NEWSLETTER ISSUE 3 September 2023

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 third 2023 edition of the FinCoNet newsletter, which includes articles provided by the FCAC, Canada, the New Zealand FMA, the Banco de Moçambique, the Banca d'Italia, the Central Bank of Ireland and the Banco de Portugal.

The In Focus section of this Newsletter includes information on the FinCoNet Annual General Meeting 2023 and International Seminar on Financial Consumer Protection and links to some recent CGAP publications on knowledge products.

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

Juliana Mozachi Sandri
Acting Chair, FinCoNet

In this issue

This third 2023 issue of the FinCoNet Newsletter includes:

- FCAC guidelines establish best practices and standards in financial consumer protection that FCAC expects federally regulated financial institutions (FRFIs) to incorporate within their business operations.

- This joint message from the Financial Markets Authority (FMA) and the Commerce Commission (Commission) outlines ways financial service providers can help support customers who are experiencing financial difficulty.

- Bank of Mozambique issued a landmark piece of legislation that aims to improve transparency in the disclosure of pre-contractual information to financial consumer aiming to get loans from credit institutions.

- Bank of Italy is using a new software solution (EspTech), based on artificial intelligence (AI) techniques, to enhance the analysis of the information available in the complaints.

- In September, the Central Bank of Ireland hosted its first international regulatory workshop, attended by a group of international regulators from Africa, Asia and Europe.

- Banking customers in Portugal have been given access to a set of essential banking and payment services, at reduced cost, since 2000, even before the Payment Accounts Directive made it mandatory for European Union ('EU') Members States.

In Focus

FinCoNet Annual General Meeting 2023 and International Seminar on Market Conduct Supervision in Challenging Times

The FinCoNet Annual General Meeting 2023 and International Seminar on *Market Conduct Supervision in Challenging Times* will be hosted by the Bank of Mauritius on 22-24 November 2023.

The Annual General Meeting 2023 will mark the 10-year anniversary of the formal establishment of FinCoNet. The open sessions of the AGM will commence at 13.30 on 22 November 2023. They will be opened by the Chair of FinCoNet and the Governor of the Bank of Mauritius will make a welcome address. The FinCoNet Secretariat will provide an update on the joint work that FinCoNet is undertaking with other International Organisations and groups, Standing Committees 2 and 3 will present their ongoing work. Participants will also have the opportunity to engage in the FinCoNet Member Roundtable focused on forward looking supervisory risks, trends and priorities.

Day two, 23 November 2023, will start with an update from Standing Committees 4 and 6. The roundtable session focused on forward looking supervisory risks, trends and priorities will conclude and the afternoon session will be dedicated to a Workshop which will explore the entry of non-traditional financial entities into the payments ecosystem (and the financial services market more broadly). The Workshop will discuss the challenges posed for market conduct supervisors.

FinCoNet/Bank of Mauritius International Seminar on Financial Consumer Protection will be held on 24 November 2023, co-hosted by FinCoNet and the Bank of Mauritius. The Seminar will address the topic of Market Conduct Supervision in Challenging Times.

The Seminar will discuss global financial and economic trends and their impact on consumers, financial services providers, market conduct supervisors and other oversight authorities.

In Focus

Recent publications by CGAP on Knowledge products

Digital Financial Services for Financial Inclusion: Tools for Supervisors

This technical guide provides supervisors with tools and practical guidance on supervision of digital financial services (DFS).

Social Media Monitoring to Assess Consumer Risks in Digital Credit Apps: Guidance for Supervisors from an India Pilot

To better understand the digital consumer credit and the risks they pose for customers, this reading deck contains supervisory guidance on the use of a branch of AI, Natural Language Processing (NLP), for social media monitoring. It is based on insights and lessons from an India pilot and provides examples of social media analyses carried out as part of that pilot.

Market Monitoring Toolkit – Tool 9: Consumer Advisory Panels

Consumer advisory panels are a tool that a market conduct supervisor (MCS) and other authorities use to elevate the collective voice of consumers in financial sector regulation and supervision. The members of consumer advisory panels bring diverse perspectives from civil society, academia, legal aid, and government backgrounds to inform the work of the MCS.

Current Issues Forum

Financial Consumer Agency of Canada's Guideline on Existing Consumer Mortgage Loans in Exceptional Circumstances

Contributor: FCAC, Canada

Background

Canadian financial consumers have experienced severe economic hardship due to the combined effects of high household debt, an increased cost of living, and a rapid rise in interest rates. Due to the current economic climate, there is growing evidence showing that Canadians are struggling to keep up with their financial commitments. This is especially concerning given that the largest debt many Canadians hold is their residential mortgage. The Financial Consumer Agency of Canada (FCAC)'s research shows that homeowners with a mortgage are increasingly at risk of experiencing financial hardships, such as having to borrow for daily expenses or draw on savings. Accordingly, as part of its mandate to protect the rights and interests of consumers of financial products and services, FCAC has published its Guideline on Existing Mortgage Loans in Exceptional Circumstances1 (hereinafter "the Guideline") to help support Canadian financial consumers during this time of economic hardship and uncertainty.

How the Guideline Was Developed

FCAC guidelines establish best practices and standards in financial consumer protection that FCAC expects federally regulated financial institutions (FRFIs)2 to incorporate within their business operations. They provide clarity and additional detail regarding FCAC's regulatory expectations. This specific guideline was drafted to help ensure FRFIs adopt fair and consistent approaches when they offer relief measures to consumers of mortgage products.

The Guideline leverages market conduct obligations set out in Canadian legislation, public commitments and codes of conduct that protect consumers of banking products and services in Canada. It was further informed by current mortgage practices, jurisdictional scans and builds off consumer protections FCAC put in place during the COVID-19 global pandemic. FCAC held an extensive public consultation and sought input from industry, stakeholder groups and other regulatory bodies to benefit from a wide range of perspectives.

Guideline Key Considerations

The Guideline applies to all FRFIs and sets out how FCAC expects FRFIs to provide tailored support for "consumers at risk", defined within the Guideline as natural persons with an existing mortgage loan on

[1] Please see the following link to read the Guideline in full: https://www.canada.ca/en/financial-consumer-agency/services/industry/commissioner-guidance/mortgage-loans-exceptional-circumstances.html

[2] Federally regulated financial institutions includes banks, credit unions, external complaints bodies, insurance companies, and payment card network operators that are governed under federal legislation and regulations that FCAC supervises.

their principal residence facing severe financial stress given exceptional circumstances and therefore are at risk of default.

The Guideline is based on the following principles:

- Fairness: Consumers at risk are treated with a similar level of care and attention, having regard to their circumstances, including their financial needs.
- Appropriateness: Consumers at risk are offered mortgage relief measures that are appropriate to their circumstances, including their financial needs and vulnerabilities.
- Accessibility: Consumers at risk are contacted proactively and can easily access mortgage relief measures.

The Guideline outlines FCAC's expectations that FRFIs establish and implement effective policies and procedures that respect these principles.

FCAC does not recommend any specific mortgage relief measures, however FCAC expects FRFIs to consider all available mortgage relief measures that may be appropriate for consumers who experience severe financial stress, such as:

- Waiving prepayment penalties.
- Waiving internal fees and costs.
- Not charging interest on interest.
- Extending amortization, for the shortest period possible, considering the added cost associated with increasing amortization.

The Guideline came into force July 5, 2023. While the Guideline was developed in response to the current exceptional circumstances facing mortgage holders, FCAC will continue to monitor the economic environment and may adjust its regulatory approach accordingly.

Next Steps

The Guideline outlines several reporting elements to be implemented by FRFIs:

- Maintaining accurate records of consumers contacted in relation to the Guideline.
- Reporting of the mortgage relief measures being implemented.
- Reporting of the policies and procedures put in place by regulated entities to implement the Guideline.

FCAC has begun engaging with FRFIs to clarify these reporting requirements and methodologies. Formal data collection will commence in the coming months, to ensure FRFIs comply with the implementation of the Guideline. The information will be used to inform supervisory activities on a risk-based approach and enable public reporting of the impact the Guideline has had on consumers.

Supporting customers in financial difficulty

Contributor: Financial Markets Authority (FMA), New Zealand

This joint message from the Financial Markets Authority (FMA) and the Commerce Commission (Commission) outlines ways financial service providers (including consumer lenders) in Aotearoa/New Zealand can help support customers who are experiencing, or may experience, financial difficulty.

The potential impacts of Kiwis getting into financial difficulty are not just monetary; it can affect the wellbeing of the individual, their household and the wider community.

Addressing the needs of customers experiencing financial difficulty is fundamental to fostering good customer outcomes and confidence in the financial sector as a whole.

This joint message outlines ways financial service providers (including consumer lenders) can be proactive about dealing with customers in financial difficulty, including through:

- complying with their regulatory obligations in relation to financial difficulties;
- being ready to assign sufficient resources to supporting customers experiencing financial difficulty; and
- always providing customers with fair customer treatment.

This joint message should be read alongside:

- The FMA's customer vulnerability information sheet, which recognises that there is no 'one-size-fits-all' approach to developing and embedding processes and practices related to customer vulnerability, and that any response should reflect a firm's scale, size and complexity.
- The Commission's guidance for lenders on their regulatory obligations. In particular, the requirement for all consumer lenders, no matter their size, to exercise the care, diligence and skill of a responsible lender and to treat borrowers reasonably and ethically when they are in financial difficulty.

Our expectations

It is good practice for providers to be cognisant of potentially changed circumstances among their customer base, and responsive to any such changes. This includes any increase in the number of customers who become financially vulnerable. Providers should be proactive about identifying and helping customers who are experiencing, or likely to experience, financial difficulty. Providers should ensure staff are trained to recognise signs of difficulty such as:

- a pattern of missed, insufficient or late bill payments or exceeding credit limits;
- requests to refinance or repeated and/or frequent requests to change repayment dates;
- information about a significant change in a customer's circumstances (for example serious illness or injury, recent redundancy, a relationship breakdown, or a death in the family);
- requests to cut expenses, e.g. cancel products, lower premiums, reduce contributions; and

- requests to liquidate investments (e.g. KiwiSaver) or make significant and unusual withdrawals.

If such signs are recognised, providers should be ready and able to assess them in the context of other factors that may indicate or confirm vulnerability, including the customer's record of financial difficulty.

If appropriate, providers should be willing to contact the customer early and directly to provide information about the customer's rights and the consequences of repayment difficulties. Providers should have conversations that help them understand each customer's circumstances, in order to provide tailored support.

If financial difficulty is confirmed, it is important to make it clear to the customer that they have options that can be pursued with the help of the provider and/or a licensed financial advice provider and/or financial mentoring service. Consumer lenders may also need to discuss with the borrower their options regarding unforeseen hardship.

At the same time, all providers should be cognisant that short-term solutions, including those requested and/or preferred by a financially stressed customer, may not be in the customer's best interests. Proper consideration and weight should be given to long-term impacts, and customers made aware of these so that they can make informed decisions.

Assisting customers in financial difficulty

Providers should discuss with customers the range of solutions available to them, with all payment and support options clearly explained to them, including clear information about their potential costs (including long-term costs).

Practical ways customers might be helped could include:

- repayment relief such as payment deferrals or other arrangements that postpone the due date for missed payments (where this will not significantly worsen the customer's position);
- encouraging them to seek professional independent advice from a licensed financial advice provider and/or advice from a financial mentoring service;
- not unfairly penalising payment difficulties;
- working with the customer to avoid the need to cancel necessary products;
- reassessing whether all products or services used by the customer are necessary and/or suitable due to the customer's change in circumstances;
- removing barriers to switching or exiting products or services, if appropriate;
- considering debt consolidation, debt forgiveness, or pro-active write-offs; and
- referring customers to financial mentoring services that can provide support across providers, and working with financial mentoring services to support customers in financial difficulty.

In some cases, the best outcome for the customer may be the suspension or termination of an important product or service, or the liquidation of a significant asset such as property. It may be appropriate for providers to make this clear to the customer, but this should be done with empathy and full consideration of the effect on the customer.

Frontline staff should also know how to identify when a financially distressed customer is making a complaint, and providers should be clear about their dispute resolution process including any obligation to disclose details of their dispute resolution scheme.

Financial difficulty policies and staff

Providers should already have policies and plans for meeting the needs of vulnerable customers and dealing with customers in financial difficulty. These policies and plans should be reviewed regularly and updated to reflect current and expected economic conditions.

In April 2021 the Council of Financial Regulators (CoFR) presented its Consumer Vulnerability Framework to help providers develop their own approaches to assisting vulnerable consumers.

CoFR said that it anticipates providers will consult widely in developing their own terminology, procedures, and processes for assisting vulnerable consumers.

In September 2021, the FMA published an updated customer vulnerability information sheet, emphasising that anyone who provides financial services, no matter the size or business focus, must have appropriate support systems for customers in vulnerable circumstances.

This says providers should ensure any such policies and procedures for assisting vulnerable customers are clearly communicated and understood by all staff and intermediaries, and that customer-facing teams may need guidance and training on implementing vulnerability processes and procedures.

Proactive and regular communications

COVID-19 saw numerous examples of providers being proactive and using multiple communication channels to assist vulnerable customers. For example, some proactively contacted customers in specific groups (elderly, new investors, small businesses) to confirm if they needed assistance.

Providers should make reasonable efforts to contact customers in difficulty using their preferred channel of communication and should encourage anyone in difficulty to be proactive about getting in touch early and communicating, openly and honestly with the provider.

Acceptable marketing and advertising standards must be maintained, including not using heightened financial difficulty as a customer acquisition tool.

Lastly, if a provider plans to increase their fees or other costs payable by the customer, customers should receive information about those changes before they take effect. At the same time customers should be provided with additional options if they are facing affordability issues. Providers who are consumer lenders should also ensure fees are reasonable.

Notice No. 5/GBM/2023 from Bank of Mozambique: Credit Information Disclosure Rules

Contributor: Bank of Mozambique

Bank of Mozambique acknowledges that disclosure and transparency are keys to building trust in the financial system. Thus, Bank of Mozambique issued Notice No. 5/GBM/2023, on August 30, 2023, which is a landmark of legislation that aims to improve transparency in the disclosure of pre-contractual information to financial consumer aiming to get loans from credit institutions.

The Notice establishes the obligation for credit institutions to provide clear and comprehensive information about credit contracts. This includes, among others, the identification of the credit institutions, the specific characteristics of each contract, such as credit limits and repayment terms, as well as applicable interest rates and commissions. The aim is to ensure that consumers have a complete understanding of the terms and conditions applicable prior to adhere to any credit product.

The Notice No. 5/GBM/2023 also introduces key facts statement, designed to convey information in a simple and easy-to-understand manner and to improve transparency and disclosure of information for loan (FINC: Ficha de Informação Normalizada de Crédito). Although they are standardized formats, the key facts statement must be filled out based on the customer's specific information. This means that financial institutions need to tailor the information they provide to consumers based on their individual circumstances. This measure aims to ensure that consumers receive relevant and specific information to make informed decisions and make it easier for customers to compare credit offers from different providers.

The Notice establishes a period of sixty days for financial institutions to adapt to the new rules and highlights the legal consequences of the established period violation.

This Notice represents an important milestone for the financial sector in Mozambique, promoting transparency and the protection of consumer rights when contracting credit products. The new rules established in this notice aim to ensure that consumers have access to clear and understandable information, thus strengthening confidence in the financial system.

For the full text of Notice No. 5/GBM/2023, you can access it via the link https://www.bancomoc.mz/en/the-bank/normatives/

How does a SupTech tool help the Bank of Italy in carrying out Consumer Protection? A look beneath the surface

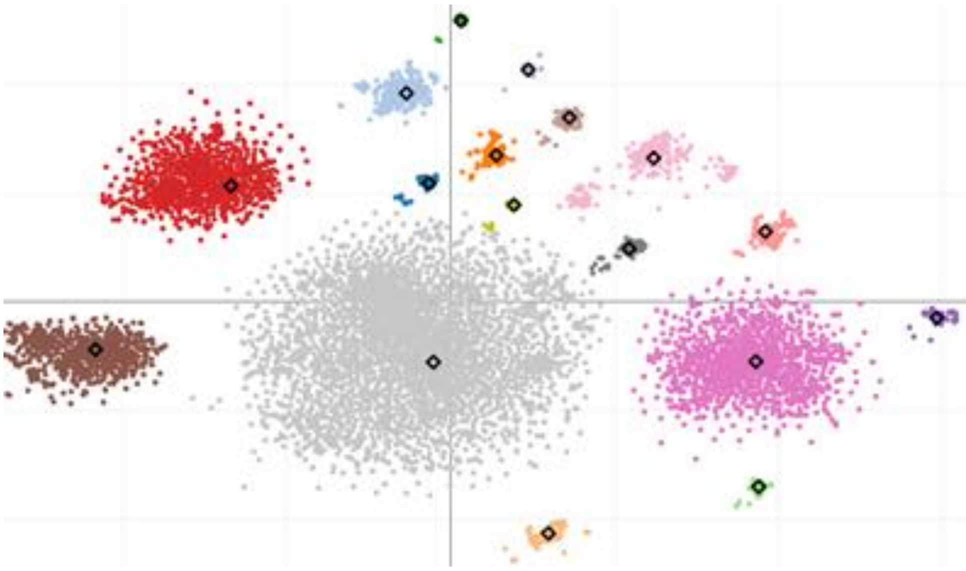
Contributors: Banca d'Italia (Bracale A., Mancini G., Portuesi S., Sbaraini L.)

The Bank of Italy receives nearly ten thousand complaints per year. in which a customer reports a conduct by financial intermediaries that they deem to be irregular or wrong. The complaint handling process takes place across 27 branches located throughout the country. Since July 2021, the Bank of Italy has been using a new software solution (EspTech), which is based on artificial intelligence (AI) techniques, to enhance the analysis of the information available in the complaints. This AI system conducts textual analysis on the complaints, which are often lengthy and unstructured both in terms of language and format.

EspTech provides the Bank of Italy's analysts with two features: full-text search and clustering. The full-text search employs statistical and computational techniques, including optical character recognition, to convert all complaints received by the Bank of Italy (including those in paper format) into a standardized digital text format. Thanks to this, analysts can peruse these documents and locate complaints containing specific word combinations. With regards to clustering, AI methodologies such as natural language processing and machine learning are used to group complaints together based on their content, facilitating the identification of patterns. This clustering tool provides support in confirming the significance of patterns already under scrutiny by the Bank of Italy, streamlining and enhancing the detection of common phenomena that can be addressed at the national level. From a technical point of view, the clustering feature is based on semantic embedding of complaints in a multidimensional space and lends itself to being used in an anomaly detection process: the points that are furthest away from the cluster's centroid correspond to the complaints that are most borderline respective to the phenomenon identified by that cluster.

The features of the EspTech tool enhance the complaints' analysis both in terms both of efficiency and effectiveness. EspTech has significantly improved the method of searching and processing information in the archival documents, which includes over 62,000 records (corresponding to more than 1 million pages). Since its launch many searches have been conducted, taking considerably less time than that previously required. The tool has also enabled a substantial improvement in the monitoring and reporting of previously identified phenomena to other actors involved (in particular, conduct and prudential supervision). Clustering (*see Figure 1*) has also contributed to reduce the risk of not intercepting emerging issues such as "buy now, pay later". Moreover, it is helping to detect earlier specific online scam phenomena (social engineering such as vishing, smishing, phishing, SIM swap fraud, fraudulent uses of social e-commerce platforms).

Figure 1 - Clustering of complaints obtained through AI techniques



From an academic perspective, various studies have highlighted numerous ethical concerns stemming from the use of AI technologies. AI often leads to a lack of understanding about how data is used, making it difficult to discern the rationale behind each decision made by the ML algorithm. The so-called black box issue is a crucial key when referring to the implementation of AI-driven decision-making processes, particularly concerning data protection. To address the inherent opacity of our machine learning system, the Bank of Italy has implemented various safeguards to ensure the proper functionality of EspTech. The Bank of Italy has established a team of Citizen Data Scientists (CDS) composed of computer engineers, economists and lawyers to monitor the process and generate data insights. Additionally, the Bank's experts have recognized the need for performance monitoring and periodic retraining of machine learning models to ensure ongoing value generation. They outlined a methodology that encompasses three conditions for initiating the retraining phase: i) a deterioration of performance indicators; ii) significant external changes impactful on complaint management; iii) scheduled retraining at least once a year.

After the revisions of the *Italian Data Protection Authority*, the Bank of Italy has introduced a Personal Data Protection Regulation. This regulation aligns with GDPR principles and pertinent Italian implementing legislation, governing the processing of complaints and incorporating specific provisions concerning the use of AI techniques for complaint analysis. Specifically, it: (a) elucidates the algorithm's logic; (b) prohibits automated decisions that may impact individuals' rights; (c) stipulates that AI-processed data shall not be transmitted to external recipients beyond the Bank of Italy. This privacy policy regulation received the “Best Practice” award in the “Future-proof Regulation” category at the “Good Regulatory Practice Contest,” organized by the Jean Monnet Chair on Regulatory Quality.

Ireland hosts international regulatory workshop

Contributors: Central Bank of Ireland

In September, the Central Bank of Ireland hosted its first international regulatory workshop, attended by a group of international regulators from Africa, Asia and Europe. This new initiative was developed in response to requests from global regulators to engage with the Central Bank of Ireland to understand the Irish consumer protection framework and our supervisory approach.

We were delighted to host teams from the Bank of Zambia, National Bank of the Republic of North Macedonia, National Bank of Rwanda, Central Bank of Egypt, Bank of Mozambique, Bank of Italy, Central Bank of Nigeria, and the Central Bank of the Republic of Uzbekistan

The workshop was developed to cover the issues and topics requested by attendees and was offered proactively to other regulators through FinCoNet. The workshop covered a range of topics requested by those attending, including our approach to thematic inspections, regulation of bank charges, sectoral risk assessments, the Retail Conduct Supervisory Framework and our regulatory powers toolkit.

The Portuguese Basic Bank Account regime: towards a more inclusive retail banking system

Contributors: André Morais, Banco de Portugal

Banking customers in Portugal have been given access to a set of essential banking and payment services (Serviços Mínimos Bancários, 'SMB')3, at reduced cost, since 2000, even before the Payment Accounts Directive4 made it mandatory for European Union ('EU') Members States.

This framework has been thoroughly amended. The offer of SMB accounts became mandatory for credit institutions authorised to receive deposits from the public, and the array of products and services was gradually widened.

The set of banking and payment services included in the SMB encompass (i) the opening and maintaining of a current account, (ii) a debit card to operate the account, which cannot have more restrictive characteristics than other 'regular' debit cards, (iii) handling of the SMB account through ATMs in the EU, home banking service and credit institutions' branches, (iv) deposits, withdrawals, payments of goods and services and direct debits, (v) intrabank transfers (without restrictions on the number of transactions), (vi) interbank transfers through ATMs (without restrictions on the number of transactions), and home banking and/or credit institutions proprietary's mobile applications (up to 48 annual national and EU interbank transfers), and, (vii) five more monthly transfers via third parties' payment applications to an amount of up to €30 per transaction, adding to the free transactions through such payment applications available for every bank customer, up to (a) €30 per operation, (b) €150 within the same month, or (c) 25 monthly transfers.5

Credit institutions may not charge fees, expenses, or other charges to provide SMB, which, on a yearly basis and as a whole, account for more than 1% of the value of the social support index (SSI) (€4.8 according to the value of the SSI in 2023). Nevertheless, SMB holders may purchase other banking products or services not included in the SMB, subject to the fees generally applicable.

Any consumer who has the right to reside in an EU Member State can request access to the SMB, including (i) consumers without a permanent residence, (ii) asylum seekers, and (iii) consumers not granted a residence permit but who may not be expelled for reasons of fact or law. Credit institutions cannot condition the opening of a SMB account to depositing a minimum amount or the acquisition of additional products or services.

However, an applicant for a SMB account cannot hold other current accounts with Portuguese credit institutions, with a few exceptions. A consumer (i) who holds other current accounts may be a co-holder of a SMB account with a person over 65 years of age or with permanent disability of at least 60%, or (ii)

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[3] Decree-Law no. 27–C/2000, of 10 March 2000, available, both in its original and amended versions, at https://www.bportugal.pt/legislacao/decreto-lei-no-27-c2000-de-10-de-marco (in Portuguese only).

[4] Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features, available at https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0092.

[5] For further reference on the limits to banking and payment fees and charges under the Portuguese Law, see *New rights for consumers on fees and charges in the Portuguese retail banking markets*, FinCoNet Newsletter, Issue 4, pages 9 and 10 (FinCoNet-Newsletter-December_2021.pdf).

who co-holds a SMB account with a person over 65 years of age or with permanent disability of at least 60% can individually access a SMB account.

Credit institutions may terminate a SMB account immediately in the event the customer (i) has deliberately used the account for purposes contrary to the law; or (ii) provided incorrect information to obtain the SMB. Credit institutions may also terminate a SMB account (i) if the current account has not been handled (debit or credit) for at least 24 consecutive months, (ii) the customer has ceased to be a legally resident in the EU, (iii) the customer holds another current account with a credit institution in Portugal.

It falls upon the Banco de Portugal to establish the requirements on the disclosure of conditions to access the SMB account, including defining its technical aspects, such as the minimum banking services poster template and the services and the information document model.

These requirements were recently updated, following the approval of a new set of rules establishing further rights for consumers in Portuguese retail banking markets,6 widening the threshold of interbank transfers included in the SMB (Instruction no. 19/2023).7

Furthermore, the Banco de Portugal assesses in its annual Banking Conduct Supervision Report,8 whether credit institutions comply with the SMB framework and publishes, a breakdown of irregularities detected, including in relation to SMB, along with the number of specific orders and administrative offence proceedings which the Banco de Portugal adopted in the relevant timeframe.

Within its remit to promote financial inclusion and information, the Banco de Portugal provides information and educational contents concerning banking products and services and financial literacy, on an ongoing basis, at its Bank Customer Website (Portal do Cliente Bancário),9 including dedicated areas of information and frequently asked questions on SMB.

In 2022, the Banco de Portugal, in partnership with the High Commission for Migration, held two training sessions on the process of opening a SMB account, aiming to disclose it to migrant populations.

In 2023, the Banco de Portugal continued to distribute new materials (such as videos, posters, and leaflets) to raise awareness of the SMB at service points of the Social Security and related public entities. This collaboration is part of an ongoing protocol entered into with the Ministry of Labour, Solidarity and Social Security to jointly publicise SMB.

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[6] Law No. 24/2023, of 29 May, available at https://diariodarepublica.pt/dr/detalhe/lei/24-2023-213650800 (only in Portuguese). Also, further reading is available at *New rights for consumers in Portuguese retail banking markets – a step ahead in promoting mobility*, FinCoNet Newsletter, Issue 2, page 9 – 11 (https://www.finconet.org/Newsletter-June-2023.pdf).

[7] Instruction no. 19/2023, of 30 August, available at https://www.bportugal.pt/instrucao/192023-0 (in Portuguese only).

[8] The latest Editions, regarding 2022, is available at Relatório de Supervisão Comportamental (2022) (bportugal.pt) (in Portuguese only).

[9] Portal do Cliente Bancário | Bank Customer Website (bportugal.pt).

Furthermore, the Banco de Portugal publishes updated half-yearly data on the number of SMB opened by bank customers. The latest available data10 reveals that the number of SMB rose 11% during the first semester of 2023, continuing its upward trend.11

In conclusion, experience reveals that the SMB account is a very important tool for financial inclusion and a decisive feature in allowing everyone access to the retail banking system, thus making it a more inclusive environment.

Publications

CGAP

Consumer & Data Protection: A New Approach to Intersecting Risks

Consumer and data protection risks have historically been treated as separate concerns. Instead, all authorities involved with consumer data protection should work together to regulate in a way that ensures the responsible use of consumer data.

Stakeholder Landscaping: A Tool for Improved Consumer Engagement

Mapping the stakeholder landscape can be a useful tool to assist market conduct authorities in designing various aspects of a consumer advisory panel, ensuring they make sound strategic decisions about whom to involve and how best to do so.

How do Industry Associations Promote Responsible Digital Finance?

CGAP undertook qualitative research on how industry associations can promote responsible digital finance. We identified 10 activities that support customer-centricity, capability, and collaboration – the three building blocks of responsible digital financial services ecosystems.

[10] Available at Evolução das contas de serviços mínimos bancários no 1.º semestre de 2023 (bportugal.pt) (in Portuguese only).

[11] Further data, including both yearly and half-yearly, are available at Evolution in the number of accounts | Portal do Cliente Bancario (bportugal.pt).

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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