Ireland, the Financial Consumer Agency of Canada, the Financial Markets Authority of New Zealand, the Financial Services Agency of Japan, Superintendencia de Banca, Seguros y AFP of Peru and the Financial Conduct Authority of the United Kingdom.

The Newsletter has also included contributions from CGAP, The World Bank, Dvara Research and the Secretariat.

This year, I would like to report that we have welcomed as new Members to FinCoNet: the Financial Services Regulatory Authority of Ontario (January 2021) and the Financial Markets Authority of New Zealand (March 2021). FinCoNet now has 30 Members and 1 Associate Member, from 27 jurisdictions internationally, as well as its renowned Observers. We have also engaged with potentially interested countries from around the world, which I hope will apply for FinCoNet membership in the near future.

Despite the COVID-19 pandemic, FinCoNet has continued to cooperate with other international organisations, complementing regulatory and financial literacy approaches with its market conduct supervision perspective. Apart from our regular collaboration with the G20/OECD Task Force on Financial Consumer Protection, I would like to highlight our joint work with the World Bank. It was with great pleasure that I participated in the Financial Inclusion Global Initiative Symposium 2021, in the session ‘The power of supervisory technology (SupTech) for market conduct supervision’. In March 2021, the World Bank published the technical note ‘The Next Wave of SupTech Innovation’, that was developed in parallel with the report produced by FinCoNet Standing Committee 4 in 2020 (“SupTech Tools for Market Conduct Supervisors”). In the spirit of collaboration and coordination between both organisations, FinCoNet and the World Bank have maintained close communication throughout the process of developing the two reports to highlight complementary aspects and avoid overlap.

I would like to extend my sincere thanks to the Members of the FinCoNet Governing Council, which is responsible for the governance of the organisation. It is a great pleasure to work with a group of colleagues dedicated to promoting effective supervisory standards and practices and the role of FinCoNet. I would also like to recognise their significant efforts and commitment in a context that forced us to rely on meetings by videoconference very often at unexpected hours for some. I also want to acknowledge the importance of the work of Chris Green, as Vice-Chair, and Fernando Tejada, as Treasurer, whose commitment has been essential. I would like to express my sincere gratitude to the OECD Secretariat for all their support during the year. Finally, I would like to acknowledge and warmly thank all the Members of FinCoNet for their dedication and support for the past year, which continued to demand renewed efforts from all of us.



***Maria Lúcia Leitão***  
***Chair, FinCoNet***

## Report of the FinCoNet Governing Council

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

The Governing Council continued to set the strategic priorities of the organisation, in line with common supervision and market conduct issues and challenges for financial consumer protection supervisors worldwide including, in 2021, continuing to respond to the COVID-19 pandemic. The Governing Council oversees the work of the Standing Committees, comprising FinCoNet Members and supported by the Secretariat, which undertake detailed work on FinCoNet priorities. The aim is to research different issues and challenges, share information and identify practices or practical approaches which are effective in addressing market conduct issues. Among other things, the Governing Council focussed on developing practical resources for Members to assist them in their supervisory work, and progressing the work of the Standing Committees, as set out below, as well as supporting communications with FinCoNet Members and outreach to other bodies and potential new Members.

In 2021, six Governing Council Memberships were due for re-election. Following a call for nominations, the following five Members of the FinCoNet Governing Council were re-nominated for a further three-year term at the FinCoNet Annual General meeting (Members-only session) held on 10 November 2021:

- Australia - Australian Securities and Investments Commission
- Ireland - Central Bank of Ireland
- Canada - Financial Consumer Agency of Canada
- South Africa - Financial Sector Conduct Authority
- Indonesia - Indonesia Financial Services Authority

### Members of the Governing Council, 2021:

Jurisdiction	Organisation
Australia	Australian Securities and Investments Commission
Brazil	Central Bank of Brazil
Canada	Financial Consumer Agency Canada
Germany	Federal Financial Supervisory Authority (BaFin)

Indonesia	Financial Services Authority
Ireland	Central Bank of Ireland
Italy	Bank of Italy
Japan	Financial Services Agency
Portugal	Banco de Portugal (Central Bank of Portugal)
South Africa	Financial Sector Conduct Authority
Spain	Banco de España (Central Bank of Spain)

## Managing the ongoing effects of COVID-19

We are now into the second year since the outbreak of the global pandemic and COVID-19 continues to impact and cause uncertainty throughout all aspects of society as well as the economy. Financial consumers, particularly those who are prone to vulnerability, continued to feel the effects of the crisis in 2021, whether borrowers, savers, users of payment services, insurance policy holders, retail investors or pension fund members.

Even as some aspects of societies returned to normal in 2021, the pandemic continued to cause major disruptions for financial consumers, firms and supervisors alike. For example, many FinCoNet Members continued to work remotely throughout 2021. Despite these challenges, FinCoNet Members supported the recovery in their respective jurisdictions, protecting financial consumers and helping to implement and oversee COVID-19 response measures. In many jurisdictions, the pandemic has required supervisors to adapt or change their practices, leading to a more widespread use of SupTech. FinCoNet has provided a forum for market conduct supervisors to share perspectives and data on the pandemic and its effects on consumers and on supervisors themselves.

The key actions of FinCoNet, supported by the Secretariat, to respond to COVID-19 and support Members are summarised below.

Key work stream	Goal identified	Progress achieved
<b>Questionnaire: Effective approaches and lessons learnt to protect financial consumers and support</b>	Data collection	Working in collaboration with the G20/OECD Task Force on Financial Consumer Protection and the G20 Global Partnership for Financial Inclusion, FinCoNet Members participated in a comprehensive Questionnaire conducted by the OECD in April-May 2021 to gather data and information about the impact of COVID-19 on financial consumers as well as views about



<p><b>financial inclusion in the context of COVID-19</b></p>		<p>effective approaches and lessons learnt in terms of protecting financial consumers and supporting financial inclusion. The exercise was a follow-up to the data collection and analysis and information-sharing carried out in 2020 on policy, regulatory and supervisory measures implemented in response to the pandemic.</p> <p>Responses to the Questionnaire informed the development of a public G20/OECD report, a deliverable to the Italian G20 Presidency: <i>Lessons Learnt and Effective Approaches to Protect Consumers and Support Financial Inclusion in the Context of COVID-19</i>. The Report is referenced in the G20 Finance Ministers and Central Bank Governors Communiqué of October 2021.</p> <p>Responses to the Questionnaire have also informed the work for FinCoNet Standing Committees under the 2021/22 Programme of Work and will also be taken into account as those workstreams are progressed.</p>
<p><b>FinCoNet International Seminar on Market Conduct Supervisors Responding to the Impacts of the COVID-19 Pandemic</b></p>	<p>Information sharing</p>	<p>Market conduct supervisors have played a vital role in the regulatory and supervisory resilience in responding to the challenges and issues created by the pandemic. Supervisors have focused their attention on identifying these new challenges and implementing responses and supervisory mechanisms to protect financial consumers. The COVID-19 pandemic has impacted supervisors around the world and is a topic of interest to FinCoNet Members. Considering this topical and ongoing conversation on the impacts of COVID-19, the 2021 FinCoNet International Seminar focused on Market Conduct Supervisors Responding to the Impacts of the COVID-19 Pandemic.</p> <p>The International Seminar provided an opportunity to hear from a range of representatives of different interests on their experiences and their perspectives on the outlook moving forward in terms of supervisory challenges and financial consumer protection issues.</p> <p>The OECD provided a presentation on global insights into supervisory and regulatory approaches to consumer risks resulting from COVID-19. This presentation gave an overview of the findings from the OECD's comprehensive work regarding COVID-19, in particular regarding supervisory and regulatory approaches to protect and support financial consumers. This presentation also outlined global responses looking forward as supervisors adapt to new challenges in a post-outbreak world.</p> <p>This was followed by two panel discussions – the first on <i>Exiting payment holidays and credit moratoria and the management of pre-arrears and arrears: the challenges now and looking ahead</i>. This was an engaging session on a topic many jurisdictions are navigating. Moderated by Mr. Yuji Yamashita of the Financial Services Agency of Japan, the session featured the following speakers:</p> <ul style="list-style-type: none"> <li>- Professor Tomasz Piskorski, Professor of Real Estate in the Finance Division at Columbia Business School and a Research Associate at the National Bureau of Economic Research. Professor Piskorski is the co-</li> </ul>

		<p>author of Government and Private Household Debt Relief During COVID-19.</p> <ul style="list-style-type: none"> <li>- Ms. Loretta Michaels, is an independent consultant with a focus on policy strategy around digital financial inclusion. She works closely with the World Bank/ International Finance Corporation and the Consultative Group to Assist the Poor (CGAP). Ms. Michaels is the author of Regulatory Flexibility During the Pandemic: Emerging Lessons for the Center for Financial Inclusion.</li> <li>- Mr. Pedro Dias, Head of Division, Banking Conduct Supervision Department, Banco de Portugal and Chair of FinCoNet Standing Committee 2: Exit strategies from payment holidays: supervisory approaches and challenges regarding the management of pre-arrears and arrears</li> </ul> <p>The second panel discussion looked at <i>The increase of digitalisation with COVID-19 and the responses to current and future challenges with cybersecurity, risks, scams and frauds</i>. This was also an engaging session on a topic that was relevant to many jurisdictions. Moderated by Ms. Teresa Frick of the Financial Consumer Agency of Canada, the session featured the following speakers:</p> <ul style="list-style-type: none"> <li>- Mr. John Salomon, Director for Europe, the Middle East and Africa (EMEA) at the Financial Services Information Sharing and Analysis Center (FS-ISAC)</li> <li>- Ms. Fredes Montes is Senior Financial Specialist at the World Bank's Payment System Development Group and co-chairs the Financial Inclusion Global Initiative (FIGI) working group on Cybersecurity for Financial Infrastructure.</li> <li>- Ms. Magda Bianco, Head of the Directorate General for Consumer Protection and Financial Education, Bank of Italy and Chair of FinCoNet Standing Committee 3: Supervisory challenges relating to the increase in digital transactions (especially payments), including mitigating cybersecurity risks and tackling financial scams.</li> </ul>
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## Progress against Programme of Work

In 2021, the AGM took place virtually (10-12 November) via Zoom, due to the COVID-19 pandemic restrictions. The Banco de Portugal deferred hosting the AGM in person to 2022.

The AGM provided an opportunity for the Standing Committee Chairs and FinCoNet Members to share their experiences and any relevant news. The FinCoNet Member Roundtable topics selected for 2021 included:

- Credit: supervisory approaches and challenges related to relief programs implemented in response to COVID-19; supervisory implications of recent trends in consumer lending (e.g., Buy Now Pay Later, earned wage access).
- Digitalisation: experiences, issues and risks for supervisors relating to the increase in digital transactions; SupTech developments; digital marketing/sales practices.

- Cross-border issues: coordination among supervisory agencies regarding the provision of products and services offered across borders.
- Regulatory and supervisory perimeter: determining whether certain types of providers (e.g., BigTech, platforms) or products fall within the regulatory and supervisory perimeter.

As mentioned in the table above, an International Seminar took place back-to-back with the AGM, which focussed on Market Conduct Supervisors Responding to the Impacts of the COVID-19 Pandemic.

During 2021, FinCoNet commenced a new Programme of Work as agreed at the 2020 AGM, with a large focus on the impact of COVID-19 on market conduct supervisors, in particular on the challenges related to the increase in digital transactions that accompanied the pandemic, and on how supervisors adapted their approaches in response to the challenges posed by the pandemic. Addressing these new topics involved re-establishing Standing Committees (e.g., Standing Committee 3) or re-orienting active Standing Committees to focus on new workstreams (e.g., Standing Committee 4). In summary, the Governing Council worked to progress a wide range of key issues and work streams including:

Key Issues	Goal Identified	Progress Achieved
<b>Programme of Work</b>	<i>Standing Committee 2: Supervisory approaches to creditworthiness assessments</i>	<p>Standing Committee 2 (SC2) is led by the Banco de Portugal.</p> <p>During 2021, SC2 continued to examine and explore how creditworthiness assessments are evolving and changing and what implications these developments may have for consumers and financial consumer protection supervisors. Creditworthiness assessment is a major dimension of responsible lending and the way credit institutions assess consumers' creditworthiness is changing and evolving, which may present risks and challenges for consumers, regulators and supervisors. This work builds onto SC2's previous comprehensive work on Digitalisation of short-term, high-cost consumer credit.</p> <p>In 2020, SC2 had developed a questionnaire which was distributed to FinCoNet Members seeking information about creditworthiness assessments, the supervisory approaches and challenges as well as the implications for consumers. 29 responses were received and analysed. In 2021, SC2 drafted a Report outlining the findings. The Report – <i>Supervisory approaches to consumers' creditworthiness assessments</i> – was approved by the FinCoNet membership and published on the FinCoNet website in November 2021. The report provides an overview on how market conduct supervisors are addressing the issues related with creditworthiness assessments in the context of the provision of consumer credit (covering both housing loans and mortgages and unsecured consumer credit), whilst taking into consideration the existing national regulatory frameworks and market practices. Among other things, the report touches upon responsible lending practices, risk-based approaches to creditworthiness assessment supervision, and the use of alternative data and artificial intelligence in creditworthiness assessments.</p> <p>SC2 have now turned to their next workstream looking at exit strategies from payment holidays: supervisory approaches and challenges regarding the management of pre-arrears and arrears.</p>

		<p>SC2 have begun defining the scope and the expected deliverables for the project in 2022.</p> <p>The International Seminar held as part of the 2021 AGM programme facilitated a session on the topic of credit moratoria and the management of pre-arrears and arrears and provided an opportunity to elevate the ongoing work of SC2 in this space.</p>
	<p><i>Standing Committee 3: Supervisory challenges relating to the increase in digital transactions (especially payments)</i></p>	<p>Standing Committee 3 (SC3) is led by the Bank of Italy.</p> <p>As part of the FinCoNet Programme of Work 2021/22 (approved at the FinCoNet AGM 2020), FinCoNet decided to reactivate SC3, which had previously produced the reports <i>Online and Mobile Payments: Supervisory Challenges to Mitigate Security Risks</i> and <i>Online and Mobile Payments: An Overview of Supervisory Practices to Mitigate Security Risks</i>, given the importance of this topic in light of the COVID-19 pandemic.</p> <p>During the course of 2021, SC3 examined how market conduct supervisors are responding to the increase in digital transactions (especially payments) that has occurred in many jurisdictions in response to the COVID-19 pandemic. To this end, and with assistance from the Secretariat, the Standing Committee developed and fielded a survey to better understand: the governance and legal and regulatory framework concerning digital payments; the monitoring, oversight and response to security incidents, scams and frauds; and market conduct supervision tools and consumer awareness interventions. SC3 Members began drafting a report based on the responses to the survey. The Chair of SC3 presented the preliminary findings at the 2021 AGM, and the final report is expected to be published in 2022.</p>
	<p><i>Standing Committee 4: Oversight challenges and evolution in approaches for conduct supervisors in the context of COVID-19, including use of SupTech oversight tools</i></p>	<p>Standing Committee 4 (SC4) is co-chaired by the Financial Consumer Agency of Canada and the Bank of Russia.</p> <p>During the course of 2021, SC4 continued its focus on SupTech, which is an important and growing area of interest for conduct supervisors given its potential to assist them in their role particularly in an increasingly digital operating environment, accelerated by the impacts of the COVID-19 pandemic.</p> <p>Building on the work carried out in 2020, SC4 developed and distributed a survey on oversight challenges and evolution in approaches for conduct supervisors in the context of COVID-19, including the use of SupTech oversight tools. The survey examines the supervisory issues related to the impact of the COVID-19 pandemic on conduct supervisors. It focuses on the influence of remote work on internal processes of supervisors, in which activities and the reasons why SupTech tools proved effective in the context of COVID-19. Eighteen authorities submitted responses to the survey. Members of SC4 began drafting a report based on responses to the survey. At the 2021, AGM, the SC4 Co-Chairs presented the preliminary findings of the report, with the final report expected to be published in 2022.</p>
	<p><i>Standing Committee 6: Financial product governance and culture</i></p>	<p>Standing Committee 6 (SC6) is led by the Australian Securities and Investments Commission.</p> <p>During the course of 2021, SC6 continued to look at policy and supervisory approaches to financial product governance and</p>

		<p>culture, with a specific focus on consumer credit and banking products.</p> <p>This work stream was undertaken by SC6 in collaboration with the G20/OECD Task Force on Financial Consumer Protection (the Task Force) in order to increase the scope and reach. In 2020, SC6 analysed responses to a questionnaire which was distributed to Members of FinCoNet and the Task Force. SC6 received 29 responses to the questionnaire.</p> <p>Over the first half of 2021, SC6 drafted a report based on the findings from the questionnaire responses and analysis. A draft report was presented at the FinCoNet meeting in March 2021 (the meeting was held jointly with the Task Force). The final version of the Report, titled <i>Financial Product Governance and Culture</i>, was published in July 2021. SC6 also published a literature review of different policy, regulatory and supervisory approaches relating to financial product governance and culture. The report and literature review present findings on financial product governance and culture in relation to banking products, identifying a strong link between good organisational culture and financial product governance. They consider consumer harms, policy and supervisory approaches, challenges for regulators and supervisory authorities, and the impact of organisational culture on product governance within the financial services industry.</p> <p>SC6 have now moved to their next workstream examining the selling practices of credit and banking products. Building on SC6's work on financial product governance and culture, SC6 will examine the selling practices of home loans and mortgages, including incentives and what effect selling practices have on consumer outcomes. Selling practices for consumer credit and banking products is a key element in the area of the supervision of financial product governance.</p>
<b>Governing Council Meetings</b>		Three meetings of the Governing Council were held in 2021, on 4 February, 27 May, and 23 September.
<b>FinCoNet International Seminar on Impacts of the COVID-19 Pandemic for Market Conduct Supervisors</b>		See description of Seminar above, held in November 2021.
<b>Joint G20/OECD Task Force on Financial Consumer Protection and FinCoNet International Seminar on Performance-based Regulation &amp; Financial Consumer Protection</b>		In March 2021, an International Seminar was held jointly by FinCoNet and the G20/OECD Task Force on Financial Consumer Protection on the topic of Performance-based Regulation and Financial Consumer Protection. Professor Lauren E. Willis of Loyal Marymount University, Los Angeles (USA) delivered the keynote presentation on Performance-based Consumer Law: bringing consumer transactions in line with consumer expectations. Flore-Anne Messy of the OECD Secretariat moderated a panel discussion with representatives of the Financial Sector Conduct Authority of South Africa, the Monetary Authority of Singapore, and the Financial Conduct Authority of the United Kingdom.
<b>Leading on Outreach Initiatives</b>	FinCoNet Secretariat	Chair &
		The experience of the global pandemic has demonstrated the value of international coordination and cooperation, including the role of FinCoNet. A number of organisations with interest in potentially joining FinCoNet were provided with information on FinCoNet and invited to attend the AGM Open Meeting and

	<p>Outreach meeting for organisations interested to know more about FinCoNet</p>	<p>International Seminar as guest Observers. The Secretariat followed up and liaised closely with all potential new Members. Members of the FinCoNet Governing Council also attended meetings throughout 2021 on behalf of FinCoNet to increase the visibility of the organisation and the work undertaken. For example, the Chair participated in a panel session <i>on The power of supervisory technology (SupTech) for market conduct supervision</i>, organised as part of the Financial Inclusion Global Initiative (FIGI). The Co-Chairs of FinCoNet Standing Committee 4 also presented at a meeting of the Global Financial Innovation Network, as well as in the international workshop “The Path to RegTech/SupTech Maturity”, organised by the three Portuguese financial supervisory authorities.</p> <p>Due to the ongoing travel restrictions and the decision to hold the FinCoNet AGM 2020 and 2021 virtually, the most recent Members of FinCoNet have had limited opportunity to join the usual in-person gatherings of FinCoNet. A virtual meeting was held in July 2021 between the most recent Members and the Chair, Vice-Chair and Secretariat, to hear more about each organisation and to outline FinCoNet’s current Programme of Work and operations. Attendees included Bank of Mozambique, Bank Indonesia, Central Bank of the United Arab Emirates, Financial Services Regulatory Authority of Ontario and Financial Markets Authority of New Zealand.</p> <p>A second membership outreach meeting was an information session for organisations interested to know more about FinCoNet and eligible to apply for membership who have attended either the 2020 or 2019 AGM as guest Observers. Seven organisations attended the meeting to meet the Chair, Vice-Chair and Secretariat and to learn about FinCoNet’s current Programme of Work and operations, the benefits of FinCoNet Membership and the types of Memberships available. The attendees included representatives from Comisión para el Mercado Financiero (CMF) from Chile, Croatian National Bank, Central Bank of Egypt, Bank of Greece, Hong Kong Monetary Authority, Bangko Sentral Pilipinas (central bank of the Philippines) and the Bank of Lithuania. Invitees had the opportunity to ask questions about FinCoNet and Membership.</p>
<p><b>Overseeing the Development of Resources for Members</b></p>	<p>Website improvements</p>	<p>The FinCoNet website underwent an upgrade in June 2021 to give it a more modern look, improve navigation and to ensure the information and resources available are easy to find.</p> <p>The website was updated during the course of the year with information for FinCoNet Members and stakeholders more broadly. The Members-only website, Clearspace, was also updated regularly and progress was made in encouraging FinCoNet Members to use this site.</p>
	<p>Develop and publish Newsletter</p>	<p>The June 2021 edition of the FinCoNet Newsletter was the first to be published using a newly developed template, bringing the document in line with the new FinCoNet colour palate and giving it a more modern look and feel.</p> <p>Four editions of the Newsletter were published over the course of 2021, featuring contributions from the ASIC Australia, BaFin Germany, Banco de Portugal, the Central Bank of Russia, the Central Bank of Ireland, the Financial Consumer Agency of Canada, the Financial Markets Authority of New Zealand, the Financial Services Agency of Japan, Superintendencia de Banca,</p>

		<p>Seguros y AFP of Peru and the Financial Conduct Authority of the United Kingdom. The Newsletter has also included contributions from CGAP, The World Bank, Dvara Research and the Secretariat.</p> <p>The Newsletter was also distributed via email to organisations that are eligible to apply for membership and have requested to know more about FinCoNet, and in particular the work of the Standing Committees.</p>
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***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 FinCoNet during the year.

### Main Activities During 2021

#### ***Supporting the Membership***

Throughout the year, the Secretariat provided support and assistance to the FinCoNet Membership including in terms of meetings, member communications, providing assistance on the programme of work and outreach activities. In particular, the Secretariat provided support and advice to the FinCoNet Chair, Vice-Chair, the Governing Council as well as the Standing Committee Chairs and team Members.

The Secretariat provided ongoing technical support to the Standing Committees in order to progress their workstreams, including advising on issues relating to the scope and direction of the workstream, assisting with the design and programming of data collection instruments, communicating data collection exercises across the broader Membership and other interested organisations, assisting with collating and analysing responses received and reviewing and publishing papers and reports.

More specifically, during 2021 the Secretariat has supported:

- SC2 to continue to develop and finalise their draft Report by including comments and inputs from the SC2 Members as well as the broader FinCoNet Membership.
- SC3 and SC4 to begin a new workstream including defining the scope of the project to be undertaken and assisting the SCs to develop surveys to better understand the issues, developments and approaches taken globally. The Secretariat supported SC3 and SC4 in drafting the surveys, programming them in an online survey



facility, disseminating the surveys, analysing responses, developing a report outlines, assigning drafting responsibilities to members of the SCs, compiling the drafted sections and reviewing and editing the draft report.

- SC6 to begin their new workstream, including facilitating SC meetings to discuss the new topic and objectives for the projects as well as assisting with the drafting of the scoping document and project plan.

### ***Membership & Outreach***

In addition to supporting the existing Members, the Secretariat continued to work with the Chair and the Governing Council on outreach activities and liaising with interested jurisdictions about joining FinCoNet. These activities included contacting, communicating and following up with potential new Members. The Information Brochure for organisations interested to know more about FinCoNet was also updated.

During the course of the year, the Secretariat facilitated the new Membership of the Financial Markets Authority of New Zealand in March 2021 and the Financial Services Regulatory Authority of Ontario in January 2021.

The Chair and Vice Chair of FinCoNet together with the Secretariat held two outreach information sessions during the course of 2021. The first, held in July 2021 invited representatives from the most recent FinCoNet Members, that is, Bank of Mozambique, Bank Indonesia, Central Bank of the United Arab Emirates, Financial Services Regulatory Authority of Ontario and Financial Markets Authority of New Zealand, to introduce themselves and share information about their organisation. Due to the ongoing travel restrictions and the decision to hold the FinCoNet AGM 2020 and 2021 virtually as a result, these most recent Members had had limited opportunity to join the usual in-person gatherings of FinCoNet. This meeting provided an opportunity for the most recent Members to meet the Chair, Vice Chair and Secretariat, provide information about their organisation and to discuss FinCoNet's current Programme of Work and operations.

The second outreach meeting was an information session for organisations that while not Members of FinCoNet, had attended either the 2020 or 2019 AGM as guest Observers. Seven organisations attended the meeting to find out about FinCoNet's current Programme of Work and operations, the benefits of FinCoNet Membership and the types of Memberships available. The attendees included representatives from the Comisión para el Mercado Financiero (CMF, or the Financial Market Commission) of Chile, Croatian National Bank, Central Bank of Egypt, Bank of Greece, Hong Kong Monetary Authority, Bangko Sentral Pilipinas (the central bank of the Philippines) and the Bank of Lithuania. Attendees heard presentations and had the opportunity to ask questions about FinCoNet Membership.

The Secretariat is liaising closely with these and other organisations to explain the process for joining and the role and expectations of FinCoNet Members.

#### **COVID-19 impact: Supporting FinCoNet Members**

Throughout 2021, the Secretariat continued to play a key role in supporting coordination and information sharing among different stakeholders, including the Members of

FinCoNet, the G20/OECD Task Force on Financial Consumer Protection, and the G20 Global Partnership for Financial Inclusion (GPFI).

The activities to support FinCoNet Members built on the work carried out in 2020, which included the publication of an Information Note, a Summary Analysis of Responses to a Questionnaire on Financial Consumer Protection Responses to COVID-19, and two Special Session meetings on Financial Consumer Protection.

In 2021, the OECD launched a follow-up Questionnaire to monitor the impact of COVID-19 on financial consumers, gather information on the effectiveness of policy responses, and identify lessons learnt, effective approaches and longer-term implications arising from the experience of the pandemic. FinCoNet Members were invited to submit responses to the Questionnaire, which fed into the G20/OECD Report on *Lessons Learnt and Effective Approaches to Protect Consumers and Support Financial Inclusion in the Context of COVID-19*. FinCoNet Members also provided feedback and comments on draft versions of the report. A supplementary report, drawing from the same dataset but including more sector-specific information and country examples, has been produced for the G20/OECD Task Force on Financial Consumer Protection and will be shared with FinCoNet Members.

The impact of COVID-19 and the implications for market conduct supervisors were also major areas of focus during the FinCoNet AGM 2021, in particular in the Member Roundtable and the International Seminar (see below), as well as for the workstreams of the Standing Committees.

The Secretariat will continue to support FinCoNet in responding to and facilitating information sharing and analysis about COVID-19 responses.

### ***Coordinating meetings***

The Secretariat made preparations for a Joint Meeting of FinCoNet and the Task Force, held on 15-16 March 2021, hosted by the Secretariat in a virtual format, via Zoom. Due to the COVID-19 outbreak and associated travel restrictions, it was not possible for these meetings to be held in person.

The Secretariat drafted, published and distributed all meeting documents. The Secretariat also organised the International Seminar on Performance-based Regulation on 17 March 2021, held jointly with the G20/OECD Task Force on Financial Consumer Protection. Preparations for the Joint Meeting and Seminar included identifying and coordinating with speakers and panellists and managing all logistics and the content of the events.

The FinCoNet 2021 Annual General Meeting and International Seminar had been scheduled to be held in Lisbon, Portugal on 10-12 November 2021, hosted by Banco de Portugal. Due to ongoing COVID-19 travel restrictions, the decision was made to hold the AGM and International Seminar virtually via video conference hosted by the Secretariat. Promotion of the AGM, and the accompanying International Seminar helped to ensure the participation from the full Membership base of FinCoNet and was used as an opportunity to include potential new Members invited as guest Observers. The Secretariat worked closely with the Chair, Vice-Chair and Governing Council on all aspects of the AGM. This included identifying topics for the FinCoNet Member Roundtable session to give FinCoNet Members the opportunity to share their experiences, insights and also to raise questions about challenges they are dealing with in carrying out their market conduct supervisory activities.

Back-to-back with the FinCoNet AGM, the Secretariat worked with the Chair, Vice-Chair, and Governing Council to organise an International Seminar focused on Market Conduct Supervisors Responding to the Impacts of the COVID-19 Pandemic. The Secretariat coordinated with the Seminar presenters on all aspects of the logistics and the content of the Seminar to ensure a productive event.

In addition to virtual meetings, the Secretariat coordinated and provided administrative support for the meetings of the FinCoNet Standing Committees and Governing Council meetings as well as many other bilateral meetings and ad hoc and that took place via video conference.

### ***Governance, administration and communication***

During the course of 2021, the Secretariat supported FinCoNet to implement and progress its Programme of Work for 2021/22. The Programme of Work is important because it acts as a roadmap for the direction of FinCoNet over the coming two years, setting out priority areas under which the Standing Committees will undertake their particular projects.

The Secretariat prepared and collated the 2021 Annual Report of FinCoNet, with inputs from the Chair and the Treasurer.

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 revised and updated the FinCoNet website and Newsletter to create a more modern look and to improve layout to ensure they are as user friendly as possible.

The Secretariat collated and published four editions of the FinCoNet Newsletter in 2021 comprising updates from FinCoNet Members of key developments in their jurisdictions. Other communication activities by the Secretariat 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.

### **Looking ahead**

The Secretariat will continue to provide a high level of technical, strategic and administrative support to FinCoNet to ensure the organisation continues to meet its objectives. This will include logistical support, supporting the implementation of the Programme of Work during 2022, providing research and analytical capacity, and representing FinCoNet on a global scale. It will also continue to work on the development of the FinCoNet website and Clearspace. The Secretariat will liaise with potential new Members and assist them with their applications for Membership of FinCoNet based on appropriate criteria for Membership in line with the objectives of the organisation. Further, the Secretariat will continue to contact other organisations and authorities that could benefit from FinCoNet Membership and provide useful input into FinCoNet's Programme of Work.

Continued support across the board will be provided to existing Members, from preparing and circulating meeting documents to advancing the work of the Standing Committees and responding to ad hoc requests for information and assistance.

Finally, looking ahead to 2022, the Secretariat will launch the process of developing FinCoNet's Programme of Work for 2023-2024. The Secretariat looks forward to supporting FinCoNet Members in an inclusive and comprehensive process to jointly determine the organisation's focus areas in the coming years.

A handwritten signature in black ink, appearing to read 'Flore-Anne Messy', with a horizontal line underneath.

***Flore-Anne Messy***  
***Head, FinCoNet Secretariat***

## Members, Associate Members and Observers 2021

<b>Members (Full and Associate)</b>	
<b>Angola</b>	National Bank of Angola
<b>Astana</b>	Astana Financial Services Authority
<b>Australia</b>	Australian Securities and Investments Commission
<b>Brazil</b>	Central Bank of Brazil
<b>Canada</b>	Financial Consumer Agency of Canada
<b>Canada, Quebec</b>	Autorité des Marchés Financiers
<b>Canada, Ontario</b>	Financial Services Regulatory Authority of Ontario
<b>China</b>	People's Bank of China
<b>China</b>	China Banking and Insurance Regulatory Commission
<b>France</b>	Banque de France
<b>Germany</b>	Federal Financial Supervisory Authority (BaFin)
<b>Indonesia</b>	Financial Services Agency
<b>Indonesia</b>	Bank Indonesia
<b>Ireland</b>	Central Bank of Ireland
<b>Italy</b>	Central Bank of Italy
<b>Japan</b>	Financial Services Agency
<b>Korea</b>	Financial Services Commission
<b>Luxembourg</b>	Financial Sector Surveillance Commission
<b>Mauritius</b>	Bank of Mauritius
<b>Mozambique</b>	Central Bank of Mozambique
<b>Netherlands</b>	Authority for the Financial Markets

<b>New Zealand</b>	Financial Markets Authority
<b>Nigeria</b>	Central Bank of Nigeria
<b>Peru</b>	Superintendency of Banking, Insurance and Private Pension Fund Administrators of Peru
<b>Portugal</b>	Banco de Portugal
<b>Russian Federation</b>	The Bank of Russia
<b>Saudi Arabia</b>	Saudi Arabian Monetary Agency
<b>South Africa</b>	Financial Sector Conduct Authority
<b>Spain</b>	Central Bank of Spain
<b>United Arab Emirates</b>	Central Bank of the U.A.E.
<b>United Kingdom</b>	Financial Conduct Authority

#### Observers

**Consultative Group to Assist the Poor (CGAP)**

**Consumers International**

**European Commission**

**International Association of Insurance Supervisors (IAIS)**

**Organisation for Economic Co-operation and Development (OECD)**

**The World Bank**

#### OECD Secretariat

Mr. Miles Larbey  
[miles.larbey@oecd.org](mailto:miles.larbey@oecd.org)  
 Tel: +33 1 85 55 47 94

Ms. Anna Dawson  
[anna.dawson@oecd.org](mailto:anna.dawson@oecd.org)  
 Tel: +33 01 45 24 96 72

Mr. Matthew Soursourian  
[matthew.soursourian@oecd.org](mailto:matthew.soursourian@oecd.org)  
 Tel: +33 1 45 24 79 80

Ms. Sally Day-Hanotiaux  
[sally.day-hanotiaux@oecd.org](mailto:sally.day-hanotiaux@oecd.org)  
 Tel: +33 145 24 96 61

Ms. Laura Dunbabin (on secondment)  
[laura.dunbabin@oecd.org](mailto:laura.dunbabin@oecd.org)  
 Tel: +61 4 35 12 60 01



*Fernando Tejada*  
*FinCoNet Treasurer*

## Report of the Treasurer

### **SUBJECT: FINCONET ACCOUNTS AS OF 31 DECEMBER 2020**

Dear FinCoNet Members,

Fernando Tejada, from the Bank of Spain, was elected FinCoNet Treasurer at the AGM held in Tokyo in November 2017 and took up his Treasurer functions from 1st January 2018. Fernando was re-elected as FinCoNet Treasurer at the 2020 AGM for an additional three-year term. The Treasurer is pleased to report that during the year ended 31 December 2020, FinCoNet continued to maintain a solid financial basis upon which to build and develop activities in the coming years.

Membership fees were received in the course of 2020 from all FinCoNet Members. Thus, the total amount effectively received during the year was EUR 279 917.50. Membership fees were the sole source of income in 2020.

On the cost side, the only major expense incurred by the Organisation during 2020 was the grant paid to the OECD under the official partnership agreement between the OECD and FinCoNet, signed on 21 May 2014. The partnership agreement provides for the OECD to render Secretariat services to FinCoNet. This expense amounts a total of EUR 280 000. The second payment of the OECD Grant (EUR 140 000) is outstanding at the date of this report.

A detailed description of the services provided by the OECD in 2020 was outlined in its report to the Treasurer. The total spend by the Secretariat was in line with the budget provided by FinCoNet.


Other costs incurred during 2020 are less significant and are related to bank fees and audit services.

According to the decision taken in the last AGM, 2020 FinCoNet financial accounts have been audited by a new audit firm, Grant Thornton. The relevant report was received in September 2021 and does not include either caveats, nor disclaimers.

In recognition of the organisation's non-profit status, FinCoNet is not subject to any taxes given that its only income stems from the collection of membership fees.

The only asset of FinCoNet is cash at bank. FinCoNet's own funds are made up of retained earnings and reserves which are built up to cover any potential additional expenses or losses in the future. At the end of 2020, the FinCoNet cash at bank was EUR 266 347 and retained earnings and reserves were EUR 120 847.

Looking ahead, the current financial structure of incomes (based on the current number of members) and expenses, implies a small surplus of around EUR 11 000, leaving FinCoNet with limited scope to build reserves in 2022 and beyond. Nevertheless, the Organisation has a solid financial base upon which to develop further activities within the framework of the FinCoNet Programme of Work in the coming years.



***Fernando Tejada***  
***Treasurer***  
***FinCoNet***  
***Dated: 29 October 2021***



## FinCoNet Audited Financial Statements 2021

FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)			
Statement of financial position			
As per 31 December 2021			
Assets	Notes	2021 (Euro)	2020 (Euro)
Cash at bank	1	137 438	266 347
Short term deposit			
Interest accrued			
Sundry debtors and prepayments	2	5 000	
<b>Total</b>		<b>142 438</b>	<b>266 347</b>
<b>Liabilities and net assets</b>			
Supplier debt	3	5 500	5 500
Accrued expenses			140 000
Sundry creditors and prepayments	4	5 000	
<b>Total liabilities</b>		<b>10 500</b>	<b>145 500</b>
<b>Net Assets</b>		<b>131 938</b>	<b>120 847</b>
<b>Unrestricted Net Assets &amp; Reserves</b>			
Retained earnings before transfer		90 756	97 138
Changes in unrestricted net assets for the current year	5	11 090 -	6 381
		101 847	90 756
Transfer from Special Reserve		-	-
Transfer to Contingency Reserve		-	-
Retained Earnings after transfer		101 847	90 756
Special Reserve			
Contingency Reserve		30 091	30 091
<b>Total Funds</b>		<b>131 938</b>	<b>120 847</b>

FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)			
Statement of activities			
For the year ending 31st December 2021			
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>			
	Notes	2021 (Euro)	2020 (Euro)
<b>Revenue and gains</b>			
Membership fees	6	297 388	279 918
<b>Total unrestricted revenue and gains</b>		<b>297 388</b>	<b>279 918</b>
<b>Expenses</b>			
audit fees related to current year		5 500	5 500
audit fees adjustment related to previous years			20
Bank fees and charges		797	779
OECD administration		280 000	280 000
Conference expenses			
Travel and entertainment expenses			
Exceptional expenses : audit fees related to previous years			
<b>Total expenses</b>		<b>286 297</b>	<b>286 299</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		<b>11 090 -</b>	<b>6 381</b>

**FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ending 31 December 2021

**NATURE OF THE ORGANISATION**

Not-for-profit organisation established under France's Association Law of 1 July 1901.

**SIGNIFICANT ACCOUNTING POLICIES**

There are no significant accounting policies beyond the information and criteria included in the Statutes.

**INCOME TAXES**

The International Financial Consumer Protection Organisation (FinCoNet) is exempt from payment of income tax.

**1 Cash at bank at 31/12/2021.**

**2 Outstanding 2021 fee from the National Bank of Angola**

**3 Grant Thornton fees for 2021 (5.500)**

**4 2022 fee received from the European Commission in advance**

**5 See statement of activities sheet**

**6 In January 2021 there was issued an invoice to the National Bank of Ukraine (invoice 028/2021). This invoice was cancelled during 2021: the National Bank of Ukraine withdrew FinCoNet during the first part of 2021.**

# Report of the Auditors to the Members of International Financial Consumer Protection Organisation

## **FinCoNet Association**

Financial year ended December 31, 2021

Neuilly-sur-Seine, 14<sup>th</sup> June 2022

### **Opinion**

We have audited the accompanying financial statements (the “Financial Statements”) of the International Financial Consumer Protection Organisation (“FinCoNet”), which comprise the Statement of financial position and the statements of changes in unrestricted net assets for the year ended 31 December 2021, and a summary of significant accounting policies and other explanatory information and notes.

In our opinion, the accompanying Financial Statements of FinCoNet for the year ended 31 December 2021 are prepared, in all material aspects, in accordance with the accounting policies disclosed in the notes to the financial statements.

### **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 Responsibility for the Audit of the Financial statements section of our report. We are independent of FinCoNet within the meaning of the ethical requirements of IFAC and have fulfilled our other 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 of these financial statements in accordance with the accounting policies disclosed in the notes to the financial statements 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 FinCoNet' 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 FinCoNet or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing FinCoNet' financial reporting process.

### **Auditor's Responsibility 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FinCoNet' internal control.
- Evaluate the appropriateness of accounting polices used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on FinCoNet' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, further events or conditions may cause FinCoNet to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Grant Thornton**  
**French Member of Grant Thornton International**



Vianney Martin  
Partner