



FinCoNet

INTERNATIONAL FINANCIAL CONSUMER
PROTECTION ORGANISATION

Welcome

Dear FinCoNet Members,

I hope that you, your colleagues and your families are keeping well.

I am pleased to share with you the second 2023 edition of the FinCoNet newsletter, which includes articles provided by the National Bank of Rwanda, the Financial Sector Conduct Authority of South Africa, the Banca d'Italia and the Banco de Portugal

The In Focus section of this Newsletter includes my farewell message to all and an introduction to the Acting Chair of FinCoNet, who will take up the position from July 2023 onwards.

I hope you will find this edition of the FinCoNet newsletter an interesting and enjoyable read!

Chris Green
Chair, FinCoNet

In this issue

This second 2023 issue of the FinCoNet Newsletter includes:

[Automating financial service consumer protection in Rwanda through sup-techs](#)

- The Government of Rwanda, in the Official Gazette n° Special of 05/03/2021 published the law No 017/2021 of 03/03/2021 relating to financial service consumer protection that is first of its kind in Rwandan Financial History solely to protect a financial service consumer. The law introduced mechanisms for financial services consumer protection and provides for the regulations and systems that will implement it.

[South Africa's Financial Sector Conduct Authority \(FSCA\) publishes Sustainable Finance Programme of Work](#)

- Responsible organisations worldwide are adapting their activities and operations to ensure that they meaningfully contribute to greater positive economic, environmental, and social outcomes in the longer term, including by demonstrating active commitment to achieving the United Nation's Sustainable Development Goals (SDGs).

[The new Bank of Italy Guidelines on revolving credit](#)

- On 19 April 2023, the Bank of Italy published a set of Guidelines on revolving credit with the aim of drawing financial intermediaries' attention to the main issues in this sector in terms of customer relations and of encouraging conducts aligned with the rules and fair for consumers.

[New rights for consumers in Portuguese retail banking markets – a step ahead in promoting mobility](#)

- On 29 May 2023, a new set of rules was published establishing further rights for consumers in Portuguese retail banking markets and complementing the pre-existing comprehensive legal and regulatory framework regarding fees and charges, and sales practices.

In Focus

Farewell from the FinCoNet Chair

Dear all,

I am taking this opportunity to let you know that I am stepping down as Chair of FinCoNet in July after 7 years as a Governing Council member, 3 years as Vice Chair and 6 months as Chair.

I am very proud of the work that FinCoNet does, bringing Financial Consumer Protection supervisors together to share experiences and to learn from each other to improve the prospects for Financial Consumers across the globe. I have enjoyed every minute of my time working with all the members of FinCoNet (noting particularly the members of Standing Committee 6), with the other members of the Governing Council and with the wonderful Secretariat team at the OECD. Your commitment to the quality of our work, to the end outcomes and success of FinCoNet is passionate and unwavering. It has been a privilege to be involved in FinCoNet and to have been an office holder of the organisation.

FinCoNet is thriving at the moment and although I am very sad to be leaving, I know I am leaving the organisation in good hands. I will be watching what FinCoNet is doing with great interest.

Kind regards and best wishes for the future

Chris



In Focus

FinCoNet Acting Chair

Following the departure of Christopher Green as Chair of FinCoNet, the current Vice Chair will become Acting Chair until the FinCoNet Annual General Meeting, to be held in November 2023, at which time a new Chair of FinCoNet will be nominated.

The Acting Chair of FinCoNet is Ms. Juliana Mozachi Sandri, Head of Conduct Supervision at the Banco Central do Brasil since April 2022, and currently responsible for the Supervision of financial consumer protection and anti-money laundering and counterfeit terrorism aspects of the Brazilian financial system.

Juliana is a lawyer; holds a Master Degree in Public Administration from the American University in Washington, DC; and a Doctoral Degree in Education from the University of Illinois in Urbana-Champaign, IL.

She has been working for the Brazilian government for 16 years, and before working for the Banco Central do Brasil she worked for a private international bank. Juliana lives in Brasilia, Brazil, with her husband and children.



Current Issues Forum

Automating financial service consumer protection in Rwanda through sup-techs

Contributor: National Bank of Rwanda

Introduction:

The Government of Rwanda, in the Official Gazette n° Special of 05/03/2021 published the law No 017/2021 of 03/03/2021 relating to financial service consumer protection that is first of its kind in Rwandan Financial History solely to protect a financial service consumer. The law introduced mechanisms for financial services consumer protection and provides for the regulations and systems that will implement it.

The law on consumer protection, among other initiatives, provides for systems to protect financial service consumers. In this article, we shall talk about two supertech systems relating to publication of the financial service fees and complaints handling systems dubbed web comparator “GERERANYA” and “INTUMWA” Chatbot respectively.

The National Bank of Rwanda on 7th November, 2022 gazatted two sister regulations implementing the law on consumer protection in the Official Gazette n° 45 Bis of 07/11/2022. The gazatted regulations are regulation No. 55/2022 of 27/10/2022 relating to financial service consumer protection that contains provisions on GERERANYA and the regulation No. 56/2022 of 27/10/2022 on financial service consumer’s internal complaints handling that provides for INTUMWA Chatbot. Both GERERANYA and INTUMWA are Kinyarwanda words with literal connotation of “Comparison” and “Messenger”.

GERERANYA is provided for in article 29 of the regulation No. 55/2022 of 27/10/2022 relating to financial service consumer protection which requires a financial service provider to upload data on tariffs and fees in the comparator system whereas Complaints handling and financial services consumers’ engagement system “INTUMWA Chatbot” is provided for in article 7 of the regulation No. 56/2022 of 27/10/2022 on financial service consumer’s internal complaints handling that establishes a centralized system to manage financial services consumer’s complaints whereby all complaints lodged to a financial service provider can be managed and monitored.

These two systems were launched on separate dates and are being enforced in accordance with the instructions highlighted in the relevant circulars issued by the Central Bank.

The launch and Usage of GERERANYA

GERERANYA was launched on 21st March 2022 by the Rwanda Central Bank (BNR). In fact, the consumer satisfaction survey conducted by the National Bank of Rwanda in 2021, indicated that only 53.2% of consumers on average are satisfied with the transparency in financial services. GERERANYA therefore gives the customer a clear snapshot of service providers’ fees and charges on different financial products that include consumer loans, treasury loans, equipment loans, digital loans, mortgage loans to mention a few. The website puts prospective customers, in a position to approach financial service providers, already armed with information about the charges they are likely to incur, from all the country’s main providers of financial services through the www.gereranya.bnr.rw and

customers can download the app “GERERANYA” on their devices. The website and/or an app has ability to easily contrast, compare, and hunt around the financial service providers for the best rates, customers could find themselves pushing financial institutions into searching for ways to further improve their services, to stay ahead of the competition.

GERERANYA website facilitates financial service consumers in Rwanda to compare the tariffs and fees of different services and products from financial service providers in Rwanda with the aim of addressing the gap and need for an accurate, transparent, and consistent source of financial service information and ensure the individual financial service consumer makes a financial decision with confidence.

The launch and usage of INTUMWA

INTUMWA was launched on 22nd September 2022 by the Central Bank to implement the relevant provisions of the law and regulations on consumer protection. This Artificial Intelligence enabled financial complaints management is a project being implemented in partnership with Sinitic Africa Ltd o/a Proto Africa and Africa Digital Financial Inclusion (ADFI) by African Development Bank (ADB). The objective of the project is to implement the complaints management system for the National Bank of Rwanda that is delivered using multilingual Chatbot and artificial intelligence. The solution enables the National Bank of Rwanda to collect the financial services consumers’ complaints and tract their handling by the Financial Service Providers (FSPs). The tool also helps consumers who are not satisfied with how their complaints are treated by FSPs to escalate to the Central Bank. INTUMWA Chatbot link is deployed to the FSPs website or the chatbot is integrated with the existing complaints handling systems for those FSPs that have some in place.

Access to finance in Rwanda has increased tremendously where formal financial inclusion shifted from 21% in 2008 to 77% in 2020 (Finscope Report 2020). This increment is in line with enhanced policies that boosted access, usage and quality of financial services. Further to this, the consumer satisfaction survey conducted by the National Bank of Rwanda in 2021, indicated that only 36.6% of consumers on average are satisfied with the complaints handling process in financial services. The introduction of INTUMWA Chatbot is therefore in line with improving the quality of financial services to bridge the abovementioned gap.

The solution can be accessed in all of Rwanda’s official languages (Kinyarwanda, English and French). The consumers can access the Chatbot through the NBR website, FSPs’ websites, SMS on 6005, WhatsApp on +250791700721 or NBR social media handles (twitter and Facebook). The process of complaining is quicker, user friendly, and easy to track. The FSP about which the complaint is lodged, is able to follow the complaint, and may wish at any stage contact the complainant to resolve the issue.

Since the launch of the complaints handling system, customers have adopted its usage whereby as of May 2023, the consumers had lodged about 2,130 complaints and 1,097 enquiries making a total of 3,227.

The complainant who is still not satisfied, can escalate the complaint all the way up to the National Bank of Rwanda itself. This is a big step in empowering the consumers, and this is likely to influence a change in how the FSPs respond to their customers’ complaints. The system will facilitate financial service consumers to raise their complaints and get feedback via different channels. Complaints are all stored in the National Bank of Rwanda's Proto account and the financial service providers were given roles so that they can easily monitor and provide solutions for the complaints addressed to them - with the bank having a full view of all complaints and acting as the mediator, making sure that every complaint gets resolved.

South Africa's Financial Sector Conduct Authority (FSCA) publishes Sustainable Finance Programme of Work

Contributor: Louisa Basitere and Yanga Taho (Regulatory Policy Division: FSCA)

Responsible organisations worldwide are adapting their activities and operations to ensure that they meaningfully contribute to greater positive economic, environmental, and social outcomes in the longer term, including by demonstrating active commitment to achieving the United Nation's Sustainable Development Goals (SDGs). In South Africa, the Financial Sector Conduct Authority (FSCA) recently published a statement on sustainable finance, which sets out its supervisory response to the increasingly important imperative of sustainability.

The FSCA is a dedicated market conduct regulator responsible for enhancing and supporting the efficiency and integrity of financial markets, protecting financial customers by promoting their fair treatment, and assisting in maintaining financial stability. Within this context, it has adopted a two-fold response to sustainability:

- **As an organisation:** the FSCA has identified sustainability as one of its core values. This means being intentional in ensuring that sustainability is entrenched throughout its business operations and translated into behaviours, decision-making and practices that shape its organisational culture. By adopting socially responsible practices, the FSCA aims to ensure that it meets its present needs without compromising the ability of future generations to meet their own needs. It remains committed to executing its mandate in an ethical manner and inculcating a culture of ethical behavior amongst employees and stakeholders.
- **As a market conduct regulator:** one of the FSCA'S strategic objectives is to promote the development of an innovative, inclusive, and sustainable financial system. It seeks to play a catalysing and transformational role in ensuring that South Africa's financial system best supports the country's sustainability goals, through its customer protection and market integrity mandates.

The FSCA aims to develop an enabling environment for sustainable finance, where the financial system is able to:

- Evaluate product, portfolio and transaction-level environmental and social risk exposures and opportunities, using science-based methodologies and best practice norms;
- Improve transparency by accurate and complete reporting of these risks to a wide stakeholder base, including not only shareholders but also employees, policy makers and impacted communities;
- Effectively and reliably mitigate risks; and
- Ensure that customers receive fair outcomes in the design, marketing and sale of financial products and services that are related to sustainability opportunities.

Programme of work

The programme of work that the FSCA has developed to better support a sustainable finance system in South Africa is made up of five pillars as depicted below. Each pillar will be informed and supported by internal capacity building, targeted research and stakeholder engagements, regulatory and supervisory

framework development, and coordination and collaboration with key public and private stakeholders. The FSCA will also consider relevant emerging practices, guidance and standards from international bodies and other jurisdictions as it further develops its programme of work.

1.	2.	3.	4.	5.
Taxonomy	Disclosure, reporting and assurance	Market development	Active ownership	Consumer education
Capacity building				
Research and stakeholder engagement				
Regulatory and supervisory framework development				
Coordination and cooperation with other stakeholders				

Key aspects of each pillar:

Pillar 1 – Taxonomy: A common taxonomy will contribute significantly towards ensuring harmonised terminology and understanding. Work on this pillar will build on outputs already produced through the country’s National Treasury’s Climate Risk Forum – including the country’s first Green Finance Taxonomy. In the immediate term, the FSCA will through endorsement and engagements with supervised entities, actively encourage voluntary adoption and use of the taxonomy in relevant activities.

Pillar 2 - Disclosure, reporting and assurance: The effective and efficient operation of capital markets requires that timely and accurate disclosure is made on material matters regarding a corporation; this includes its financial situation, performance, ownership, and governance. It is well recognised that reporting that adequately supports sustainability outcomes requires greater transparency and consistency in disclosures made by entities. The FSCA is aware that reaching this objective will require much effort and will engage with market infrastructures, issuers and stakeholders to gauge market readiness for disclosure and reporting requirements and will, following industry engagements, issue a position regarding the endorsement and adoption of international standards. It will also be vital to ensure appropriate alignment in the listed and unlisted space to ensure consistency in disclosure. Finally, a related key focus will be to help customers manage risks of greenwashing.

Pillar 3 - Market Development: Across different segments of the financial sector, the FSCA will consider the role it may have in driving the development of markets that support sustainable objectives on both the supply and demand side. This could include for example, carbon credit markets, innovative fintech solutions to address data assurance concerns, and the emergence of securities (listed and unlisted) that are intended to advance sustainability outcomes.

Pillar 4 - Active Ownership: Active ownership refers to shareholders using their influence in a company they have invested in to drive the company’s strategy and actions in the direction of a more sustainable future. It is a method often used in responsible investing to directly influence a company’s decisions and when working with corporate social responsibility. The FSCA will explore expanding its role in promoting active ownership by institutions and individuals. The FSCA is an active participating member in the OECD Corporate Governance Committee, which is in the process of revising their Principles of Corporate Governance to make stronger reference to sustainability objectives.

Pillar 5 - Empowering retail investors and consumers through financial education: As the market for sustainable finance products and services expands in South Africa, a focus on customer education is important in equipping customers to participate meaningfully. The FSCA will drive collaborative efforts to encourage and support customer (and societal) understanding and awareness of risks, opportunities

and how meaningful contributions may be made to positive sustainability outcomes through financial decision making.

A more sustainable financial system is a vital component in securing overall societal resilience and sustainability. Through its supervisory mandate, the FSCA is committed to taking a more proactive role in promoting a stronger sustainable financial system to better serve all financial customers in South Africa. Intentional engagement and collaboration with stakeholders locally and internationally will be vital in driving the FSCA's success in this regard.

More detailed information on the FSCA's Statement on Sustainable Finance and Programme of Work may be accessed at the FSCA's website by clicking [here](#).

The new Bank of Italy Guidelines on revolving credit

Contributor: Banca d'Italia

On 19 April 2023, the Bank of Italy published a set of Guidelines on revolving credit ('Il credito cd."revolving". Orientamenti di Vigilanza di tutela'.) with the aim of drawing financial intermediaries' attention to the main issues in this sector in terms of customer relations and of encouraging conducts aligned with the rules and fair for consumers.

The Guidelines cover three areas: government and organizational profiles, application and operational practices, and internal controls. Each section sets out the principles and the applicable rules, a description of the critical issues encountered in supervisory activities, and good practices that the Bank of Italy would like operators to gradually converge to in order to ensure proper conduct towards customer, in terms of increasing the awareness of consumers about revolving credit features and costs, enhance assistance to consumers, and improve trainings for salesforce.

Revolving credit has been targeted by the Bank of Italy in 2020 because of the significant conduct risk to which consumers may be exposed due to the inadequate representation of the product characteristics and, consequently, the lack of awareness of the high costs of these credit product. In addition, the results of on-site and off-site inspections revealed inconsistencies in the interpretation of certain regulatory provisions, criticalities in the governance and control of the product, weaknesses in the way the product is offered and placed, and areas for improvement in the conduct of supervised operators.

In order to have a clear representation of market practices and their potential impact on consumers, a comprehensive survey has been launched to gather information from the most representative banks and financial intermediaries offering revolving credit in the Italian market. The analysis has been coordinated by the Directorate General Consumer Protection and Financial Education, in close cooperation with the Directorate General for Banking and Financial Supervision. Furthermore, in 2021 the Bank of Italy launched a survey among European market conduct supervisors in order to gather their understanding of the product and the problems encountered in their supervision activity. It emerged that the revolving credit is highly expensive and the market is very concentrated, on average. Supervisory findings confirmed the complexity and the poor consumers' awareness of product features and costs. European market conduct supervisors reported that the most relevant issues related to revolving credit detected through supervisory activity or by consumers' associations reports include unclear or misleading pre-contractual and contractual documentation, followed by the weak creditworthiness assessment, mistakes in the calculation of the Annual Percentage Rate of Charge (APRC), unclear and/or misleading statements of account periodically sent to consumers, mis-selling practices, consumers' over-indebtedness and unfair cross selling practices.

Based on this comprehensive analysis, the Bank of Italy has prepared a set of Guidelines, that have been thoroughly discussed with the industry and with consumer associations before being released. The Guidelines provide a clear overview of market conduct supervisory expectations on all the relevant issues identified. As an example, at government and organizational level, they recall the importance of defining proper indicators in order to promptly inform top management about any issue encountered, the need to identify properly the "target market" of revolving credit products according to the Product Oversight and Governance (POG) arrangements, and to prevent mis-selling practices, also by establishing proper oversight of the distribution network and the salesforce. Regarding the application and operational practices, operators are required to ensure completeness and clarity of the transparency documents, to expose clearly the Annual Percentage Rate of Charge (APRC) and to strengthen consumer assistance. In addition, the importance of the creditworthiness assessment process and over-indebtedness prevention initiatives are duly highlighted. Financial institutions are also required to improve the effectiveness of internal controls, also by introducing qualitative and quantitative indicators in order to duly supervise distribution networks.

The Guidelines contribute to disclose the expectations of the Bank of Italy concerning the conduct from the industry; they are also intended to foster the spread of consumer protection culture, both at market level and single institutions level, encouraging effective fairness. Furthermore, the Guidelines may also be beneficial to increase the awareness of consumers about revolving credit products characteristics, reinforcing the overall consumer protection level within the market.

As per the other set of Guidelines issued in the past (e.g. on the management of complaints, the unilateral modification of contracts, etc.), the Bank of Italy will take into account the content of the Guidelines in order to assess the conduct of financial institutions offering revolving credit.

New rights for consumers in Portuguese retail banking markets – a step ahead in promoting mobility

Contributors: André Morais, Carlota Mendes, Banco de Portugal

On 29 May 2023, a new set of rules was published establishing further rights for consumers in Portuguese retail banking markets¹ and complementing the pre-existing comprehensive legal and regulatory framework regarding fees and charges, and sales practices.

The new legislation seeks to improve mortgage borrowers' mobility by promoting portability of the collateral evaluation report. This report presents the value of the residential immovable property destined to secure the credit, as assessed by an independent appraiser. It is an important tool to determine bank customers' credit risk when applying for a mortgage. As of 28 June 2023, credit institutions shall make the report available to bank customers within 10 days of receiving it from the property appraiser. Furthermore, bank customers may now request credit institutions use a collateral evaluation report issued less than six months earlier, as long as it is prepared by an independent appraiser registered with the Portuguese Securities Market Commission and at the request of another credit institution.

However, the institution may refuse the property valuation report presented by the bank customer if (i) it does not meet the abovementioned requirements or (ii) cumulatively, if it was issued more than three months (and less than six months) prior and relevant market changes have occurred. In these

¹ Law No. 23/2023, of 29 May, available at <https://diariodarepublica.pt/dr/detalhe/lei/24-2023-213650800> (only in Portuguese)

cases, the institution can charge the consumers new fees or other charges related to the new property valuation.

However, if the property valuation report meets the portability requirements and nonetheless, the institution chooses to refuse it, it cannot charge the consumers new fees or other charges related to the new property valuation.

The new legislation also reinforced other consumer rights in terms of mortgage credit, namely on sales practices and fees and charges. From 28 June 2023 onwards, when selling other retail banking products or services bundled with the credit agreement, institutions must provide customers with a simulated impact of each product or service included in the bundle on the monthly installment payable, both when entering into the credit agreement and throughout its duration, at the bank customer's request. Under the previous legal framework, institutions were only required to provide the customer with the financial impact of purchasing such products or services in relation to the annual percentage rate of charge (APRC) of the credit agreement.

The new legislation also introduces rules to further streamline the fees that institutions are allowed to charge in the context of credit agreements. Fees that institutions could charge were mainly restricted to those in return for the provision of services prior to the conclusion of the credit agreement (initial fees). As a result of this legislation, institutions can only charge a single initial fee to analyse and decide upon the request for credit.

From 27 August 2023, another comprehensive set of limits and prohibitions on the charging of fees will enter into force further promoting other public interests, such as the prevention of arrears situations and over-indebtedness, the reduction of information asymmetry and financial inclusion.

With a view to increasing the protection granted to borrowers in arrears, institutions will now be forbidden from charging more than one fee related to consumer default per month, when instalments related to separate credit agreements are guaranteed by the same collateral.

To further protect bank customers, institutions may not charge fees for photocopying consumer-related documents or for issuing duplicates of bank statements or other documents. To make it easier to add or remove deposit account holders, institutions are now prohibited from charging fees for changing the ownership of a deposit account due to changes in marital status or death, modification in guardianship, age or solvency status, and amendments in the corporate legal representatives' structure.

The Portuguese legislator has also established thresholds on, for example, fees on the deposit of coins, inheritance procedures.

As a measure to foster financial inclusion, from 27 August 2023, holders of basic bank accounts, will benefit from an increase in their annual allowance of interbank transfers, from 24 to 48 (i.e. transfers to accounts in other institutions), when carried out either through homebanking or through the institutions' own applications.

The current context of high interest rates continues to be a concern for the Portuguese legislator². To further mitigate their impact on mortgage borrowers, until 31 December 2023, consumers will also be able to redeem savings plans earlier, without penalty, for the early repayment of credit agreements for permanent home ownership, up to an annual limit of 12 times the social support index³.

² "The Portuguese measures taken to alleviate mortgage borrowers from rising interest", FinCoNet Newsletter, Issue 4, December 2022, P.16, available at <https://www.finconet.org/FinCoNet-Newsletter-December-2022.pdf>.

³ The Portuguese social support index is set at 480,43 euros for 2023.

Within its banking conduct supervision mandate, the Banco de Portugal will oversee institutions' compliance with the new rules in place, ensuring effective financial consumer protection, taking into consideration the goals envisaged by the legislator.

Publications

CGAP

- **CGAP Blog:** [Digital Credit in Côte d'Ivoire: A Double-Edged Service](#)

Digital credit can provide opportunities for financial inclusion and improved resilience, but new survey data from Côte d'Ivoire shows the need for greater consumer protection.

- **CGAP Blog:** [Crypto Consumer Protection: Why 'Wait and See' Is No Longer an Option](#)

What was once an edgy new market with promises of high returns is now better known for scandal and volatile losses. Better protections for crypto consumers are urgently needed, especially for those who are low-income and least able to weather losses.

- **French Guide on digital finance consumer protection on Portail FinDev (an independent knowledge platform convened by CGAP):** [la protection du consommateur à l'ère digitale](#)

Une liste de ressources clés pour les décideurs, les régulateurs et les fournisseurs de services financiers

Financial Services Regulatory Authority of Ontario

- FSRA's [consultation](#) June 2023 on the updated proposed Unfair or Deceptive Acts or Practices (UDAP) Rule
- FSRA's [Pensions omnibus update](#) May 11, 2023
- FSRA's [credit unions sector outlook report](#) for Q1 2023

About 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 practises and clear disclosure to consumers of financial services.

Visit our website at www.finconet.org/

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