



PRESS RELEASE

FINCONET ANNUAL GENERAL MEETING 2021

Key points:

- **FinCoNet shared progress updates of the Programme of Work for 2021-2022, including important workstreams on:**
 - **Exit strategies from payment holidays: supervisory approaches and challenges regarding the management of pre-arrears and arrears;**
 - **Supervisory challenges relating to the increase in digital transactions (especially payments);**
 - **Oversight challenges and evolution in approaches for conduct supervisors in the context of COVID-19, including use of SupTech oversight tools;**
 - **Mortgage distribution: sales incentives, risks and consumer outcomes.**
- **FinCoNet announced the reappointment of five Members to the Governing Council**
- **FinCoNet Members welcomed two recently published FinCoNet reports: [“Financial Product Governance and Culture”](#) and [“Supervisory Approaches to Consumers’ Creditworthiness Assessments”](#).**
- **FinCoNet hosted an International Seminar on the theme of *Market Conduct Supervisors Responding to the Impacts of the COVID-19 Pandemic*.**

On 10-11 November 2021, the International Financial Consumer Protection Organisation (FinCoNet) held its Annual General Meeting (AGM) using a virtual format, due to ongoing COVID-19 travel restrictions. Representatives from nearly 50 jurisdictions around the world, as well as international organisations, participated in the AGM. The meeting was held back-to-back with an International Seminar on *Market Conduct Supervisors Responding to the Impacts of the COVID-19 Pandemic*.

In her welcoming remarks, Ms Maria Lúcia Leitão, Chair of FinCoNet said: “The COVID-19 pandemic has posed an unprecedented threat to financial consumers’ resilience and welfare. 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. The role of market conduct supervisors was acknowledged. The recovery from the pandemic is coming in an uneven pace and

with a considerable level of uncertainty. The exit from payment holidays brings us new challenges that we, as business conduct supervisors, need to keep facing together. It is time for supervisors to focus their attention on the management of pre-arrears and arrears situations, ensuring an adequate financial consumer protection framework and preventing foreclosure and judicial enforcement of debts. We shall also keep vigilant on the risks brought by the increased use of digital financial services and e-commerce platforms with direct access to credit. FinCoNet will remain truthful to its purpose as an international organisation of conduct supervisory authorities, promoting insightful discussions on relevant matters and always ready to strengthen even further international cooperation among its members and with other international organisations.”

At the 2021 AGM, FinCoNet Members shared experiences and advanced work on issues of high importance to market conduct supervisors worldwide. During a stimulating roundtable discussion, Members exchanged views about the risks and challenges they currently face, particularly in light of COVID-19. Notably, Members shared experiences from their jurisdictions relating to the increase in digitalisation, issues related to the regulatory and supervisory perimeter (prompted by the entry of new actors and new products) and regulatory and supervisory initiatives related to credit.

FinCoNet also announced the reappointment of the following Members to the Governing Council: Australian Securities and Investments Commission, Central Bank of Ireland, Financial Consumer Agency of Canada, Financial Sector Conduct Authority (South Africa) and Indonesia Financial Services Authority (Otoritas Jasa Keuangan).

Mr. Chris Green, Vice-Chair of FinCoNet said: “Cooperation and information sharing is invaluable at this time of accelerated change which brings both opportunities and challenges for consumers and supervisors around the world. FinCoNet Members benefited significantly from timely discussions and presentations at this year’s AGM.”

FinCoNet Members welcomed the recent publication of two new reports: on [Supervisory Approaches to Consumers’ Creditworthiness Assessments](#) and [Financial Product Governance and Culture](#). Both reports set out best practices for market conduct supervisors around the world, drawn from the approaches of FinCoNet Members themselves, and add to the library of valuable supervisory resources provided by FinCoNet.

Also during the AGM, FinCoNet welcomed two new Members: the Financial Markets Authority of New Zealand and the Financial Services Regulatory Authority of Ontario.

KEY HIGHLIGHTS FROM the AGM

- **Report on *Supervisory Approaches to Consumers’ Creditworthiness Assessments***

The obligation to carry out a thorough assessment of a consumer’s creditworthiness is a crucial element of responsible lending. Apart from the prudential analysis of credit risk, which focuses on the ability of the lender to recover funds in situations of credit default, creditworthiness assessments (CWA) obligations require firms to assess whether the borrower is likely to be able to repay the debt without undue financial hardship. The [report](#) on this topic from FinCoNet Standing Committee 2 aims to provide an overview on how market conduct supervisors are addressing the issues related to CWA 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. At the AGM, the Chair of Standing Committee 2 (Mr. Pedro Dias, Banco de Portugal) presented the key takeaways from the final report, which was published earlier in the month.

- **Report on *Financial Product Governance and Culture***

Good culture within firms and financial product governance contribute to the provision of financial products that are appropriate for consumers and support consumer centric systems, processes and outcomes. This [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. It considers 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. At the 2021 AGM, the Chair of Standing Committee 6 (Mr. Chris Green, Australian Securities and Investments Commission) presented the findings of the report, which was published in July 2021.

- **International Seminar on *Market Conduct Supervisors Responding to the Impacts of the COVID-19 Pandemic***

The AGM was followed by an International Seminar on the theme of *Market Conduct Supervisors Responding to the Impacts of the COVID-19 Pandemic* on 12 November 2021. The Seminar brought together FinCoNet Members, academics and other external stakeholders to hear from experts in the field and join an engaging discussion on the topic.

Mr. Miles Larbey, Acting Head of the Consumer Finance, Insurance and Private Pensions Division at the OECD, presented global insights into regulatory and supervisory approaches to consumer risks resulting from COVID-19, drawing from recent OECD reports on the topic.

Mr. Yuji Yamashita, the Deputy Commissioner for International Affairs at Japan's Financial Services Agency, moderated a panel discussion on *Exiting payment holidays, credit moratoria and the management of pre-arrears and arrears*. The panel featured interventions from Professor Tomasz Piskorski, Professor of Real Estate in the Finance Division at Columbia Business School; Ms. Loretta Michaels, an independent consultant; and Mr. Pedro Dias, Head of Division at the Banking Conduct Supervision Department of Banco de Portugal and Chair of FinCoNet Standing Committee 2.

Ms. Teresa Frick, Director of Supervision at the Financial Consumer Agency of Canada and Co-Chair of FinCoNet Standing Committee 4, moderated a panel session on *Increasing digitalisation, cybersecurity risks, scams and frauds*. The panel featured the following speakers: Mr. John Salomon, Director for Europe, the Middle East and Africa at the Financial Services Information Sharing and Analysis Center (FS-ISAC); Ms. Fredes Montes, Senior Financial Specialist at the World Bank's Payment System Development Group; and Ms. Magda Bianco, Head of the Directorate General for Consumer Protection and Financial Education, Bank of Italy and Chair of FinCoNet Standing Committee 3.

The FinCoNet AGM 2022 will be held November 2022, followed by an international seminar.

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Notes for Editors

1. FinCoNet was formally established in 2013 as a new international organisation of financial consumer protection supervisory authorities. The goal of FinCoNet is to promote sound market conduct and enhance financial consumer protection through efficient and effective financial market conduct supervision, with a focus on banking and credit.
2. Members of FinCoNet are public entities that have a financial market conduct and financial consumer protection supervision mandate.
3. For more information about the work of FinCoNet or becoming a Member, please contact Sally.DAY-HANOTIAUX@oecd.org at the Secretariat.