



FinCoNet

INTERNATIONAL FINANCIAL CONSUMER
PROTECTION ORGANISATION

FinCoNet Annual Report 2020
& 2020 Financial Statements

Table of Contents

Foreword	3
Report from the Chair of FinCoNet	4
Report of the FinCoNet Governing Council	7
Report of the Secretariat.....	13
Members, Associate Members and Observers 2020.....	17
Report of the Treasurer	19
FinCoNet Audited Financial Statements 2020.....	21

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, which have responsibility for financial consumer protection. It is a member-based organisation and has been set up as a not-for-profit association under French law.

FinCoNet 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

It is my pleasure to present the FinCoNet Annual Report for 2020. This report highlights the work undertaken by FinCoNet during the course of the year with the aim of promoting sound market conduct and strong consumer protection through efficient and effective financial market conduct supervision.

Let me start by acknowledging that the COVID-19 pandemic outbreak which we have been living with since the beginning of this year has highlighted the importance of our work. In a context that brought us unexpected extraordinary challenges, FinCoNet was called to contribute to the mitigation of the impact caused by this situation. FinCoNet's mandate and Programme of Work became increasingly relevant. The importance of adopting a comprehensive financial consumer protection framework has been vindicated.

FinCoNet Member organisations have had to deal with a host of challenges as they have played their part, alongside Governments, regulators and other authorities in helping finding the adequate responses to this pandemic.

FinCoNet too has been committed to supporting Members by facilitating the sharing of information and increasing its commitment to the global dialogue. FinCoNet cooperated with other fora, bringing the business conduct supervisory experience and views to a comprehensive discussion on the appropriate financial consumer protection measures in response to this pandemic. FinCoNet has been collaborating with the G20/OECD Task Force on Financial Consumer Protection participating in two Special Sessions as well as in a questionnaire on measures regarding COVID-19, organised and prepared by the OECD. This exercise included other international organisations, such as the World Bank and the Alliance for Financial Inclusion.

While the attention and resources of FinCoNet and its Member organisations have understandably been focussed on COVID-19 in 2020, despite the difficulties to comply with our current Programme of Work, members were able to bring the deliverables foreseen

for this year. FinCoNet was able to advance through the different work streams. I am very pleased that we have published a report on the supervisory approaches associated with Financial Advertising, exploring oversight tools in the context of challenges jurisdictions are currently facing, trends, emerging issues and innovations, including insights from behavioural economics, with case studies and examples. This is becoming a core area of activity for most market conduct supervisors to help consumers understand correctly the features and risks associated with an increasing and differentiated supply of financial services.

We have also published a report on SupTech Tools for Market Conduct Supervisors, where we can look at innovative technology to help authorities to act fast and make a comprehensive oversight of a very diversified set of financial products. It is relevant to explore new oversight tools by sharing experiences and best practices. This report benefited from inputs of the World Bank, who has also been dedicated to the study of SupTech. I would like to highlight this mutual collaboration agreement as an example we could encourage in future reports.

FinCoNet work has also advanced on the topics of creditworthiness assessments and financial product governance and culture. Reports on these topics are expected to be published beginning of next year. I am very grateful to the Chairs and Members of all of our Standing Committees for the time and attention they so generously invested in developing these reports. FinCoNet's activities are covered in more detail in the later sections of this Annual Report.

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 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 videoconference meetings very often at unexpected hours for some of them. I would also like to acknowledge the importance of the work of Chris Green, as Vice-Chair, and Fernando Tejada, as Treasurer, whose commitment has been essential in this phase. I would like to express my sincere gratitude to the OECD Secretariat for all their support during the year. The OECD Secretariat is responsible for keeping all of us connected and engaged with the organisation. This has never been more important than this year with all of our activities taking place virtually.

Another way of keeping us together is via the FinCoNet Newsletter, which collects contributions from Members about changes and developments relating to supervisory activities, new products or initiatives. It keeps Members up to date with important news and events. The Newsletter is produced on a regular basis by the Secretariat. I would like to thank and acknowledge the jurisdictions who have contributed in 2020. The Newsletter has featured articles from the Bank of Russia, Banco de Portugal, SBS Peru, CGAP, OJK Indonesia, Banco de España, BaFin Germany, ASIC Australia, FCAC Canada, Central Bank of Ireland, AFM Netherlands, FSCA South Africa, FCA United Kingdom, Bank of Mauritius and the Secretariat.

At an organisational level, I am delighted to report that we have welcomed the following new Members to FinCoNet this year: the Central Bank of Mozambique, Bank Indonesia and the Central Bank of the United Arab Emirates and the National Bank of Ukraine as an Associate Member. Today FinCoNet has 28 Members and 2 Associate Members from 27 jurisdictions all over the world, as well as its renowned Observers. We have also engaged with a significant number of other supervisory organisations from around the world during

the course of the year, particularly in the context of information sharing about COVID-19 responses. I hope many of them will apply for membership in the future. I have also promoted FinCoNet at relevant international events such as the Developing-Developed countries Dialogue Meeting, held as part of the African Financial Inclusion Policy Initiative entitled “Adapting to the Crisis – Financial Sector Supervision in times of COVID-19” hosted by the Alliance for Financial Inclusion. Further, on organisational matters, we have developed guidelines on a model structure for FinCoNet reports, as well as guidelines for the finalisation and approval of FinCoNet reports and a new cover design. These new guidelines will assist us develop the important resources of the organisation, such as the reports mentioned above.

Unfortunately, due to COVID-19 restrictions, the 2020 Annual General Meeting could not take place in Lisbon, Portugal. We had to rely on virtual meetings, but we will be expecting you for an in-person meeting next year, 2021, at the Banco de Portugal.

I would like to recognise that in 2021 we will keep on being very demanding due to the continuity of the pandemic and of its consequences, which will be present in the medium and long term. FinCoNet will attend to these issues on its Programme of Work for 2021-2022. Besides the reports expected to be published on 2021, our organisation shall have an ambitious Programme of Work, with a set of quite demanding topics. Ambition is required in times of growing importance of financial consumer protection. We are asked to combine both standard topics and COVID-19 driven concerns.

To sum up, I wish to acknowledge that all of us have been working under unprecedented difficult conditions during the course of the year with many personal and professional challenges. Despite this, FinCoNet has continued to further its objectives to foster interaction, sharing and collaborating among supervisory bodies responsible for the oversight of the various national financial consumer protection regimes. I would like to sincerely thank all the Members of FinCoNet for their continued dedication and support and wish all delegates, their families and their colleagues good health in the months ahead.



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 2020, responding 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.

Members of the Governing Council:

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)

COVID-19

Jurisdictions all around the world have been impacted by the COVID-19 pandemic. All aspects of society as well as the economy have been impacted by the crisis in some way and to some degree. This includes financial consumers, particularly vulnerable consumers, whether borrowers, savers, users of payment services, insurance policy holders, retail investors or pension fund members.

As market conduct supervisors, FinCoNet members have played a vital role in responding to the pandemic and protecting financial consumers in their respective jurisdictions. COVID-19 caused unforeseen disruption and increased workloads for many FinCoNet members, many of whom have been involved in the implementation and oversight of COVID-19 response measures designed to assist consumers. FinCoNet members have been active in liaising with Government(s), regulators, industry and consumers. In addition, many FinCoNet members have had to adapt their usual supervisory operations in light of lockdowns and changed working arrangements.

Like many other organisations, COVID-19 also impacted the operations of FinCoNet itself during the year, with the focus turning to urgent coordination and facilitating the sharing of information about the handling of the pandemic among FinCoNet members. The timeframes of some existing work streams were also impacted in order to prioritise COVID-19 related work. 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
Questionnaire on financial consumer protection responses to COVID-19	Data collection	Working in collaboration with the G20/OECD Task Force on Financial Consumer Protection, FinCoNet members participated in a Questionnaire to gather targeted information about financial consumer protection measures that had been implemented or were under consideration in response to the impact of COVID-19. The objective of the Questionnaire was to support delegates by facilitating information sharing about, and informing a global view of, such measures. An updated file of responses to the Questionnaire was distributed to FinCoNet members on a regular basis and made available on the FinCoNet Community site so that members could easily consult what other jurisdictions were doing.

Information and resources produced by FinCoNet members	Information sharing	Links to public information and resources produced by FinCoNet members were published on a dedicated page on the FinCoNet website to promote resources and information sharing.
Special Session meeting on COVID-19, 15 April 2020	Information sharing	FinCoNet members participated in a Special Session meeting of the Task Force and FinCoNet with the objective of providing a forum for members to share information and ask questions about financial consumer protection responses to the challenges of COVID-19. Key themes from the meeting included: common measures implemented by jurisdictions comprised flexibility around loan repayment, payment breaks, deferred debt collection and enforcement of loans, emergency access to funds, access to banking services, SME lending, unemployment/underemployment payments, wage subsidies, prudential measures, insurance policies and claims handling, scams, increasing the contactless transaction limit, credit cards and financial literacy.
Second Special Session meeting on COVID-19, 24 June 2020	Information sharing	<p>FinCoNet members participated in a second Special Session meeting of the Task Force and FinCoNet, the objective of which was to provide a forum for updates on developments in responses in relation to COVID-19. The OECD Secretariat also provided a report back on the preliminary analysis of the responses received from jurisdictions to the Questionnaire on FCP measures re COVID-19.</p> <p>Key themes included: increases in unemployment and underemployment rates as a result of the pandemic, consideration of the implications of the expiry of credit moratoria or loan deferrals, the role of debt counselling services and financial literacy to support financial resilience, an increase in scams, fraud and identity theft relating to COVID-19 in some jurisdictions, and an accelerated trend towards digitalisation, especially digital payments.</p>

Progress against Programme of Work

In 2020, the AGM took place virtually (11-13 November) via Zoom, due to the COVID-19 pandemic's restrictions. It provided an opportunity for the Standing Committee Chairs and FinCoNet Members to share their points of view and any news they consider relevant. The FinCoNet Member Roundtable topics selected for 2020 included (a) experiences relating to forbearance programs, loan payment holidays, credit moratoria, etc.; (b) digitalisation: experiences, issues and risks relating to the increase in digital transactions in light of COVID-19 and (c) financial frauds and scams related to COVID-19: supervisory challenges and experiences.

The Banco de Portugal deferred hosting the AGM in person to 2021.

Back to back to the AGM, an International Seminar took place, focussed on Creditworthiness Assessments: current issues and challenges.

During 2020, and despite the challenges and priorities arising from COVID-19, the Governing Council worked to progress a wide range of key issues and work streams including:

Key Issues	Goal Identified	Progress Achieved
Programme of Work:	<p><i>Standing Committee 2:</i> - Supervisory approaches to creditworthiness assessments</p>	<p>Standing Committee 2 is led by the Banco de Portugal.</p> <p>In the course of 2020, Standing Committee 2 examined and explored 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>Assisted by the Secretariat, SC2 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. SC2 is currently analysing these responses. This analysis will form the basis of a report to be finalised in 2021.</p> <p>The International Seminar held as part of the 2020 AGM programme also focused on the topic of Creditworthiness Assessments and provided an opportunity to promote the work of SC2.</p>
	<p><i>Standing Committee 4:</i> - SupTech approaches for market conduct supervision</p>	<p>Standing Committee 4 is led by Banco de España.</p> <p>During the course of 2020, Standing Committee 4 continued its deep dive review of the use and application of SupTech tools and applications by different FinCoNet members. SupTech is an important new and growing area of interest for conduct supervisors given its potential to assist them in their role particularly in an increasingly digital operating environment.</p> <p>SC4 undertook detailed analysis of the responses received from FinCoNet members to a questionnaire on the use of SupTech tools in relation to banking and credit products either in use or under consideration. The questionnaire elicited 21 responses from different jurisdictions around the world. SC4 developed a report based on this detailed analysis via a consultative process among members of FinCoNet and the Secretariat. The final report was presented at the AGM 2020 and published in November 2020.</p> <p>As part of the development process, SC4 also participated in a peer review exercise with the World Bank which had been conducting work on the same topic via the development of a discussion note on the use of technology for market conduct supervision. Each organisation reviewed the work of the other, ensuring complementarity of the findings and an opportunity to build on each other's work.</p>
	<p><i>Standing Committee 5:</i> - Financial Advertising</p>	<p>Standing Committee 5 is co-led by the Financial Consumer Agency of Canada and the Bank of Russia.</p> <p>During the course of 2020, SC5 continued to progress its work stream to review supervisory approaches in relation to financial advertising, with a particular focus on advertising of banking products.</p>

		<p>SC5 undertook a detailed analysis of the responses received from FinCoNet members to a questionnaire on their supervisory approach to financial advertising, including challenges faced. The questionnaire elicited 20 responses from different jurisdictions. SC5 developed a report based on the analysis and findings via a consultative process among the members of FinCoNet and the Secretariat. The final report was presented at the AGM 2020 and published in November 2020.</p>
	<p><i>Standing Committee 6:</i> - Financial product governance and culture</p>	<p>During the course of 2020, Standing Committee 6 continued to look at policy and supervisory approaches to financial product governance and culture, with a specific focus on consumer credit and banking products.</p> <p>This work stream is being conducted as a collaboration with the Task Force in order to increase the scope and reach. SC6 is analysing responses to the questionnaire which was distributed to members of FinCoNet and the Task Force. SC6 received 29 responses to the questionnaire.</p> <p>SC6 is currently developing a report based on the findings from the questionnaire responses and analysis. A draft report will be presented at the FinCoNet meeting in March 2021 (the meeting to be held in conjunction with a meeting of the OECD Taskforce on Financial Consumer Commission). The final version is expected to be published in the first half of 2021. SC6 has also been undertaking a literature review of different policy, regulatory and supervisory approaches relating to financial product governance and culture was conducted</p>
<p>Governing Council Meetings</p>		<p>Five meetings of the Governing Council were held in 2020, on 3 February, 18 March (meeting held via the written procedure), 19 May, 9 July and 17 September.</p> <p>Due to the travel and sanitary restrictions as a result of COVID-19, the joint meeting of FinCoNet and the G20/OECD Task Force on Financial Consumer Protection planned for 16-18 March 2020 was not able to be held in person. The business of this meeting, and that of the Governing Council meeting on 18 March 2020, was progressed via the written procedure managed by the Secretariat.</p> <p>The International Seminar planned for 17 March 2020 on the topic of Creditworthiness Assessments was deferred due to the impact of COVID-19, to be held instead during the programme of the FinCoNet AGM 2020 (see below).</p>
<p>International Seminar: Creditworthiness Assessments: current issues and challenges</p>		<p>Creditworthiness assessments are a vital part of the regulatory and supervisory framework for consumer credit transactions and an area that has received significant attention from supervisors in recent years. It is also the topic of the work stream conducted by Standing Committee 2.</p> <p>The International Seminar provided an excellent opportunity to hear from a range of representatives of different interests on their perspective on creditworthiness assessments. The Seminar included presentations from Mr Pedro Dias, Banco de Portugal (Chair of FinCoNet Standing Committee 2), on the work conducted by FinCoNet on the review of supervisory approaches to creditworthiness assessments across different of jurisdictions, as well as Professor Dr Katja Langenbucher, University of Frankfurt/Sciences Po who presented on the use of Artificial</p>

			Intelligence in assessing creditworthiness and the appropriate checks and balances. The Seminar also included a Panel Session and discussion exploring the developments and challenges regarding creditworthiness assessments. In particular, the Session touched on specific challenges in the light of the COVID-19 pandemic. In this Session there were presentations from Mr Ali Erbilgic and Mr Oleg Shmeljov, European Banking Authority, Professor Umberto Filotto, Eurofinas, and Mr Ira Rheingold, National Association of Consumer Advocates.
			The Governing Council approved guidelines on a model structure for FinCoNet reports including a new cover design and guidelines for the finalisation and approval of FinCoNet reports. These guidelines will assist Standing Committees as they develop future reports.
Leading on Outreach Initiatives	FinCoNet Secretariat	Chair &	<p>A number of potential new FinCoNet member authorities were identified and provided with information on FinCoNet and invitations to attend the AGM Open Meeting and International Seminar as guest Observers. The Secretariat followed up and liaised closely with all potential new members.</p> <p>Members of the FinCoNet Governing Council also attended meetings on behalf of FinCoNet in order to increase the visibility of the organisation and the work undertaken.</p>
Overseeing the Development of Resources for Members	Website		<p>The website was updated as necessary 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>In particular, and as noted above, the file of member responses to the Questionnaire on FCP measures in response to COVID-19 was made available on the members only Clearspace site by the Secretariat. The file was updated over the course of the year in line with updates received from members. In addition, links to public information produced by FinCoNet members were published on a dedicated page on the FinCoNet website to promote resources and information sharing.</p>
	Develop and publish Newsletter		<p>Four editions of the Newsletter were published over the course of 2020. Until the September edition, the Newsletter featured contributions from the Bank of Russia, Banco de Portugal, SBS Peru, CGAP, OJK Indonesia, Banco de España, BaFin Germany, ASIC Australia, FCAC Canada, Central Bank of Ireland, AFM Netherlands, FSCA South Africa, FCA United Kingdom, Bank of Mauritius and the Secretariat</p> <p>Distribution included an email to FinCoNet non-members, and in particular, those authorities that have expressed an interest in joining FinCoNet in the future and those non-members interested in the work of the Standing Committees.</p>



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 2020

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 work stream, including advising on issues relating to the scope and direction of the work stream, assisting with the design and programming of data collection instruments, communicating data collection exercises across the broader membership and other interested organisations, assisting with and reviewing papers and reports, and collating and analysing responses received.

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 jurisdictions about joining FinCoNet. These activities included contacting, communicating and following up with potential new members. The Information Brochure for Non-Members was also updated.

During the course of the year, the Secretariat facilitated the new membership of the Central Bank of Mozambique in January 2020, Bank Indonesia in March 2020, and the Central Bank of the United Arab Emirates in September 2020. The Secretariat also facilitated the Associate Membership of the National Bank of Ukraine in January 2020. In addition, the membership of the Financial Services Regulatory Authority of Ontario was approved and confirmed for 1 January 2021. In all cases, the Secretariat liaised closely with the new members to explain the process for joining, the role and expectations of FinCoNet members as well as undertaken preliminary consideration of the membership application against the membership criteria for approval by the Governing Council.

COVID-19: Supporting FinCoNet members

During 2020, working in consultation with the Chair, Vice-Chair and Governing Council, the Secretariat provided significant support to FinCoNet in terms of facilitating information sharing about responses to protect and support financial consumers in light of COVID-19. The Secretariat developed an Information Note setting out short term options for policy makers and oversight authorities to respond to the crisis. The Secretariat also developed and distributed a Questionnaire to gather targeted information about financial consumer protection measures that had been implemented or were under consideration in response to the impact of COVID-19. The objective of the questionnaire was to support delegates by facilitating information sharing and informing a holistic view of the global response. As well as FinCoNet members, participants of the Task Force which includes all SSBs and other IOs were invited to participate in the questionnaire.

The Questionnaire was launched in late March 2020. 62 jurisdictions (86 organisations) participated in the Questionnaire, with updates provided on an ongoing basis. Responses from jurisdictions were collected, circulated and analysed in order to facilitate information sharing on the latest developments about financial consumer protection measures taken.

The Secretariat convened two Special Session meetings on financial consumer protection responses to COVID-19 via video conference held on 15 April and 24 June 2020. The purpose of the Special Sessions was to provide a forum for sharing of information and asking questions about approaches and developments in different jurisdictions. The Secretariat acted as moderator for both Special Sessions, particularly to facilitate the Tour de Table of member updates. At the second Special Session meeting, the Secretariat provided a report on the analysis of the responses received from jurisdictions to the Questionnaire. Consumers International also gave a presentation on the work that they and their member consumer organisations have been doing to support consumers around the world in response to the COVID-19 crisis, as well as the issues, risks and experiences consumers around the world are facing in terms of their personal finances. Both sessions were extremely well received and well represented with many jurisdictions making interventions. In addition to the Special Sessions, the Secretariat arranged for FinCoNet members to be invited to a session on COVID-19 updates which was held by the Task Force in its meeting in October 2020.

The impact of COVID-19 and the implications for market conduct supervisors were also major areas of focus during the FinCoNet AGM 2020, in particular in the Member Roundtable (see below).

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, and a meeting of the Governing Council and Standing Committees, to be held on 16-18 March 2020, hosted by the Secretariat in Paris, France. Due to the COVID-19 outbreak and associated travel restrictions, it was not possible for these meetings to be held in person. The decision was made to conduct the business of the Joint Meeting and the Governing Council by written procedure.

The Secretariat organised and distributed key documents (that would have been discussed at the meeting) and provided a written feedback process to enable the business of the Governing Council to progress. This allowed Governing Council members to deal with the crisis unfolding in their own jurisdiction as well as progressing key Governing Council activities.

The FinCoNet 2020 Annual General Meeting and International Seminar was scheduled to be held in Lisbon, Portugal on 11-13 November 2020, hosted by Banco de Portugal. Again, due to COVID-19, the decision was made to hold the AGM 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 and moderating the 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, Governing Council and Chair of SC2 on organising an International Seminar focused on Creditworthiness Assessments: current issues and challenges. The Secretariat coordinated with the Seminar presenters on all aspects of the logistics and 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, Governing Council conference calls on 3 February, 4 February, 18 March (meeting held via the written procedure), 19 May, 9 July, 17 September, as well as many other ad hoc and bilateral meetings taking place via video conference.

Governance, administration and communication

During the course of 2020, the Secretariat supported FinCoNet to develop 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 development of the Programme of Work included preparing and distributing a consultation paper to FinCoNet members seeking suggestions and inputs for topics and activities to be reflected in the Programme of Work, collating and analysing responses, seeking feedback from the Governing Council on priorities and then preparing the final Programme of Work for presentation at the FinCoNet AGM.

The Secretariat prepared and collated the 2020 Annual Report of FinCoNet, with inputs from the Chair and the Treasurer.

The Secretariat also collated and published four editions of the FinCoNet newsletter in 2020 comprising updates from FinCoNet members of key developments in their jurisdictions.

The Secretariat developed guidelines on the procedure for approval and publication of FinCoNet reports and on a guideline on the structure of FinCoNet reports. The guidelines were approved by the FinCoNet Governing Council and published on the FinCoNet Clearspace site.

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. Other communication activities 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. The Secretariat organised and managed a call for tender to potential audit companies, following the Governing Council decision to appoint a new auditor as of 1 January 2021. The Secretariat invited various audit companies to respond to the call for tender, responded to queries and followed up to ensure a range of proposals were received. The Secretariat performed a first evaluation of the submissions and provided a recommendation to 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 2021, 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, and will continue to contact other organisations and authorities that could benefit from FinCoNet membership and provide useful input into our Programme of Work.

Continued support across the board will be provided to existing members, from circulating meeting documents to dealing with ad hoc requests for information and assistance.



Flore-Anne Messy
Head, FinCoNet Secretariat

Members, Associate Members and Observers 2020

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

Peru	Superintendency of Banking, Insurance and Private Pension Fund Administrators of Peru
Portugal	Central Bank of Portugal
Russian Federation	The Bank of Russia
Saudi Arabia	Saudi Arabian Monetary Agency
South Africa	Financial Sector Conduct Authority
Spain	Central Bank of Spain
Ukraine	National Bank of Ukraine
United Arab Emirates	Central Bank of the U.A.E.
United Kingdom	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

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Fernando Tejada
FinCoNet Treasurer

Report of the Treasurer

SUBJECT: FINCONET ACCOUNTS AS OF 31 DECEMBER 2019

Dear FinCoNet Members,

Fernando Tejada, from the Bank of Spain, was elected new FinCoNet Treasurer at the AGM held in Tokyo in November 2017 and took up his Treasurer functions as from 1st January 2018. The Treasurer is pleased to report that during the year ended 31 December 2019, FinCoNet continued to maintain a solid financial basis upon which to build and develop activities in the coming years.

After the resolution of some administrative difficulties arising during 2018 related to the daily management of the FinCoNet current bank account and the formalising of the change of Treasurer with the French authorities, there was a normal management of the current account during 2019.

Regarding the activity of FinCoNet, membership fees were received in the course of 2019 from all FinCoNet Members. The total amount effectively received during 2019 was EUR 283 663.84. This total amount includes EUR 30 000 which corresponds to the late payment of some 2018 membership fees.

Membership fees were the sole source of income in 2019.

On the cost side, the only major expense incurred by the Organisation during 2019 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.

A detailed description of the services provided in 2019 was outlined in the report provided by the OECD to the Treasurer. The total spend by the Secretariat was in line with the budget provided by FinCoNet.

Other costs incurred during 2019 are less significant and are related to bank fees, audit services, and meetings.

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 2019, the FinCoNet cash at bank was EUR 132 728.53 and retained earnings and reserves were EUR 127 229.

Looking ahead the current financial structure of incomes (based on the current number of members) and expenses, implies a small surplus of around EUR 5.000, leaving FinCoNet with limited scope to build reserves in 2021 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.

A handwritten signature in blue ink, appearing to read 'Fernando Tejada', with a long vertical line extending downwards from the end of the signature.

Fernando Tejada
Treasurer
FinCoNet
Dated: 29 September 2020

FinCoNet Audited Financial Statements 2020

FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)				
Statement of financial position				
As per 31 December 2020				
Assets	Notes	2020 (Euro)	2019 (Euro)	
Cash at bank	1	266 347	132 729	
Short term deposit				
Interest accrued			0	
Sundry debtors and prepayments				
Total		266 347	132 729	
Liabilities and net assets				
Supplier debt	2	5 500	5 500	
Accrued expenses	3	140 000	-	
Sundry creditors				
Total liabilities		145 500	5 500	
Net Assets		120 847	127 229	
Unrestricted Net Assets & Reserves				
Retained earnings before transfer		97 138	135 548	
Changes in unrestricted net assets for the current year	4	- 6 381 -	38 411	
		90 756	97 138	
Transfer from Special Reserve		-	-	
Transfer to Contingency Reserve		-	-	
Retained Earnings after transfer		90 756	97 138	
Special Reserve				
Contingency Reserve		30 091	30 091	
Total Funds		120 847	127 229	

FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)				
Statement of activities				
For the year ending 31st December 2020				
CHANGES IN UNRESTRICTED NET ASSETS				
	Notes	2020 (Euro)	2019 (Euro)	
Revenue and gains				
Membership fees	5	279 918	253 664	
Total unrestricted revenue and gains		279 918	253 664	
Expenses				
audit fees related to current year		5 500	5 500	
audit fees adjustment related to previous years		20	60	
Bank fees and charges		779	1 392	
OECD administration		280 000	280 000	
Conference expenses			5 123	
Travel and entertainment expenses				
Exceptional expenses : audit fees related to previous years				
Total expenses		286 299	292 074	
CHANGES IN UNRESTRICTED NET ASSETS		- 6 381 -	38 411	

FINANCIAL CONSUMER PROTECTION NETWORK (FinCoNet)

NOTES TO THE FINANCIAL STATEMENTS

Year ending 31 December 2020

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 31/12/2020.

2 Grant Thornton fees for 2020 (5,500)

3 Pending payment to the OECD: Grant for 2020 invoice 2 (140,000 €)
This payment was paid in January 2021.

4 See statement of activities sheet

5 In January 2020 there were issued two invoices to the Financial Supervisory Authority of Norway (invoice 009/2020) and to the Financial Services Regulatory Authority of Ontario (invoice 033/2020). These invoices were cancelled during 2020: the Financial Supervisory Authority of Norway withdrew FinCoNet during the first part of 2020 and the Financial Services Regulatory of Ontario requested to defer their membership of FinCoNet until 1 January 2021.

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

FinCoNet Association

Financial year ended December 31, 2020

Neuilly-sur-Seine, 30th July 2021

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 2020, 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 2020 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's 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's 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's internal control.
- Evaluate the appropriateness of accounting policies 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's 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