

CONTENTS

Welcome	1
In focus	2
Current issues forum	4
Advancing fintech regulatory and supervisory actions: Regulatory sandbox and market intelligence operations	4
Behaviour and culture of the Irish retail banks	6
The Central Bank of Ireland introduces new requirements to provide additional transparency and facilitate mortgage switching	8
Russia to set up Institute Of Financial Ombudsman	10
BaFin study and consultation on “big data” and artificial intelligence	11
Banco de Portugal requests information on consumer credit products via digital channels—a new oversight tool	12

Welcome to the FinCoNet Newsletter

Welcome to the third edition of the FinCoNet Newsletter for 2018.

The FinCoNet annual general meeting will this year take place in Brasilia, Brazil on 6-7 November. The event will be hosted by the Central Bank of Brazil, a FinCoNet member since 2015. The annual general meeting will be followed by an international seminar on 8 November.

The main topic of the international seminar is open banking: development, impact and challenges.

We look forward to welcoming FinCoNet members, associates, observers and other interested parties to these important events.

In Focus

Banco de España's customer portal

Contributor: Elena Terrón, Banco de España

The bank customer portal (BCP)¹ is part of the Banco de España's strategy to promote swift access to relevant and useful information by users of financial products and services, to encourage good practices, to publicize current conflict-resolution arrangements and to promote financial education.

In December 2017, the Banco de España launched a new version of the BCP (the first was launched in 2005), with a more contemporary design that can be accessed from mobile devices (smartphones and tablets) via a more user-friendly interface. The new BCP is now available in English.

BCP content provides practical and comprehensive information to bank customers interested in learning more about their financial rights and obligations. The BCP has three main sections to help consumers in Spain's heavily banked society: "Banking products and services", "We can help you" and "Latest news and financial education".

The "Banking products and services" section sheds light on the most popular among a wide range of products and services on offer to financial consumers. In addition to the traditional products such as accounts, loans, mortgages cards and cheques, the BCP also looks at new products and services provided by digital means such as instant payments and electronic money. The BCP also provides information on interest rates and bank fees, always of great interest to customers.

This new version of the BCP strives to be eminently useful and, where possible, practical. A comprehensive set of simulators support consumers in calculating potential decisions on, for example, mortgage loan instalments, deposit interest, and the annual percentage rate on any of these products. These simulators can be downloaded onto iOS and Android-based mobile devices.

The "We can help you" section explains how a consumer can make an enquiry or claim to the Banco de España. It also provides information on best banking practices, plus the institutions supervised by the Banco de España and the regulations it implements.

In the "Latest news and financial education" section, users can find subjects of interest such as the latest statistics from the Market Conduct and Claims Department. This section also includes information about the Financial Education Plan (FEP), an initiative sponsored by

¹ <https://cliente bancario.bde.es/pcb/en/>

the Banco de España and the CNMV (National Securities Market Commission), the activities it includes, and the description of similar programmes under way around the world.

Lastly, the BCP has a blog on topical issues and a multimedia gallery with fresh content, such as “Las cuentas claras” (“Accounts made plain and simple”), radio programmes on financial education devised by the FEP and Radio 5, and digital video courses prepared in collaboration with Spain’s Ministry of Education.

In sum, the BCP is a single toolbox where consumers can find many of the solutions they need to manage personal and household finances.

World Bank Group Technical note: Developing a key-facts statement for consumer credit

This [World Bank Group technical note](#) provides practical guidance to policy-makers seeking to develop key-facts statements (KFSs) for consumer credit products. KFSs are a vehicle through which a regulator may require financial institutions to provide information on total costs, fees, charges, terms and conditions, all in a clear, easy-to-understand manner and in a standardized format across the industry. The World Bank Group technical note shares principles, international good practices and lessons learned in developing KFSs. It covers pre-contractual disclosure requirements, including design elements and behavioural insights that can increase the effectiveness of KFSs in supporting consumer understanding of financial sector offerings.

World Bank Group Discussion note: From spreadsheets to “suptech”: technology solutions for market conduct supervision

Many supervisory authorities are seeking technology-enabled solutions to increase the efficiency and effectiveness of their supervisory activities. This [World Bank Group discussion note](#) examines “suptech” (that is, supervisory technology) solutions adopted by some market-conduct supervisors. It provides a general examination of suptech and three country case studies illustrating how supervisory authorities are applying suptech currently. The latter include suptech in the context of financial consumer protection (using country case studies from the United States and Lithuania) and in the context of AML/CFT (using a country case study from Brazil). The note also addresses the implications of these technology solutions for broader supervisory approaches and highlights risks, challenges and other cross-cutting considerations that may arise with suptech.

Current issues forum

Advancing fintech regulatory and supervisory actions: OJK regulatory sandbox and market intelligence operations

Contributor: Aldi Firmansyah Rubini, Indonesia Financial Services Authority/OJK

The significant increase in the number of financial technology (fintech) companies is sure to have an impact on the development and evolution of Indonesia's financial services industry. Along with start-up companies, the incumbent financial-sector players are getting into the field, exposing them to both opportunities and new challenges in surviving in this era. Fintech also challenges the regulator, peculiarly the Indonesia Financial Services Authority or IFSA, known as OJK (for Otoritas Jasa Keuangan).

In the middle of rapid development of the industry and in its use of technology in Indonesia, OJK continues to draft regulations and conduct other activities. Its efforts aim to ensure all activities in the financial services sector are implemented in an organized, fair, transparent, and accountable manner; support the sustainable, stable growth of the financial system; and protect the interests of consumers and society.

To overcome the challenges emerging from the fintech revolution, OJK is currently focusing on the implementation of its fintech regulatory sandbox, which is contained in the OJK regulation regarding digital financial innovation. The regulation is designed to provide incumbent players and fintech start-up companies with opportunities to grow, expand and contribute to national economy. Regulation concerning this tool specifies the minimum requirements that must be satisfied so the industry's development is supported by the legal grounds essential for attracting investment, protecting consumer

interests and promoting efficient and sustainable growth.

The sandbox is expected to benefit both the industry and the OJK. The sandbox is not only an innovation incubator but also the laboratory for OJK to prepare pertinent regulations and precise supervisory actions. Through this sandbox, OJK expects to identify and analyse every new innovation in the financial services industry, so that OJK may evaluate the worthiness of it.

The sandbox approach will be based on market disclosure and surveillance. The testing components include governance standards, disclosure and transparency, consumer protection, consumer education, data secrecy, and real-time reporting to OJK. The sandbox testing process takes six to 12 months and can be extended up to six months if necessary. The first stage of entering the sandbox is registration. At this stage, OJK forms a Sandbox Assessment Panel Forum, which is responsible for assessing and reviewing a registered company's innovation. The forum consists of representatives from OJK and, if necessary, the forum may invite academic experts, information technology experts, risk management experts, economists, or any other relevant experts to act as advisers. The sandbox's output will be recommendations, both for the companies and the OJK supervisory team.

After issuing the regulation, OJK will invite more industry innovators to register and start discussions. OJK has met and discussed with about 180 companies about the sandbox since 2016. The implications of

fintech's rapid growth of must be addressed by all concerned to protect consumer interests in relation to funds and data security, particularly in relation to anti-money-laundering and terrorism funding, and financial system stability.

Regarding consumer protection, OJK is conducting its 2018 Market Intelligence Operation as an action to identify consumer protection vulnerabilities in fintech activities. The goals of this effort are to ensure that fintech companies provide sound financial products and services, and to strengthen OJK's role in monitoring fintech companies regarding security, services, inclusivity, risk mitigation and consumer protection aspects. This operation aims to:

- identify characteristics, types and the nature of fintech products or services
- map fintech vulnerabilities
- provide recommendation for advanced supervisory action to supervisors; and
- provide inputs for regulations, especially on the fintech operations

The operations activity is conducted by sampling 10 fintech companies by considering the number of consumers and the coverage of the massive supply or marketing area and capital. The 10 companies consist of five fintech peer-to-peer lending start-ups, two fintech market aggregator start-ups and three incumbent firms that are developing fintech. The four approaches used in this operation are open-source intelligence (OSINT), mystery shopping, customer testimony, and in-depth interviews. Through these methods, OJK will gather information regarding transparency, fair treatment, standard contract, complaints handling, dispute resolution, and information and data security.

OJK has been studying the growing phenomenon of fintech intensively in order to monitor the industry's rapid development. The sandbox effort will support the future of the financial services industry and continue ensuring consumer protection.

Behaviour and culture of Irish retail banks

Contributor: Clive Duignan and Roisin Hanley, Central Bank of Ireland

Cultural failings within the banking sector contributed significantly to the financial crisis.¹ They were also a trigger for the Central Bank of Ireland to conduct its Tracker Mortgage Examination, which found that these cultural failings, in addition to poor systems, weak internal controls and poor governance, had detrimental and in some cases devastating impacts on consumers. Stemming from the ongoing examination, the Minister for Finance requested the Central Bank to review the “current cultures and behaviours and the associated risks in the retail banks today and the actions that may be taken to ensure that banks prioritise customer interests in the future.”

The Central Bank recently published its findings from the review, the object of which was to:

- identify behavioural patterns and structures with respect to how banks consider consumer needs and interests; and
- identify the associated risks

The review focused primarily on each bank’s executive leadership team (referred to in the review as the executive committee), given the important role each team has in driving culture and incorporating customer interests into decision-making.

The review was undertaken in conjunction with the Dutch Central Bank (De Nederlandsche Bank, or DNB) which is a

leader in the supervision of behaviour and culture. The review teams used a bespoke framework comprised of elements of both the [Central Bank’s Consumer Protection Risk Assessment \(CPRA\) framework](#)² and [DNB’s Behaviour and Culture Framework](#)³.

The review comprised both onsite and offsite activities, which included:

- **desk-based review**—information that gives insight into the organization’s business model and goals and provides insight into the decision-making process;
- **self-assessments**—completed by those later interviewed by the review team. The questions asked related to the topics included in the review framework;
- **surveys**—to determine bank staff perceptions of executive committee leadership and dynamics;
- **interviews**—primarily of executive committee members; also conducted with board members, second-line-of-defence staff (risk and compliance functions) and selected staff considered best placed to provide insights into particular decisions chosen for in-depth review; and
- **observations**—the review team observed at least two meetings at each bank, one of these being an executive committee meeting attended to gain insight into the

¹ Commission of Investigation into the Banking Sector in Ireland (2011). ‘Misjudging Risk: Causes of the Systemic Banking Crisis in Ireland’.

² The framework included the following elements of the Central Bank’s CPRA—Leadership & Tone from the Top;

Speak Up, Challenge and Escalation; and Performance Management, Reward & Incentives

³ Key elements utilised from the DNB’s framework were decisionmaking; leadership; communication; group dynamics and mind-set.

group dynamics, communication and decision-making at play in these fora.

Areas of concern

The banks included in the review have recently taken steps to reinforce the consideration of the consumer interest in their strategy, decision-making and procedures. However, the review also showed some banks are more advanced than others in their transformation towards a consumer-focused organizational culture, and all have a distance to travel. Furthermore, the review revealed patterns in corporate leadership, strategic decision-making and mindset that may jeopardise the successful transformation towards a consumer-focused culture.

1. Consumer-focused culture is not fully embedded and demonstrated in banks. While the banks are working to embed the consumer perspective in all decisions, some are more advanced than others, and all have significant distances to travel.

2. Executives continue to operate in a 'firefighting' mode remnant of a crisis-era mindset. Contextual pressures have resulted in organisational mindsets that continue to be focused on short-term and legacy matters, above consumer interests.

3. Banks occasionally revert to directive leadership styles. The banks are struggling to transition from the crisis mindset and adopt more appropriate leadership styles as they pursue a return to a steady state.

4. There are concerns about over-optimism. Emerging from the crisis is seen by banks as a significant achievement, but it drives over-optimism, meaning banks may underestimate the work required to deliver on the change agenda.

5. There is a lack of empowerment and decision-making below the executive-committee level. The banks are struggling to find balance in terms of accountability in decision-making and empowering their senior staff.

Next steps

- While banks are at different stages of embedding consumer interests in all aspects of decision-making, all have significant work to do. The Central Bank has provided individual reports to each of the five banks. Each bank is required to submit a detailed action plan to address the issues identified and to ensure the risks are mitigated.
- The Central Bank proposes the introduction of a new Individual Accountability Framework, which would apply to banks and other regulated financial service providers. The Framework includes conduct standards for regulated financial services providers and the staff working for them, a Senior Executive Accountability Regime and enhancements to the existing [Fitness and Probity Regime](#) and enforcement process.
- Given the importance of diversity and inclusion in fostering effective corporate culture, the Central Bank also conducted separate diversity and inclusion assessments within the five banks; these were done in parallel with the behaviour and culture review. Each bank was required to respond by providing the Central Bank with a separate action plan to increase diversity and inclusion.

The [Central Bank Behaviour and Culture Report](#) is available online.

Central Bank of Ireland: new requirements for additional transparency and to facilitate mortgage switching

Contributor: Sinéad Cawley, Central Bank of Ireland

Following a public consultation process, in June 2018 the Central Bank of Ireland [introduced changes to the Consumer Protection Code 2012](#) to help consumers save on their mortgage repayments, provide additional protection to consumers who are eligible to switch mortgages, and facilitate mortgage switching by enhancing the transparency of the mortgage framework. These changes build on the strong framework of protections already in place for mortgage borrowers, including the [transparency measures introduced for variable rate mortgage holders](#) in 2016. The new and enhanced requirements will take effect from 1 January 2019.

The changes follow 2015 [research by the Central Bank](#), which found that, based on the analysis of over half a million mortgages, up to 21 percent of borrowers could save money by switching their mortgage. Of those mortgage holders who could save money by switching, approximately 16,000 could save over €1,000 in the first 12 months, and around 27,000 switchers could save more than €10,000 over the lifetime of the mortgage. Further [consumer research](#) conducted by the Central Bank in 2017 showed the need for greater transparency in information for consumers, to inform them in clear terms about the potential savings they could make by switching and the switching process itself.

New and enhanced consumer protection requirements

Six sets of changes have been made to the Consumer Protection Code 2012 as follows:

1. For consumers with fixed rate mortgages, lenders must inform them at least 60 days in advance that they are about to come off their fixed rate and provide details of the new rate applicable from the expiry date. The lender should provide information on other options that may be available to the consumer.
2. For consumers with variable rate mortgages (other than those on a tracker rate), lenders must notify them every year as to whether they can, or cannot move to a cheaper interest rate as a result of a move in their loan-to-value interest rate band, subject to the provision of an up-to-date valuation and any other requirements that may apply.
3. In relation to potential savings from switching, the changes require all lenders to provide, on request, an indicative comparison of the total interest payable on the consumer's existing mortgage; and the interest payable on the new mortgage product or alternative interest rate on offer by that lender. Where the lender provides this information, they also must provide a link to the relevant section of the Competition and Consumer Protection Commission's (CCPC¹) [website](#) where consumers can compare potential mortgage-switching savings available from other lenders.
4. The changes will impose on lenders a time-bound mortgage application process. It includes requirements to acknowledge receipt of a completed mortgage application

¹ The CCPC is an independent statutory body that enforces competition and consumer protection law in Ireland.

within three business days, and to make a decision within 10 business days following receipt of all required information for assessment of a mortgage application.

5. In relation to incentives, the existing provision² 6.12 in the Code will be extended to apply the same protection to all mortgage holders, (i.e., for new, existing and switching mortgage holders.) This is to ensure consumers have sufficient clarity about the precise nature and scale of the benefit of an incentive to them, including the potential impact of an associated incentive on the cost of their mortgage.

6. A lender's standardized pack of information about switching must, at a minimum, include the lender's mortgage switching guide, including prescribed information; application forms; and information on timelines, mortgage process and documents required from the consumer.

Advertising review

In addition to the introduction of these new requirements, the Central Bank also reviewed mortgage-related advertising, with a focus on cash-back incentives. The objective of this review was to assess whether lenders were advertising mortgages with cashback offers in a clear and unambiguous way.

The review examined 183 advertisements for compliance with certain requirements in the Consumer Protection Code and the European Union (Consumer Mortgage Credit Agreements) Regulations 2016. In some cases, the same advertisement may have appeared across all formats of advertising reviewed (i.e. press, social media, outdoor advertising, etc). As a result of the review, the Central Bank instructed lenders to withdraw or amend about 75 percent of the advertisements reviewed. In summary, the key findings from the review were as follows:

- Key information and qualifying criteria were not always included in the main body of the advertisements, or in the small print (e.g., whether a borrower had to have a current account with the lender to qualify).
- The content of some webpages was inaccurate and/or not up to date.
- The content of some advertisements was unclear (e.g., how the cash-back incentive was calculated).

² Provision 6.12 of the Code requires lenders to provide specific information to existing consumers on mortgage-related incentives, including the implications of availing of the incentive on the cost of their mortgage, the length of time the incentive will be available, the advantages and

disadvantages of availing of the incentive, and any other key information which the consumer should have available to them.

Russia to set up institute of financial ombudsman

Contributor: Daria Silkina, Central Bank of the Russian Federation

In June 2018, Russia's President signed into law a bill creating the Institute of the Financial Consumer Ombudsman.

The law is to build a system for out-of-court dispute settlement between Russian citizens and financial institutions for claims of up to 500,000 rubles¹.

To resolve their disputes with financial institutions, Russian citizens will be able to receive prompt, professional legal advice from the financial ombudsman. The ombudsman will handle disputes a financial consumer and a financial institution have failed to settle under the pre-action protocol, which establishes an obligatory stage of dispute settlement between the parties.

Thereby, should a dispute arise between a financial consumer and a financial institution, the dispute settlement will proceed as follows:

- 1) A financial consumer files a claim with the financial institution.
- 2) The financial institution must consider the claim and provide the consumer with a substantive response, all within one of the following timeframes: 15 business days if the claim was submitted electronically in a standard form and financial consumer rights were violated no more than 180 days previous; or 30 days of its receipt in other cases.
- 3) If the consumer is dissatisfied with the financial institution's response (or should the consumer fail to receive a response within the statutory timeframe), they may approach the financial ombudsman for dispute settlement. This stage establishes an obligatory out-of-court dispute settlement that cannot be avoided through immediate

legal action, because the effective procedural law obliges courts to reject statements of claim when the relevant out-of-court dispute settlement procedure established by federal law has been violated.

4) After the receipt of a claim from a retail financial consumer, the financial ombudsman has 15 business days to consider the dispute and pass his/her judgement. This changes to 30 business days if the claim is submitted by a person to whom the right of claim on the financial institution of the financial consumer is assigned). The judgement will be binding for both parties. If necessary, the financial ombudsman may conduct an independent assessment of the claims.

5) Should the financial institution fail to deliver on the ombudsman's judgement within the timeframe stipulated in the judgement, a writ of execution (warrant) will be issued for its enforcement.

6) Should the parties disagree with the financial ombudsman's judgement, they have the right to seek the protection of their rights in court. To do so,

- a. the consumer has 30 days after the financial ombudsman's judgement comes into force; and
- b. the financial institution has 10 business days after the judgement of the financial ombudsman comes into force.

The Bank of Russia will fund the first year of the Financial Ombudsman Service's operation. Subsequently, it will mostly rely on financial institutions for funding. Their payments will depend, among other things, on the number of consumers' complaints

¹ As of 10.08.2018, Bank of Russia exchange rate was 66,28 per US dollar.

against a specific financial institution and the number of the financial ombudsman's judgements against the financial institution.

The financial ombudsman will not consider cases in mediation or those already subject to a court ruling.

The law stipulates that any financial institution offering retail services may voluntarily hand over dispute settlement with consumers to the financial ombudsman 90 days after the law comes into effect. That said, 270 days after the law comes into force, financial institutions will be obliged to gradually pass all dispute settlements with retail customers to the financial ombudsman. The first organizations to do so will be insurance companies engaged in vehicle insurance.

Later on, the new system will cover other insurers (except those exclusively providing obligatory medical insurance), microfinance organizations (from 2020), and consumer credit cooperatives, pawnshops, credit institutions and non-governmental pension funds (from 2021).

The Bank of Russia will keep the register of financial institutions obliged to cooperate with the financial ombudsman, which will include all financial institutions with retail operations. The regulator encourages institutions to join the system of out-of-court dispute settlement voluntarily and ahead of time.

International experience shows that the financial ombudsman institution can increase the speed and quality of typical dispute settlements between financial institutions and their consumers and improve customer satisfaction.

BaFin study and consultation on “big data” and Artificial Intelligence

Contributor: Matthias Aust, BaFin

As the amount of data available is constantly growing and ever better opportunities for using this data are arising, companies are able to structure their work processes more efficiently and develop new business models. Supervisors and regulators, however, are facing new challenges as the use of big data and artificial intelligence (BDAI) increases on financial markets.

In order to gain a better understanding of

these challenges, Germany's BaFin¹ prepared the report "[Big data meets artificial intelligence – Challenges and implications for the supervision and regulation of financial services](#)" with the support of Partnerschaft Deutschland, the Fraunhofer Institute for Intelligent Analysis and Information Systems and The Boston Consulting Group.

With this report BaFin wants to engage in discussions about big data and artificial

¹ Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin)

intelligence with all the stakeholders concerned and invites to critically examine the scenarios and findings in this report as part of the consultation process. In addition to a detailed analysis, the report also contains key questions aimed at structuring the discussions BaFin is seeking to engage in. The submitted responses will be key for BaFin as a financial supervisor in addressing the issues surrounding BDAI.

The public consultation still runs until 30 September 2018 and comments can be submitted using a [questionnaire](#) that is available on BaFin's website.

BaFin is planning to evaluate the submitted responses and subsequently publish an anonymised and aggregated evaluation online. However, the submitted responses will not be published individually.

Banco de Portugal requests information on consumer credit products via digital channels – a new oversight tool

Contributors: Carla Almeida Ferreira, Maria João Gomes, Patrícia Guerra and Tiago Brito, Banco de Portugal

Since early 2018 in Portugal, credit institutions and financial companies providing customers with access to digital channels to contract consumer credit products have had to submit to Banco de Portugal information on the specific features of this process, the security mechanisms implemented and the characteristics of the credit products in question. This is the result of a recent initiative taken by Banco de Portugal under its mandate to supervise the business conduct of financial institutions (Circular Letter No. CC/2018/00000004¹).

The development of new business models, the provision of financial products and services through different channels and the entry of new financial providers call for a (re)visitation of supervisory tools. Hence, the digital era is boosting change in banking conduct supervision.

For Banco de Portugal, the marketing of consumer credit products via digital channels is a priority supervision issue, based on a risk-weighted approach. This decision relates to the increasing commercialization of consumer credit products through digital channels, and the need to ensure institutions' compliance with

the comprehensive legal requirements. Indeed, maintaining a high level of consumer protection is essential to ensure consumer confidence in digital channels.

Under Circular Letter No. CC/2018/00000004, supervised institutions are requested to complete a questionnaire providing information on, for instance, product sales channels, available functionalities in the contracting process, means by which the credit agreement concluded is made available to the customer, available means to clarify customers' doubts, customer authentication procedures and security mechanisms incorporated in the digital channel. Additionally, supervised institutions must submit to Banco de Portugal the pre-contractual information documents and the product information sheet before the scheduled date for the commencement of the provision of said product via digital channels.

Moreover, when significant changes are introduced in the contracting process or in the functionalities of the digital channel used for the provision of a consumer credit product that has already been reported, the

¹ The English version of the Circular Letter is available here: https://cliente bancario.bportugal.pt/sites/default/files/relacionados/noticia/CC4-2018_EN.pdf.

supervised institutions must also report the changes to Banco de Portugal.

The analysis of the questionnaires' responses is complemented by off-site inspections of supervised institutions through which the information provided is verified and the institutions' conduct is analysed. The off-site inspections end with clarification requests issued to the contact person indicated by the institution and, when deemed necessary, with meetings requesting a live demonstration of the contracting process at Banco de Portugal's premises.

Banco de Portugal is assessing the practices adopted by the supervised institutions, under the current legal framework, applying the technological neutrality principle. In particular, Banco de Portugal is evaluating the ways pre-contractual and contractual information is made available to the customer, the provision of adequate means to ensure customers' doubts are clarified and to facilitate the search of information, the adoption of mechanisms to facilitate the exercise of the right of withdrawal² and the right of early repayment³ through digital channels, which applies by law to all consumer credit contracts due to the transposition of the European Consumer Credit Directive⁴, and the adoption of secure authentication mechanisms.

Banco de Portugal is also mapping the creditworthiness assessment models used by the supervised institutions in the digital channels. The applicable regulation determines that the institution shall request

the consumer to provide the information deemed necessary for the creditworthiness assessment, as well as the documents required to prove this information is true and up-to-date. However, in the case of a credit agreement to be concluded for an amount equal to or lower than the equivalent to tenfold the guaranteed monthly minimum wage, the institution may estimate the consumer's regular income and expenditure, based on information deemed sufficient.⁵

Data collected shows that supervised institutions are following different approaches regarding the provision of consumer credit through digital channels. A first group of institutions is offering the same consumer credit product both in digital channels (through a home-banking website or an app) and traditional channels (e.g. in a bank branch or by phone). Other institutions introduced some nuances to the digital product, such as lower fees, shorter terms and lower credit amounts and a third group of institutions developed dedicated platforms exclusively to offer a specific consumer credit product.

In line with its strategy to address the challenges introduced by the digital era, Banco de Portugal will keep monitoring closely the provision of consumer credit through digital channels and reassessing its supervisory tools and approaches to ensure compliance with the applicable regulatory framework and a high level of financial consumer protection.

² This right grants to the consumer a period of 14 calendar days in which he can withdraw from the credit agreement without giving any reason.

³ This right entitles the consumer to at any time discharge fully or partially his obligations under a credit agreement. In such cases, the consumer shall be entitled to a reduction in the total cost of the credit, such reduction consisting of the interest and the costs for the remaining duration of the contract.

⁴ Directive 2008/48/EC, of the European Parliament and of the Council of 23 April 2008, on credit agreements for consumers.

⁵ This possibility is available to the supervised institutions under Notice of Banco de Portugal No. 4/2017. For further information, please see "Portugal steps up the standards in creditworthiness assessment", in FinCoNet Newsletter, issue 2, of May 2018 (http://www.finconet.org/FinCoNet_Newsletter_May_2018.pdf)

FinCoNet

Established in 2013, FinCoNet is an international organisation of supervisory authorities responsible for financial consumer protection. It is a member-based organisation 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 to strengthen consumer confidence by promoting robust and effective supervisory standards and practices, and sharing best practices among supervisors. It also seeks to promote fair and transparent market practices and clear disclosure to consumers of financial services.

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