Report

International Seminar

23 November 2022

# MARKET CONDUCT SUPERVISION: Reviewing the fundamentals and facing the challenges ahead

## Foreword and Acknowledgements

This document sets out the Agenda, Summary Report and Speaker Biographies for FinCoNet's International Seminar on Market Conduct Supervisions: Reviewing the fundamentals and facing the challenges ahead, held on 23 November 2022.

FinCoNet would like to acknowledge and thank everyone who organised and participated in the Seminar, and particularly all speakers, panellists and moderators for their valuable contribution to the discussion.

## About FinCoNet

In November 2013, International Financial Consumer Protection Organisation (FinCoNet), was formally established as an international organisation of market conduct supervisory authorities with responsibility for financial consumer protection. FinCoNet is recognised by the Financial Stability Board and the G20. The goal of FinCoNet is to promote sound market conduct and enhance financial consumer protection through efficient and effective financial market conduct supervision, with a focus on banking and credit. FinCoNet Members see the organisation as a valuable forum for sharing information on supervisory tools and best practices. By sharing best practices and by promoting fair and transparent market practices, FinCoNet aims to strengthen consumer confidence and reduce systemic consumer risk.

## Disclaimer

# *Table of Contents*

# *Agenda*

## *MARKET CONDUCT SUPERVISION: Reviewing the fundamentals and facing the challenges ahead*

| | |
|---|---|
| 10:00-10:05 | ***Welcome remarks –***<br>**Mário Centeno, Governor, Banco de Portugal** |
| 10:05-10:10 | ***Opening remarks***<br>**Maria Lúcia Leitão, Chair of FinCoNet** |
| **Session 1**<br>10:10 - 11.30<br>Moderator and panellists | ***Reviewing the fundamental elements of effective and efficient market conduct supervision, including the infrastructure and capabilities required by supervisors, and range of tools that can be deployed***<br>Moderator:<br>• Miles Larbey, Head of Financial Consumer Protection, OECD<br>Panellists:<br>• Sergio Mesquita, Senior Financial Sector Specialist, Financial Inclusion, Infrastructure and Access and Aute Kasdorp, Senior Supervision Consultant, The World Bank<br>• Colm Kincaid, Director of Consumer Protection, Central Bank of Ireland<br>• Anatol Monid, Senior Director, Programs, The Toronto Centre<br>• Charina De Vera-Yap, Director, Consumer Protection and Market Conduct Office, Bangko Sentral ng Pilipinas<br>**Q&A** |
| **Session 2**<br>11.30 - 12:55<br>Moderator and panellists | ***Looking ahead: New practices and emerging solutions in response to the challenges facing market conduct supervisors now and in the future***<br>Moderator:<br>• Flore-Anne Messy, Head of the Consumer Finance, Insurance & Private Pensions Division, OECD |

Panellists:

- Vincenza Marzovillo, Bank of Italy and Co-Chair of the European Banking Authority's Standing Committee on Consumer Protection and Financial Innovation
- Juan Carlos Izaguirre, Senior Financial Sector Specialist, Consultative Group to Assist the Poor (CGAP)
- Sheila Senfuma Nakanyike, Head of Programme, Digital Finance, Consumers International
- Patrícia Guerra, Head of Unit in the Regulation, Legal Affairs and Complaints Division, Banking Conduct Supervision Department, Banco de Portugal

**Q&A**

12:55 - 13:00 ***Closing Remarks* – Chris Green, Vice Chair of FinCoNet**

# *SUMMARY REPORT – INTERNATIONAL SEMINAR*

## ***Market Conduct Supervision: Reviewing the fundamentals and facing the challenges ahead***

***23 November 2022, 10.00-13.00***

## Welcome remarks

Mr. Mário Centeno, Governor, Banco de Portugal welcomed colleagues to FinCoNet's International Seminar on Market Conduct Supervision: Reviewing the fundamentals and facing the challenges ahead hosted by the Banco de Portugal in Lisbon. Mr. Centeno noted that the 2022 FinCoNet Annual General Meeting is exactly ten years since the Banco de Portugal previously hosted the AGM in 2013. The Banco de Portugal, like FinCoNet, is deeply committed to financial consumer protection and the implementation of sounds market conduct supervisory practices to promote financial market stability. Financial literacy is also an important pillar of financial consumer protection and is essential for promoting financial inclusion.

The current economic indicators such as the increased rates of inflation, increased interest rates and geo-political tensions pose challenges for consumers and market conduct supervisors. Market conduct supervisors will need to remain vigilant in responding to eh challenges now and looking ahead. Collaboration with other supervisors and regulators internationally through organisations such as FinCoNet is integral to robust market conduct supervisory practices. FinCoNet has published many useful resources over the years sharing issues, challenges, opportunities and best practices relating to credit, banking and payment products and services providing lessons learned and problems that may lay ahead.

Mr. Centeno wished Seminar participants and enjoyable stay in Lisbon.

## Opening remarks

Ms. Maria Lúcia Leitão, Chair of FinCoNet, opened the International Seminar welcoming colleagues and friends to Lisbon.

The Global Financial Crisis highlighted the importance of stability within the financial system and in turn highlighted the important role financial consumer protection and market conduct supervision plays in supporting and promoting stability.

Over the last three years consumers all over the world have been living in a permanent state of crisis and through periods of instability and the vital role of market conduct supervisors has been strongly acknowledged. Throughout the pandemic, consumers have received special attention through targeted response measures and support provided by supervisors. Access to digital financial services has been a focus point for more supervisors and is likely to continue to be an area of importance. While digitalisation provides opportunities for consumers and supervisors, supervisors also need to respond to mitigate the risks from scams and frauds. New financial service providers and new products and services put pressure on supervisory perimeters and financial consumer protection frameworks. Sometimes, new financial products challenge the traditional systems and supervisory approaches.

Consumers are facing the impact of increased inflation and increased interest rates, this is squeezing financial resilience and exposing the least resilient consumers. It is a very important time to monitor the financial market and anticipate risks to consumers. SupTech tools play an important role in mitigating risks. When relying on oversight tools, supervisors should be taking advantage of technology innovation such as artificial intelligence and machine learning.

The pandemic highlighted the fundamental role of the market conduct supervisors and the importance of having a robust financial consumer protection framework. The G20/OECD High-Level Principles on Financial Consumer Protection (Principles on Financial Consumer Protection) are an extremely important and useful resource for jurisdictions developing or reviewing their financial consumer protection framework. The Principles on Financial Consumer Protection were developed in response to a call of G20 leaders for stronger financial consumer protection measures in the wake of Global Financial Crisis. The Principles were approved in 2011 and have recently been updated this year ensuring the Principles remain current, forward looking and more important than ever before.

Jurisdictions need to adopt and promote financial consumer protection, market conduct supervision and financial literacy. It is very important to establish robust financial consumer protection standards and oversight bodies should have clearly defined responsibilities as well as supervision of market conduct with on-site and off-site inspections.

Regarding the digitalisation of retail banking products and services it is essential financial consumer protection measure apply irrespective of the distribution channel or financial service provider. FinCoNet has played a crucial role in promoting sound market conduct and strong financial consumer protection for strong market supervision contributing to stability of financial markets around the world. FinCoNet has collaborated with the G20/OECD Task Force on Financial Consumer Protection in sharing best practices relating to financial consumer protection policy and regulation. FinCoNet also contributes to and supports work relating to financial literacy and financial inclusion with the OECD’s International Network on Financial Education.

Ms. Leitão thanked all of the Seminar participants and panellists for their participation in the discussion of important considerations and opportunities for market conduct supervisors.

## Panel Session 1: Reviewing the fundamental elements of effective and efficient market conduct supervision, including the infrastructure and capabilities required by supervisors, and range of tools that can be deployed – panellist presentations

Mr. Miles Larbey, Head of Financial Consumer Protection, OECD, introduced the panel topic noting that reviewing the fundamental elements of effective and efficient market conduct supervision has been the focus of many discussions during the FinCoNet Annual General Meeting. It is a timely discussion for FinCoNet and for market conduct supervisors around the world as many jurisdictions are reviewing or developing their financial consumer protection approaches. Mr. Larbey introduced the panellists for this panel session:

- Mr. Sergio Mesquita, Senior Financial Sector Specialist, Financial Inclusion, Infrastructure and Access and Dr. Aute Kasdorp, Senior Supervision Consultant, The World Bank

- Mr. Colm Kincaid, Director of Consumer Protection, Central Bank of Ireland
- Mr. Anatol Monid, Senior Director, Programs, The Toronto Centre; and
- Ms. Charina De Vera-Yap, Director, Consumer Protection and Market Conduct Office, Bangko Sentral ng Pilipinas

**First presentation – Mr. Sergio Mesquita and Dr. Aute Kasdorp**

*Developing a Risk-Based Approach to Financial Consumer Protection Supervision: A soon to be published World Bank note that assists supervisors in reviewing the fundamental elements of risk-based market conduct supervision*

The key points of Mr. Mesquita and Dr. Kasdorp's presentation were as follows:

- The World Bank is developing a Guidance Note discussing the implementation of a risk-based approach to financial consumer protection supervision. The common issue when implementing a risk based supervisory approach include questions around where to start and what consider. There are limited public practical guidance on risk-based supervision for financial consumer protection that focuses on key initial steps and considerations. Successful frameworks evolve over time.
- To assist the implementation of risk-based supervision it is important to compile a list of key issues and questions focusing on points of reflection and consideration rather than merely trying to provide answers. Supervisors should focus on elementary but essential goals and strategies and prioritise risk identification and initial supervisory tools.
- The Notes discusses six context factors and four core components that an authority should consider when implementing risk-based supervision. The context factors include: legal/regulatory foundations, market characteristics, overarching supervisory/strategy, organisational setting, staff considerations and current data position. The core components include: data collection and analysis, risk indicators, risk assessment frameworks and risk-based supervisory activities. For each of the context factors and core components the Guidance Note provides a list of key questions to consider and practical explanations and examples.
- Authorities need to first consider context factors including legal/regulatory foundation, market characteristics, overarching supervisory strategy, organisational setting, staff considerations and current data position. These context factors will have a considerable impact on risk-based supervision priorities and capabilities. The answers provided in response to the context factors indicates what is possible, what data is available and what the risk factors are.
- Compliance-based and risk-based supervision are not mutually exclusive, they complement each other and can be developed at different times rather than going for an all-inclusive and fully comprehensive approach. Effective market conduct supervision also combines supervision focused on individual entities with cross-cutting and thematic efforts. Risk-based prioritisation furthermore implies rigorously selecting what *not* to do. A market conduct risk-based supervision approach must also be customised to the particular authority and jurisdiction, the best tools and methods are the ones that best fit the current situation for the particular authority.

- The Guidance Note is expected to be published in the upcoming weeks on The World Bank's website.

**Second presentation – Mr. Colm Kincaid**

The key points of Mr. Kincaid's presentation were as follows:

- The Central Bank of Ireland is a single consolidated regulator and central bank, responsible for financial services regulation of financial sectors across our mandates. Mr. Gabriel Makhlouf, the Governor of the Central Bank of Ireland supports this important work stating that "consumer protection is embedded in everything we do". The Central Bank of Ireland's regulatory framework comprises European Union legislation and domestic requirements, including requirements imposed by the Central Bank. A risk-based supervisory approach is applied and includes considering supervisory risk appetite, risk assessment processes, toolkit and escalation strategies.
- As a regulator in a jurisdiction with a very open market economy, The Central Bank of Ireland see the benefits of international coordination, including through FinCoNet. In the field of consumer protection in particular, the benefit in ongoing sharing of risk outlooks and emerging issues for consumers is essential.
- The Central Bank of Ireland apply the Principles on Financial Consumer Protection. From a regulatory perspective, Ireland was deemed by the OECD to have fully implemented the Principles, although only partially in terms of competition (in secured mortgage lending) and in respect of financial literacy due to the absence of national strategy.
- The Central Bank of Ireland engages in peer reviews to ensure best practice and the highest standards internationally, including:
    - The Dutch Authority for the Financial Markets (AFM) conducted a review in 2015 and noted strengths including strong international engagement; committed and professional staff; dedication to stakeholder engagement; and focus on market intelligence and behavioural insights to inform work.
    - The areas identified for further development included product governance and oversight; strategic planning and outcome measurement; prioritisation and capacity planning; and on culture in financial services.
- The Central Bank of Ireland applies a risk-based approach to conduct supervision. This approach includes:
    - An annual risk assessment of consumer risks, on sectoral and cross sectoral basis.
    - Impact ratings and Supervisory Risk Appetite are the key drivers of supervisory intensity.
    - A broad supervisory toolkit is utilised and ranges from information gathering, inspection, risk mitigation programmes, use of media, powers of direction to penal enforcement and revocation.
    - A 'Stop the Harm' approach and redress are a key focus when considering interventions, as well as penalties and fitness & probity findings.

  - Under a new strategy, the Central Bank of Ireland are evolving supervisory approaches to be more data-driven, agile and scalable. This includes implementing two new components; enhanced retail conduct supervisory framework and new cross-mandate behavioural and cultural risk framework.

- The supervisory toolkit includes a Consumer Protection Risk Assessment which focuses on firms' risk management frameworks and provides a taxonomy to guide and structure supervisors' assessment of key conduct risk drivers. The purpose is to enable targeted risk assessments focusing on specific elements, each of which have a pre-defined conduct risk attached to it. The assessments comprise two elements; a design review and an effectiveness review.

- In 2018, the Central Bank of Ireland published the Behaviour and Culture Report after the 'Tracker Mortgage' scandal showed the need for a more consumer-focused culture in the Irish retail banks. It has also led to legislative changes to introduce a new Individual Accountability Regime. The lessons learned highlighted the need to share information and collaborate with other supervisors who had a more defined approach to interrogating behavioural and cultural risk in firms, and sectors. This includes seeking to better understand the drivers behind the behaviour and trends in the outcomes witnessed.

- The Central Bank of Ireland has launched a review of the Consumer Protection Code. The key aims of the Discussion Paper are to:

  - Educate and inform all stakeholders of the nature and role of financial consumer protection, describe the consumer protection framework in Ireland, and explain the role of consumer protection authorities in Ireland

  - To engage all stakeholders in an open discussion on the key topical issues of consumer protection, and the challenges faced by regulators in identifying appropriate policy solutions

- The Discussion Paper is accompanied by an extensive programme of engagements designed to ensure active engagement and discussion. The Discussion Paper is open for consultation until March 2023 and the revised Code is expected to be introduced in 2024.

- In conclusion, the Central Bank of Ireland have found defined supervisory frameworks to be useful and effective for supervisory judgments. It is useful to have the power to make rules to supplement domestic and European Union legislation. There has been less progress in changing culture in financial services than desirable from supervisory efforts as there continues to be too many cases of misconduct and consumer harm.

- As a small open economy, a lot of products and behaviours are driven by international trends and consumer preferences. This makes European and international work a priority for the Central Bank of Ireland so that financial services best serve consumers. It can be difficult to establish where the lines should be drawn between the responsibilities of firms, consumers and/or other actors involved. It is a constant challenge to maintain focus on priority risks while dealing with incidents in firms and sectors.

- Building/maintaining the right skillset in the team is a constant challenge, in order to keep up to speed with developments in the industry but also in regulatory thinking (e.g. behavioural science). Integration across mandates is key to harnessing the skills across the supervisory organisation on shared priority risks.

**Third presentation – Mr. Anatol Monid**

The key points of Mr. Monid's presentation were as follows:

- The Toronto Centre was established in 1998 and since its establishment the Toronto Centre has trained 20,000 mid-and-senior supervisors from 190 jurisdictions. Annually, the Toronto Centre delivers 80 to 90 training programs to 3,500+ officials. This includes:
  - Virtual Supervisory Guidance Assistance to help partner agencies pressing supervisory issues or concerns
  - International Association of Insurance Supervisors implementation partner
  - Women's Leadership Programs for female supervisors in Sub-Saharan Africa
- The reason for this work can be illustrated by the headlines in the newspapers and media outlets, that is, the frequent misconduct by financial service providers showing the increased importance of financial consumer protection. For example, in Australia, a Royal Commission into the Misconduct in the Banking, Superannuation and Financial Services Industry was held, concluding in 2019. The key findings provide that financial service providers should: obey the law; not mislead or deceive; act fairly; provide services that are fit for purpose; deliver services with reasonable care and skill; and act in the best interest of the consumer. The Royal Commission findings provide an excellent guide for assessing your own financial consumer protection environment.
- In 2017, the Financial Stability Board (FSB) undertook a stocktake of efforts to strengthen governance frameworks to mitigate misconduct risks by providing guidance and analysis. The stocktake defined misconduct as *conduct that falls short of expected standards, including legal, professional and ethical standards*. The stocktake identified the root causes of misconduct as: culture; individual accountability, rolling bad apples and people management and incentives. These root causes are helpful for supervisors to consider to ensure effective prevention strategies are implemented.
- Supervisors may also find it helpful to consider CGAP's Financial Inclusion & Stability, Integrity and protection (I-SIP) Framework. The key elements include:
  - Inclusion – access to financial services, use of financial services, quality of the products and service delivery and the impact of financial inclusion on households' and firms' outcomes.
  - Stability - financial infrastructure, financial institutions and financial markets.
  - Integrity – assessment, understanding, management and mitigation of money laundering/ financing of terrorism risks, customer acceptance

policy, customer and beneficial owner identification, verification and risk profiling, ongoing monitoring, management of information, reporting of suspicious transactions and asset freezing

  - Protection – disclosure and transparency, fair treatment and business conduct, data protection and privacy, dispute resolution mechanisms, guarantee schemes and insolvency and financial capability.

- The ISIP Framework also provides qualitative indicators for each of the key elements providing practical guidance for applying the framework or assessing the framework against current supervisory approaches to measure the effectiveness of outcomes.

- Gender is also important to supervising financial consumer protection and in supporting sustainable, inclusive economic growth. Increased female participation in senior decision making increases the focus on gender and brings benefits in terms of enhanced guidance as well as profitability. A Gender-Aware Supervision Toolkit is available to assist supervisors to achieve a gender balanced supervisory model.

**Fourth presentation – Ms. Charina De Vera-Yap**

*Financial Consumer Protection in the Philippines*

The key points of Ms. De Vera-Yap's presentation were as follows:

- The Philippine financial system consists of a variety of bank and non-bank entities, with total resources of PhP 27 trillion as of September 2022. Banks hold more than 80 percent of the total financial system resources. They deal with large population segments through diverse delivery channels, such as full-service branches, branch-lite units (microfinance banking offices), ATMs, mobile apps, and 3rd party agents.

- Bangko Sentral ng Pilipinas's (BSP) role includes implementing monetary policy, financial supervision, payments and settlements system oversight. Pursuant to its Charter, the Bangko Sentral ng Pilipinas promotes broad and convenient access to high quality financial services and consider the interest of the general public.

- The BSP adopted consumer protection as an advocacy in 2006, recognizing that consumer trust must be fostered alongside price stability, financial stability, and payment system efficiency. A Consumer Assistance Unit was institutionalized to facilitate communication between consumers with concerns about products and services of BSP-supervised institutions (BSI). The Unit has since evolved into the Consumer Protection and Market Conduct Office (CPMCO) in 2021. Alongside the organizational evolution were adjustments in the BSP Financial Consumer Protection (FCP) Framework, initially issued in 2014 and revised in 2019 to facilitate BSIs' compliance with CP standards. However, implementation of the Framework was limited by the lack of an express legal authority to fully exercise market conduct supervision (MCS).

- The BSP, together with other regulators, pushed for the passage of a comprehensive Financial Consumer Protection Act, which was enacted in May 2022. As such, BSP CPMCO functions has been expanded to include MCS, on top of its policymaking and complaints handling roles.

- The Financial Consumer Protection Act provides for the financial consumer rights and financial service provider responsibilities focusing on
  - Equitable and fair treatment of consumers
  - Disclosure and transparency of financial products and services
  - Protection of consumer assets against fraud and misuse
  - Data privacy and protection
  - Timely handling and redress of complaints
- The Financial Consumer Protection Act expands the powers of financial regulators in terms of consumer protection rulemaking, market conduct onsite and offsite examination, market surveillance and monitoring, provision of redress mechanisms, enforcement and sanctions.
- The Bangko Sentral ng Pilipinas is still in a foundational stage of developing market conduct supervisory functions, however the roadmap to market conduct supervision includes the following steps:
  - Enforce the Financial Consumer Protection Act implementing the rules and regulations.
  - Issue a market conduct framework and regulations.
  - Deploy rules of procedures.
  - Develop complaints data analytics and consumer sentiment analytics.
  - Develop a consumer protection risk rating system
  - Conduct market conduct surveillance, onsite and offsite examination.
- There are many challenges facing the Bangko Sentral ng Pilipinas, including staff re-skilling and capacity building, developing analytical frameworks and SupTech tools, developing institutionalised collaboration with prudential supervisors and managing potential financial service providers' resistance to market conduct supervision.
- With these challenges, there are also opportunities for the Bangko Sentral ng Pilipinas, such as reviewing the organisational structure and systems, increased technical assistance and training, collaboration with IT and financial supervision departments and industry consultations and stakeholder management.
- The BSP is confident that, over time, and piece by piece, it will be able to build a CPMC regime that is at par with international good practices - one that not only protects consumer rights, but also promotes positive consumer outcomes.

## Panel Session 1 – Q&A discussion

Mr. Larbey thanked the panellists for their very interesting presentations and noted the importance of this topic which has been included in the FinCoNet Programme of Work for 2023/14. Mr. Larbey moderated a Q&A session with the panellists, inviting questions from the audience. The questions and responses included the following:

*Question: How important is it to have a discrete conduct supervision function, even in circumstances where the focus and priority may be on prudential supervision?*

Ms. De Vera-Yap responded:

- This is very important for Bangko Sentral ng Pilipinas. An explicit mandate recognises the authority of the regulator and shows that market conduct supervision is a priority for the Central Bank. It clarifies that prudential supervision is not the same as market conduct supervision. It provides clarity to the market in terms of the different requirements, functions and expectations.

Mr. Monid responded:

- If you consider the banking principles for supervision, market conduct is almost absent, the focus is on prudential regulation which has been a priority but as we have seen over the years, supervisors have been forced to look at financial consumer protection. Prudential problems can become market conduct problems and vice versa, it is important to have a holistic view. Need to look and ask if you're protecting consumers, not just creating safety and soundness.

Mr. Kincaid responded:

- This is a live topic at the Central Bank of Ireland. If conduct supervision is absent as a mandate – it is critically important to set up a discrete function and there needs to be a senior person of the organisation overseeing it. Care needs to be taken to ensure this discrete function isn't siloed off, a balance needs to be found between implementing a dedicated function while also integrating it within other functions. Stability issues are linked to conduct issues. While it is important to have a dedicated function, it is also important to mobilise the rest of the organisation.

Mr. Mesquita responded:

- Having at least a small but dedicated team is better than having prudential supervisors overseeing both prudential and conduct risks. When prudential supervisors have the duty of assessing risks to providers and risks to consumers at the same time, it harms the quality of the risk assessments from both perspectives. All authorities need to have a clear vision of the risks they need to supervise, this is becoming even more necessary when it comes to new, emerging risks.

*Question: How do you see the role of consumer associations contributing to financial consumer protection and market conduct supervision?*

Mr. Kincaid responded:

- Consumer associations always ask really good questions and having a good public discourse regarding consumer protection is very important. Regulators can provide agencies a platform to level off the power imbalance that is otherwise there between the financial industry and consumers. The Central Bank of Ireland works with a dedicated consumer advisory group that meets on a regular basis and provides advice on our functions. It is important to encourage consumer associations, to engage with them and to give them a public and transparent voice.

Ms. De Vera-Yap responded:

- While drafting Bangko Sentral ng Pilipinas's financial consumer protection rules and regulations, it was very helpful to speak to consumer associations and the general public to hear their insights and views regarding the draft regulations. The public consultation process highlighted that consumer associations in the

Philippines need to be further strengthened. Moving forward, we plan to initiate more formal bilateral conversations with them.

Dr. Kasdorp responded:

- Consumer associations are incredibly valuable because they see different insights from different perspectives compared to what the regulator sees. Aside from being a valuable source of information, consumer associations can also be a complementary function between consumers and the regulator.
- In the Netherlands, consumer associations are very active and public in criticising the wrongdoings of banks, in a manner that the regulator would not be expected to do. This means there is a complementary nature of the roles of consumer associations and regulators and both parties understand each other well.

Mr. Larbey noted:

- Throughout the process to revise the Principles on Financial Consumer Protection, the Task Force liaised with stakeholders and in particular, with consumer groups to ensure the consumer voice was represented. Specifically, Principle 1 highlights that consumer organisations should be consulted when policies related to financial consumer protection and education are development.

*Question: For many jurisdictions, prudential and market conduct supervision is carried out by different departments in the one organisation. One of the biggest challenges is related to political nuance within the organisation, particularly when it comes to enforcement action. The purpose of prudential regulation is to ensure and maintain financial stability. This can lead to tension if market conduct supervisory penalties on a financial product provider affect the stability of the provider. Do other jurisdictions face this issue, and if so, how to you resolve the tension and competing priorities between prudential and market conduct supervision?*

Mr. Kincaid:

- Yes, this is an issue that is always sitting there in the background, many jurisdictions need to consider to what extent conduct supervision will destabilise the market. This is where the senior sponsorship within the organisation comes into play. It is also affected by how you define stability, it's not only stability within firms but it's also important to consider the stability of the system as a whole, for the benefit of consumers. If firms do not comply with the conduct rules, you need to consider that they may also fail to comply with the prudential rules.
- Ireland has experienced a massive financial crisis, fuelled in large part by mis-selling. The levels of redress were considerable but it was important to remember the redress amount was not the firms money, it was never their money, it's the money of their customers. It must be paid back to the consumers impacted. It’s circular, conduct issues become prudential issues that then becomes a financial consumer protection issues.

Ms. De Vera-Yap responded:

- It is a challenge, and it is something being considered as the Central Bank develops its market conduct framework. It is very important at the onset, to onboard the prudential supervisors as the Framework is being drafted, in order to establish a holistic and unified approach to supervision, enforcement and sanctions. We aim for a "One-BSP" approach to implementing the financial consumer protection law.

Mr. Monid responded:

- In Canada we have the challenge of a twin peaks model and communicating effectively across different organisations is even harder. This is further complicated because the legislation places a premium on the protection of information by each regulator, so it's difficult to talk about issues between the two organisations. It is helpful to start conversations as early as possible and avoid waiting until penalty phase of the discussion so that everyone is prepared for the possible outcomes. It can work, but it is a lot of work.

Mr. Mesquita responded:

- This challenge is very common. When there are tensions or competing priorities between the two it is important to take a step back and try to refine arrangements to make sure everyone understands the role of the market conduct supervisor. It should not be a competition between the two, rather, it is an integration of different risk perspectives.

Mr. Larbey concluded the Panel discussion by thanking the panellists for sharing their experiences and insights and for a rich discussion.

## Panel Session 2: Looking ahead – New practices and emerging solutions in response to the challenges facing market conduct supervisors now and in the future – panellist presentations

Ms. Flore-Anne Messy, Head of the Consumer Finance, Insurance and Pensions Division, OECD, thanked the Banco de Portugal for hosting the FinCoNet International Seminar and introduced the second panel session. Ms. Messy noted that this panel discussion is a timely discussion on the current economic challenges and the innovative solutions market conduct supervisors can consider. This is particularly topical given the rising rate of inflation, increasing interest rates and the increased cost of living causing a number of issues for financial consumers. While digitalisation creates risks for consumers, it also provides opportunities for innovative solutions. Ms. Messy introduced the panellists for this panel session:

- Ms. Vincenza Marzovillo, Bank of Italy and Co-Chair of the European Banking Authority's Standing Committee on Consumer Protection and Financial Innovation
- Mr. Juan Carlos Izaguirre, Senior Financial Sector Specialist, Consultative Group to Assist the Poor (CGAP)
- Ms. Sheila Senfuma Nakanyike, Head of Programme, Digital Finance, Consumers International
- Ms. Patrícia Guerra, Head of Unit in the Regulation, Legal Affairs and Complaints Division, Banking Conduct Supervision Department, Banco de Portugal

**First presentation – Ms. Vincenza Marzovillo**

The key points of Ms. Marzovillo's presentation were as follows:

- Market conduct supervisors are facing extraordinary challenges driven by innovation, which at the same time is both a driver of opportunities and risks for consumers. In order to ensure that innovation entails actual benefits for consumers, authorities need to take a proactive attitude to reinforce traditional tools, implement innovative solutions and foster dialogue with the market.
- The first challenge is the rapid evolution of the financial market, pushed by digital innovation, in particular in the field of payment services. New products and new providers are populating the market, requiring supervisors to monitor the market and accompany its evolution in order to anticipate and try to avoid detriment for consumers. It is therefore necessary to develop market monitoring tools, such as risk indicators that allow to intercept detriment for consumers at an early stage. Indicators may rely on data already available or on data collected on purpose; their development and interpretation may benefit from the opportunities offered by technology.
- An example about the latter is the Bank of Italy's SupTech initiative in the field of complaints: EspTech is an IT solution based on text mining and machine learning technologies that is used for managing and handling complaints directly reported from customers to the Bank of Italy. A sophisticated machine-learning model automatically detects common phenomena based on the semantic content of documents and processes all the information. This tool enables supervisors to have a quicker, easier access to information on complaints.
- Support to innovation facilitators is determinant to foster the dialogue with the market. For example, the Bank of Italy has developed:
    - FinTech Channel – a communication channel providing an immediate contact point capable of supporting and responding to the various needs of the operators.
    - Milano Hub – a place to stimulate the adoption of the most advanced technologies in the banking and financial fields, to strengthen the level of knowledge and awareness of the opportunities offered by digitalization.
    - Sandbox – A space to allow operators to test innovative products, services and business models in a defined (and possibly adapted) regulatory context and under the supervision of competent Authorities.

At European level, the European Forum for Innovation Facilitators (EFIF) was established following the January 2019 Joint ESA report on regulatory sandboxes and innovation hubs, in line with the European Commission's Fintech Action Plan. EFIF provides a platform for supervisors to meet regularly and share experiences from engagement with firms through innovation facilitators (regulatory sandboxes and innovation hubs), share technological expertise, reach common views on the regulatory treatment of innovative products, services and business models, overall boosting bilateral and multilateral coordination.

- The second challenge is to reduce the "time to market" of regulatory and supervisory developments. The speed of innovation and the more complex financial ecosystem need to be addressed by regulators and supervisors with appropriate tools (reaching also not regulated operators) and in a timely manner. Suggested approaches include the use of "soft law", such as the issuance of supervisory expectations, best practices, guidelines, warning to consumers.

- An important example is represented by a recent communication of the Bank of Italy on Decentralised Technology in Finance and Crypto-assets. The communication:
    - anticipates upcoming regulation and extends principles to actors and technological solutions that will not be included in the scope of application of the new rules;
    - highlights the importance of principles and good practices which, although not binding, mitigate the risks associated with the use of Decentralized technologies;
    - stimulates market participants to identify mitigation actions to monitor critical issues;
    - emphasizes the importance of technology – distributed register technologies and smart contracts for connecting different actors even in the absence of mutual contractual relations.
- In a digital environment, disclosure alone may not be enough to ensure an adequate level of protection to consumers. Rules need to be adapted to the fundamental changes in the shopping experience: ease and speed entail the risk that consumers are not fully aware of the consequences of their initiatives. Also risks of financial exclusion for non-digital clients may arise.
- A promising approach is to complement mandatory disclosure with fair business conduct requirements. Levers to be actioned by supervisors include: product governance requirements, deeper understanding of behavioural finance (also applied to digital channels), initiatives aimed at reinforcing financial and digital awareness of citizens (about their rights and obligations and the existence and use of self-protection tools), the adoption of innovative supervisory tools to investigate elements of the bank-customer relationship that are difficult to intercept (e.g. business conduct from staff at a bank's branch).
- Mystery shopping can be a good case in point: according to Regulation (EU) no. 2394/2017, national authorities responsible for the enforcement of consumer protection law shall have the possibility to conduct mystery shopping; according to its founding regulation (Regulation (UE) no. 1093/2010), the EBA has the power to coordinate mystery shopping activities of competent authorities.
- The last challenge is the need for enhanced cooperation among all interested parties. There is a strong need for dialogue in several directions: with peer supervisors, to learn from their experience and save time; with the market (including new, unregulated entities challenging incumbents), public and private sector, academy, researchers.
- To promote effective and multilateral cooperation, the Bank of Italy has recently entered into a MoU with two Italian Universities to carry out research on smart financial contracts based on distributed ledger technology (DLT) infrastructures. The initiative also aims to outline good practices to be shared with market participants, including providers of IT facilities. The MoU is open to the participation of further public and private entities.

- The dialogue between the Authority and market participants represents an essential component, a model supporting the "good innovation", the innovation able to promote integrity and transparency, consumer protection and market stability.

**Second presentation – Mr. Juan Carlos Izaguirre**

*Market Monitoring – Enabling customer-centric conduct supervision in digital finance*

The key points of Mr. Izaguirre's presentation were as follows:

- A responsible finance ecosystem approach takes a holistic approach to protecting consumers, whereby all key actors interact in a way that protects and ensures positive outcomes for customers using financial services, especially women and vulnerable consumers. A responsible finance ecosystem requires three conditions:
  - Customer-centricity better protects consumers by putting them at the core of any initiative.
  - Key actors have the capability to contribute to a responsible ecosystem.
  - Collaboration involves structured and constructive relationships between actors in the ecosystem.
- Market monitoring is essential for supervisors in promoting a responsible finance ecosystem for the following reasons:
  - Holisticness: Takes a broader look at a sector, as opposed to a narrow focus on individual providers
  - Customer centricity: Helps better understand consumer risks, behaviours, experiences
  - Capability: Helps proactively identify and act on issues that deserve attention, as well as prioritizing resources
  - Staying current: Gathers insights before they may be reported by providers or consumers
  - Forward-looking: Identifies innovative products, services and providers, and emerging risks
  - Moral suasion: lightly supervised institutions are informed that they are monitored
  - Collaboration: Enables evidence-based dialogues
- All supervisors have different mandates, responsibilities and resources, which determine what actions they can take to adopt market monitoring tools. It is important for supervisors to identify where they are in their monitoring journey, and realize the actions they can take in each stage. They can start with adding a market perspective to the typical institution-focused analysis of reports and producing market-focused reports. Supervisors can then progressively integrate market monitoring into their annual supervisory planning and begin to identify any gaps in resources and skills. Then, they can build monitoring activities and create a specialised market monitoring team. Following this, supervisors can enhance their data analytics and capacity to progress towards a mix of tools and use of SupTech.

- Supervisors need to establish a strong foundation for market monitoring, so that it can be implemented as a sustainable activity. This includes an adequate legal mandate for market conduct supervision, staff adequacy in terms of expertise and resources, and high-quality data for market monitoring. To ensure the latter, supervisors shall assess regulatory reporting data quality, by mapping their supervisory objectives with their data needs and identifying subsequent data gaps and reporting system weaknesses. This information can then be used to develop a strategy that prioritises actions for data improvement, following the identification of the existing approaches to data collection, storage, management, analysis and visualisation.

- In terms of supervisory tools, the appropriate mix of tools should align with the objectives of the particular supervisor and the costs/affordability for the supervisor. Some of the tools a supervisor may consider implementing include; analysis of regulatory reports, analysis of consumer contracts, analysis of complaints data, mystery shopping, phone surveys, industry engagement, social media monitoring and thematic reviews.

- For example, when analysing regulatory reports some suggestions on how to utilise this tool include; identifying goals and objective, identifying indicators and data points to be collected, design reporting requirements, checking other sources and coordinating outside the agency, designing a guide for analysis then conducting analysis, and defining and producing key outputs. The benefits and opportunities of analyses of regulatory reports requiring granular data include:

    - Depth (e.g. deeper insights into conduct issues)
    - Flexibility (e.g. ad hoc indicators based on supervisory needs)
    - Comprehensiveness (e.g. mix of data on consumer issues, business practices, and market developments)
    - Segmentation (e.g. insights on consumer segments or clusters like low-income women)

  Limitations may include:

    - Compliance costs (e.g. legacy systems that not support high data volumes)
    - Resource intensiveness (e.g. data storage, analytics, expertise, transfer)
    - Data protection issues (e.g. granular personal data being collected)

- For more information please see CGAP's website on market monitoring for financial consumer protection.

**Third presentation – Ms. Sheila Senfuma Nakanyike**

*Fair Digital Finance Accelerator*

The key points of Ms. Nakanyike's presentation were as follows:

- Consumers International members are independent not-for-profit consumer groups from around the world. Consumer International has over 200 members in over 100 countries chosen on the basis of their importance, focus on consumer issues and engagement and typically one leading group per country. Members work on a range of topics including finance, energy, food, mobility, sustainability, digital safety and security, amongst others.

- A global consumer survey was conducted which highlighted that consumers have many needs in the marketplace including
  - Access to essential goods and services for intrinsic need
  - Protection of vulnerable and disadvantaged consumers.
  - Protection from hazards to health and safety.
  - Promotion and protection of consumers' economic interests.
  - Access to adequate information to enable informed choices.
  - Consumer education, including education on the environmental, social and economic consequences of consumer choices.
  - Availability of effective dispute resolution and redress.
  - Freedom to form consumer groups and organisations and present their views in decision making processes.
  - The promotion of sustainable consumption patterns.
  - Protection in e-commerce, not less than that afforded in other forms of commerce.
  - Protection of privacy and the global free flow of information.
- Digital financial services can empower consumers, everywhere. To achieve this, digital financial services must be inclusive, safe, data protected and private, and sustainable.
- Some of the key challenges faced by consumers of digital financial services include safety and the risk of scams and frauds, availability of effective consumer dispute and resolution mechanisms, data protection and privacy and protection of disadvantaged consumers.
- Some of the key challenges faced by regulators in advancing consumer-centred policy from a consumer protection viewpoint, include poor or delayed redress systems, poor law enforcement, inadequate capacity to identify existing and new risks and inadequate understanding of consumers' rights.
- Some of the key challenges faced by providers in advancing consumer-centred products and services include the lack of ineffective recourse and compensation mechanisms.
- Excessive and unfair pricing and balancing consumer needs with business needs, fraud thefts and scams and inadequate mechanisms for the safeguarding of consumers' rights.
- In terms of consumer satisfaction in digital financial services' regulatory framework:
  - 6% of consumer associations believe the regulatory framework is good
  - 45% of consumer associations believe that there is a solid regulatory framework, but some extensive improvements are needed

  - 45% of consumer associations believe that there is poor (13) or no digital financial services protection (1) for consumers in their country

- The Fair Digital Finance Accelerator is a major and unique project in response to the urgent need for Digital Financial Services that are fair, safe, and sustainable for consumers. The accelerator includes a robust network of 45 members from over 40 countries promoting coordinated consumer advocacy, regionally and internationally.
- Part of this work included the launch of tailored Digital Finance Training on digital finance and consumer advocacy including stakeholder mapping and collaboration. There has been new and enhanced regulatory engagement opportunities for consumer organisations and contributions to global policy reviews of digital finance issues affecting consumers.
- The Accelerator is helping consumer advocates in low and middle-income countries push for more consumer-centric regulatory environments by connecting them together, developing new insight, building bridges with regulators.

**Fourth presentation – Ms. Patrícia Guerra**

*Over-indebtedness and digitalisation – growing challenges for market conduct supervision*

The key points of Ms. Guerra's presentation were as follows:

- The world is living in a complex macroeconomic context while digital transformation accelerates. Inflation for example, remains far too high and will remain high for some time.
- Digitalisation is transforming society, the economy and the financial sector. This transformation has the potential to benefit people and companies. However, it may also make it more challenging for the existing regulatory and supervisory frameworks to safeguard financial stability, consumer protection, market integrity, fair competition and security.
- Economic challenges such as rising inflation, increasing interest rates and the reduction of households' real disposable income amplify over-indebtedness risk. Market conduct supervisors need to closely monitor the economic and financial context, anticipate the evolution of risks, especially for vulnerable groups, and prioritise supervisory approaches.
- Mitigation of the over-indebtedness risk is a priority for the Banco de Portugal. In 2013, a legal and regulatory framework was implemented on the management of pre-arrears and arrears as well as a regulation on the late payment of credit agreements. In 2018, the Banco de Portugal implemented a regulation on creditworthiness assessments. In 2021, it was reinforced the legal and regulatory framework on the management of pre-arrears and arrears as well as issued specific rules for credit agreements exiting from credit moratoria.
- In Portugal, there is a Pre-Arrears Action Plan (PRAP) which forms part of the legal and regulatory framework. The financial institution is expected to identify early warning signs of consumers experiencing financial difficulty and contact the consumer within 10 days at most. Consumers are also encouraged to alert their financial institutions of payment difficulties. Consumers will be requested to

provide information and documents regarding their financial capacity and the institution assesses the consumer's financial capacity and presents proposals.

- Portugal has also implemented an Out-of-Court Arrears Settlement Procedure (OASP). If a consumer defaults on their repayments, the institution must contact the consumer within 15 days. The institution is required to include the consumer in arrears into the OASP between the 31st and 60th day following default. The institution will then assess the financial capacity of the consumer, present proposals and negotiate the best outcome course of action.
- Digitalisation is not a hype, it is a permanent challenge. Supervisors will continue to see new, unexpected and disruptive players with innovative models, which sometimes operate on a cross-border basis. Market conduct supervisors need to monitor financial innovation, ensure technological neutrality, adopt innovative supervisory tools and liaise with other supervisors.
- The Banco de Portugal has been monitoring innovation since 2016. In 2016 the Banco de Portugal issued a questionnaire to the financial industry on the digitalisation of retail banking products and services in Portugal. In 2018, the second questionnaire was issued. The findings from both surveys were published in 2016 and 2018 respectively. In 2020 a national survey collected information examining financial and digital inclusion and the choice of banking products in Portugal. The report was published in 2020. More recently, in 2022 a national survey was distributed on digital financial literacy of the Portuguese population. This work was undertaken with the support of the OECD and the European Commission.
- The Banco de Portugal has taken several regulatory initiatives and adopted new tools including:
    - In 2017, rules were implemented to allow financial institutions to open bank deposit accounts by assisted video conference.
    - In 2018, a Circular Letter was issued that requires institutions to report information on the provision on consumer credit via digital channels.
    - In 2020, best practices were published that applied to the selling of retail banking products and services through digital channels.
    - In 2022, the Banco de Portugal adopted two Suptech tools.
- Market conduct supervisors need to consider how to ensure consumer protection in an unpredictable context by monitoring the market and anticipate risks, being involved in the definition of measures to mitigate the identified risks, being agile and acting quickly and adopting innovative oversight tools. Supervisors need to ensure a high level of consumer protection while supporting innovation and promoting a level playing field among financial institutions.

## Panel Session 2 – Q&A discussion

Ms. Messy thanked the panellists for their insightful presentations and moderated a Q&A session with the panellists, inviting questions from the audience. The questions and responses included the following:

*Question: What role do supervisors have to play in the face of uncertainty and consumer protection implications from the rapidly changing economic conditions to ensure standards of conduct are maintained and subsequent outcomes for consumers?*

Ms. Guerra responded:

- The current economic context proves the importance of the role of market conduct supervision. Without high standards of financial consumer protection, the situation will be worse than it currently is. It is important to ensure that there is a comprehensive legal and regulatory framework, establishing specific rights to consumers, to monitor the evolution of the market and to oversee the implementation of measures. Financial consumer protection is crucial to ensure that consumers are not alone. The Banco de Portugal is supervising the implementation of the regulatory framework to prevent over-indebtedness risks.

Mr. Izaguirre responded:

- It is very important for financial consumer protection not to be ex-post analysis, financial consumer protection needs to be embedded from the beginning. Financial Consumer Protection needs to be included in sandboxes and innovation facilitators and the findings and lessons from customer experiences are incorporated so that products are improved. It is also important for the supervisor to have capacity to check what is going on, even if the sector is not fully regulated. For example, our research on digital credit using market monitoring tools showed that women were constantly underserved and that certain loans were constantly underperforming. Authorities could see the results of the digital credit algorithms and identify the need for better product governance that ensures that algorithms are adjusted based on data.

Ms. Marzovillo responded:

- We are facing unprecedented challenges. The risks consumers are facing are mostly out of their control, for example, the pandemic, political instability and increased inflation. The next generation of consumers in Western countries are probably unprepared to face these challenges. In this respect, it may be appropriate to leverage on the complementarity between financial consumer protection and financial education initiatives.

Ms. Nakanyike responded:

- Market conduct supervisors play a key role in measuring the impacts on consumers and how the measures in place affect consumers. It is important to have consumer representatives in these discussions. Some of the feedback received by Consumers International indicates that most consumer associations would like to see market conduct supervisors implement international standards, such as the Principles on Financial Consumer Protection.

*Question: How important is the need to balance digital innovation and market conduct standards to ensure appropriate consumer outcomes? How does your organisation seek to strike this balance?*

Ms. Nakanyike responded:

- At Consumers International it's very important to have the balance. Innovation has provided access to services that people did not have before. We work with businesses as well. Different players work in silos, and it's crucial that we have businesses engaged. We are setting up an industry panel that will be a soundboard for us to understand the challenges and to understand their needs and for them to understand the consumer needs.

Mr. Izaguirre responded:

- Innovation is an important challenge, but also a great opportunity. The use of technology by supervisors can take them to the next level. We want to make sure that authorities and providers can work better together. Sometimes the exigencies of certain reporting requirements do not align with the providers' capacity to report data from their existing systems. Need more dialogue so that the new tools are developed with insights from providers so that they can help build the solutions. From the side of market conduct authorities, it's important to build SupTech as part of an overall strategy. Using it as part of a greater understanding of their capacity and being mindful of whether the fundamentals are in place. Otherwise, there is a Fear of Missing Out (FOMO) among supervisors, where they are too excited by new technology when the capacity and sustainability needed is not there yet, and SupTech solutions end up being one-offs and underutilized.

Ms. Guerra responded:

- When we think about digitalisation, we talk about conflicting demands. On the one side, we need to improve digitalisation, but also to improve disclosure of information. We also need security. At the European level, we have strong customer authentication to reinforce security, but also confidence. Confidence is needed to boost digitalisation. It is also very relevant to closely monitor the market to identify new products and services, new providers, and new risks. Market conduct supervisors need to act timely. For instance, at the Banco de Portugal, there is a dedicated team to oversee the provision of retail banking products and services through digital channels. The Central Bank of Portugal is also removing unjustified barriers to follow the technological neutrality principle. Indeed, "same business, same risks, same regulation, same supervision". It is important to ensure consumers are aware of their rights and duties in the digital environment. With more empowered consumers, we can prevent risks.
- All stakeholders play a role to mitigate risks. For our best practices, we involved all stakeholders, with contributions from industry as well as consumers. It's important to have this collaboration from all stakeholders to ensure that we have the most suitable regulation for our industry.

Ms. Marzovillo responded:

- The real challenge is probably to take actions in order to allow digital innovation to improve market conduct standards and be beneficial for consumers. A possible approach could be based on using all the available levers in a synergic way, while promoting effective dialogue with market participants. The dialogue must remain open to all actors, and consumers should be listened to very carefully. Innovation facilitators can play a really important role to ensure that innovation embeds consumer protection issues and is aimed at be beneficial also for consumers.

*Question: What is being done for vulnerable consumer groups? I acknowledge that it is not a trait to be vulnerable, anyone can become vulnerable. How do you implement new supervisory practices to identify vulnerable groups in advance and what do you do to protect them?*

Ms. Nakanyike responded:

- Most of the identified vulnerable groups are women, particularly in rural areas as well as migrants, refugees, youth and young populations. If there are new regulations and policies implemented, there should be flexibility to provide for certain vulnerable groups. We do have a project (The Fair Digital Finance Accelerator) to ensure that consumers associations are pushing for practices that are consumer-friendly, this could be for example redress mechanisms or digital finance solutions that are customised for certain vulnerable groups. It's also good to understand who the vulnerable consumers are. Consumer associations have and can further support with this information.

Mr. Izaguirre responded:

- It is very important to get insights from a gender perspective, especially for the market monitoring exercises. In terms of phone surveys and mystery shopping, if you develop good sampling and personas, you can have very valuable insights on discrimination and disrespectful treatment of women. Mystery shopping is a very valuable tool to observe how such treatment occurs in real life. Regarding the phone survey, it opened our eyes in terms of the issues relating to digital credit, as women performed as highly as men in digital credit, but the gap in offering was 20 percentage points between men and women. We confirmed that with transactional data, women were just as good in terms of meeting repayments as men were, but their access was significantly lower. This needs to change.

Ms. Guerra responded:

- Concepts relating to vulnerable consumers are dynamic. The most important thing is to closely monitor the market to identify vulnerable groups. Awareness campaigns are also important, the Central Bank of Portugal periodically publishes information about new measures, rights and duties. This is a hard task but very relevant.

Ms. Marzovillo responded:

- This is a very important issue, and it is essential to invest in financial education in order to develop and implement targeted programs for different kinds of vulnerable clients. Another issue, due to digitalisation, is the reduction of physical banking services, resulting in underserving certain consumers (e.g. those living in rural areas; elderly and people affected from some disabilities). While currently no regulatory measures have been adopted to address this, work has been undertaken to find cooperative solutions using new tools and new ways of delivering services to consumers.

Ms. Messy concluded the panel discussion by thanking the panellists for sharing their experiences and insights and noted this will inform the future work of FinCoNet.

## Closing remarks

Mr. Chris Green, Vice Chair of FinCoNet thanked all of the speaker, moderators and participants for their thought-provoking insights as we consider the role of market conduct supervision and the consider the challenges ahead. The Seminar addressed important issues and it is expected that these discussions will continue given the many benefits of sharing experiences between market conduct supervisors and financial consumer protection experts. The OECD's support in organising and running these events, as well as supporting FinCoNet's work more generally, is greatly appreciated. The Central Bank of Portugal have hosted a highly successful AGM and Seminar and Maria Lúcia has been a tremendous leader of this organisation.

Mr. Green noted that he looks forward to the challenge of Chairing FinCoNet moving forward and to seeing FinCoNet Members in March.

# *Speaker Biographies*

| | |
|---|---|
|  | **Maria Lúcia Leitão,** Head of Banking Conduct Supervision Department, Central Bank of Portugal (Banco de Portugal).<br><br>With a background in Economy and European Studies, Maria Lúcia Leitão is since its inception (in 2011) the Head of Banking Conduct Supervision Department at the Banco de Portugal following her appointment as Deputy Head of Banking Supervision Department in 2007.<br><br>Mrs. Maria Lúcia Leitão is also the Chair of the Steering Committee of the Portuguese National Strategy for Financial Education lead by the three financial supervisory authorities.<br><br>Mrs. Maria Lúcia Leitão actively participates in several international fora dedicated to financial consumer protection and financial education. At the international level, Maria Lúcia Leitão is Chair of the International Financial Consumer Protection Organisation (FinCoNet) and she is a member of the Advisory Board and Vice-Chair of the OECD/INFE (International Network on Financial Education). At the European level, she participates as a member in the Standing Committee on Consumer Protection and Financial Innovation of the EBA (European Banking Authority). She also participates in the G20/OECD Task Force on Financial Consumer Protection. She also participated in the Joint Committee of the European Supervisory Authorities (ESAs).<br><br>Mrs. Maria Lúcia Leitão often participates as speaker at international gatherings invited by organizations such as the OECD, European Commission, European Supervisory Authorities, G20/GPFI, UNCTAD, World Bank, Alliance for Financial Inclusion, and Consumers International. |
|  | **Miles Larbey** is the Head of Financial Consumer Protection at the OECD. In this role, he is responsible for the OECD's work on international financial consumer protection policy and supporting the Task Force on Financial Consumer Protection and FinCoNet, a network of market conduct supervisors. Particular areas of focus include the impact of digitalisation and technological advances, consumer vulnerability and financial well-being, demographic changes, financial inclusion and the opportunities and risks for consumers associated with sustainable finance.<br><br>Before his role at the OECD, Miles held positions as Senior Executive Leader for Financial Capability at the Australian Securities and Investments Commission, was the General Manager of the Investor Education Centre in Hong Kong and worked on consumer protection and law reform at the Financial Conduct Authority in the UK |

| | |
|---|---|
|  | **Sergio Mesquita** is a Senior Financial Sector Specialist at the Financial Inclusion, Infrastructure and Access (EFNFI) team of the World Bank Group, focused on financial inclusion and consumer protection work stream. Sergio was, until very recently, a Head of Division of the Conduct Supervision Department at the Central Bank of Brazil (CBB). Sergio has 14 years of experience in financial supervision (prudential and conduct) and enforcement, and developed an ongoing financial consumer protection monitoring framework, applied to the largest and most significant bank conglomerates in Brazil. Sergio has also worked as a Short Term Consultant (STC) for World Bank Group (Financial Inclusion and Consumer Protection (FICP) Team, and has worked as Trainer on Market Conduct Supervision for the Toronto Centre. |
|  | **Aute Kasdorp** is a leading global expert in strategies and methods for regulatory practice (including responsive, risk-based, and problem-focused approaches). He is founder of niche consultancy firm Supervision Strategy. Supervision Strategy exclusively assists regulators and supervision agencies, both directly and through a long standing partnership with the World Bank.<br><br>Aute combines extensive high-level experience in the regulatory domain with in-depth knowledge in a range of relevant fields. He has fulfilled expert and leadership roles in supervision and regulation practice during 20+ years. Aute holds a PhD degree in regulatory practice and a triple master degree in law, philosophy, and business administration.<br><br>Aute is a highly valued consultant, key note speaker, teacher and coach. He has published extensively in scholarly and professional journals. Aute also published a comprehensive strategy evaluation guide for financial supervisors: *Renewing Capital Market Supervision.* |
|  | **Anatol Monid** is Toronto Centre's (TC) Senior Director, Programs having worked as a TC program director and leader for many years. He was previously Executive Director of the Licensing and Market Conduct Division for the Financial Services Commission of Ontario which conducted supervision and regulation across many regulated sectors, including: insurance, deposit-taking, mortgage brokering, pensions and co-operatives. His responsibilities included oversight of the following core regulatory activities: licensing and registration; applications and filings; monitoring and compliance; enforcement and intervention; and contributed to regulatory policy for its regulated financial sectors. He also supported regulatory and policy efforts at a national level for insurance and mortgage broking. Anatol was with FSCO for almost fifteen years, originally joining FSCO as Director of Market Regulation. At that time, he was also appointed the Insurance Ombudsman. He has additional supervisory experience and more than two decades of work experience in the insurance industry. |

**Colm Kincaid** was appointed to the role of Director of Consumer Protection at the Central Bank of Ireland in October 2021. Prior to this, he was Director of Securities and Markets Supervision and prior to that Head of Consumer Protection: Policy & Authorisations and Deputy Head of the Legal Division at the Central Bank of Ireland. He joined the Central Bank in 2004 and has also practised as a solicitor in commercial practice in London and Dublin, specialising in financial regulation and structured finance.

**Atty. Charina B. De Vera-Yap** is the Director of the Consumer Protection and Market Conduct Office (CPMCO), Strategic Communication Advocacy of the Bangko Sentral ng Pilipinas (BSP). She heads the CPMCO which handles BSP's consumer protection and market conduct work and programs. She oversees the design, coordination and implementation of consumer protection programs and is also involved in the research and development of consumer protection and market conduct policies, regulations and legislative measures.

She started working in the BSP in 2000 as a legal and technical staff of BSP's executive offices, particularly in the Supervision and Examination Sector. She started her consumer protection work in BSP when she was assigned to the then Financial Consumer Protection Department in 2017.

Prior to her BSP work, she was a Court Attorney at the Court of Appeals and she also worked in the Philippine Senate as a legislative staff of the late Senator Raul S. Roco.

She graduated from the University of the Philippines, with a Bachelor of Arts degree, major in Political Science. She finished her Bachelor of Laws degree at the Arellano Law School. In 2006, she completed her Master of Laws, Major in International Legal Studies at the Georgetown University Law Center, Washington DC.


**Flore-Anne Messy** is the Head of Consumer Finance, Insurance and Pensions Division of the OECD Directorate for Financial and Enterprise Affairs; Secretary General of the International Organisation of Pension Supervisors (IOPS); and Executive Secretary of the OECD International Network on Financial Education (INFE).

She joined the OECD in June 2000 to develop the activities of the Insurance and Private Pensions Committee. After several years working on the development of pensions, insurance and financial market policy issues, she launched and steered the OECD work on financial literacy and consumer protection (including the OECD/INFE, PISA financial literacy exercises, the G20/OECD Task Force on Financial Consumer Protection and the secretariat of FinCoNet). From 2016, she headed successively the OECD Insurance Private Pensions and Financial Market Division and the Consumer Finance, Insurance and Pensions Division.

Prior to the OECD she worked as a consultant and auditor for banks and insurance companies at Deloitte Touche Tomatsu. She graduated

| | |
|---|---|
| | from the Institute of Political Studies of Paris and received her thesis in international economics from University Pantheon-Sorbonne of Paris. |
|  | **Vincenza Marzovillo** after 6 years as head of Conduct Supervision Division at the Bank of Italy, at present she is staff manager at Financial intermediaries conduct supervision Directorate – Directorate General for customer protection and financial education – Bank of Italy. In this role, she is in charge of overseeing and coordinating projects for the design of innovative tools in the conduct supervision and favoring the consolidation of the network with other authorities, in Italy and abroad, in charge of customer protection.<br><br>She is Co-Chair of the Standing Committee on Consumer Protection and Financial Innovation (SCConFin) of the European Banking Authority. |
|  | **Juan Carlos Izaguirre** is a Senior Financial Sector Specialist at the Consultative Group to Assist the Poor (CGAP) –a financial inclusion think-tank housed at the World Bank. He leads work on market conduct and digital finance supervision. Mr. Izaguirre has 20 years of financial sector regulatory and supervisory experience, including on digital financial inclusion, consumer protection, and deposit insurance. He has trained financial supervisors with Toronto Centre, Digital Frontiers Institute, Financial Stability Institute, and Boulder Institute of Microfinance. Prior to joining CGAP, he co-founded the World Bank's Global Program on Financial Consumer Protection, where he assisted authorities in over 20 countries, and he worked in the Superintendence of Banking, Insurance and Private Pensions of Peru. |
|  | **Sheila Senfuma Nakanyike** is the Head of Programme for Digital Finance at Consumers International, the membership organisation for 200+ consumer advocacy groups around the world in more than 100 countries. Consumers International works with members and partners to empower consumers, to ensure consumers are treated safely, fairly and honestly worldwide, and to drive change in the marketplace on global consumer issues including digital access and rights, product safety and sustainability.<br><br>Prior to joining Consumers International, Sheila worked for the UN World Food Programme Uganda, heading the Cash based Transfers and digital financial inclusion unit. Sheila has also worked for Ensibuuko, a leading financial technology company in Africa, the Bank Policy Institute in Washington DC as an Atlas Corps FinTech fellow, and also worked at Citibank. |

| | |
|---|---|
|  | **Patrícia Guerra** is Head of Unit of Regulation, Legal Affairs and Complaints' Division of the Banking Conduct Supervision Department at the Central Bank of Portugal (Banco de Portugal) since 2017.<br><br>With a background in law, Ms. Guerra joined the Central Bank of Portugal in 2011, after being Legal Adviser at a consumer's alternative dispute resolution mechanism. She was also involved in a research project regarding Economic Justice in Portugal.<br><br>In recent years, Ms. Guerra has been particularly involved in monitoring technological developments in the financial sector, with a focus on consumer protection.<br><br>At the international level, Ms. Guerra has been actively involved in the FinCoNet Programme of Work, in particular participating in the 2016 and 2018 reports developed by the Standing Committee 3. She also participates as a member in the Sub-Group on Innovative Products (European Banking Authority). |
|  | **Chris Green** is the Group Senior Manager - Credit for the Australian Securities and Investments Commission's (ASIC) Credit and Banking team, with responsibility for ASIC's consumer credit jurisdiction. Chris is also ASIC's Regional Commissioner for Tasmania.<br><br>Chris is a lawyer and has worked for ASIC in senior enforcement, regulatory and policy roles focusing on Financial Services and Consumer Credit regulation.<br><br>Chris is the Vice Chair of FinCoNet and Chairs a FinCoNet Standing Committee. |