



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 2024 edition of the FinCoNet newsletter.

The In Focus section includes the announcement of the appointment of Mr. Frank Lofranco as new Vice-Chair of FinCoNet, to whom I offer my personal congratulations. In addition you will find information about the FinCoNet Annual General Meeting 2024 and the International Seminar. We are looking forward to seeing you all on 27-29 November 2024 in Lima, Peru!

The Newsletter also includes articles provided by the Superintendency of Banks of the Dominican Republic (SBDR), the Australian Securities and Investments Commission (ASIC), the Central Bank of Eswatini and the CGAP, World Bank.

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

Juliana Mozachi Sandri
Chair, FinCoNet

In this issue

This third 2024 issue of the FinCoNet Newsletter includes:

Superintendency of Banks of the Dominican Republic (SBDR):

- A new supervision model to the Financial Service Providers, with a greater focus on risk identification and prevention.

Australian Securities and Investments Commission (ASIC):

- Update on six recent publications.

Central Bank of Eswatini:

- SupTech Solutions for Market Conduct Supervision and Consumer Education and Advocacy Programs.

CGAP, World Bank:

- A recent release of working paper on Responsible Digital Finance Ecosystem (RDFE).

In Focus

New Vice-Chair of FinCoNet



At the Governing Council meeting on 26 September 2024, Mr. Frank Lofranco, the Deputy Commissioner, Supervision and Enforcement, at the Financial Consumer Agency of Canada, was appointed as Vice-Chair of FinCoNet, following a call for expressions of interest.

Mr. Lofranco has more than 20 years of experience in regulatory compliance, including executive roles with the Financial Transactions and Reports Analysis Centre of Canada (Canada's financial intelligence unit and anti-money laundering and anti-terrorist financing supervisor) and the Office of the Superintendent of Bankruptcy (Canada's regulatory and supervisory agency responsible for maintaining the integrity of Canada's insolvency system).

Upon his appointment as Vice-Chair, Mr. Lofranco said:

"I am very pleased and honoured to have the opportunity to serve as the vice chair of FinCoNet. FinCoNet has a strong tradition of enabling effective financial market conduct supervision and protecting financial consumers. This tradition will serve us well as we look to respond to the rapid evolution of financial products and services, driven largely by technological advancements and innovation. I look forward to serving the chair and members of FinCoNet's Governing Council and working alongside FinCoNet representatives to continue to promote market conduct supervision that contributes to the ongoing protection of financial consumers and the integrity of the financial marketplace."

We offer many congratulations to Frank on this appointment and look forward to working closely with him throughout his tenure as Vice-Chair. We also take this time to express our sincere gratitude toward Yuji Yamashita for his dedication to FinCoNet during his tenure as Vice Chair.

FinCoNet Annual General Meeting 2024



FinCoNet Annual General Meeting 2024 and International Seminar on *Quality financial products: what are the roles of product oversight and SupTech?*

The FinCoNet Annual General Meeting 2024 and the International Seminar will be hosted by the Superintendencia de Banca, Seguros y AFP, Peru (SBS) on **27-29 November 2024** in Lima, Peru.

Please be reminded that the deadline for registration is **25 October 2024**. If you haven't done so, please register your attendance at the link below as soon as possible.

- [Registration form](#)

The venue of the FinCoNet AGM on 27-28 November 2024 will be:

JW Marriott Hotel, Av. Malecón de la Reserva 615, Miraflores, Lima, Peru.

The FinCoNet International Seminar will held be at the same venue on 29 November 2024.

Agendas and [Information Note](#) can be found on [FinCoNet O.N.E. community](#).

We look forward to welcoming you to the meetings!

Current Issues Forum

Dominican Republic advances on market conduct and financial consumer protection with new framework and behavioural interventions

Contributor: Natalia Sánchez, Superintendencia de Bancos, Dominican Republic

Superintendency of Banks of the Dominican Republic (SBDR) presented the new supervision model to the Financial Service Providers, with a greater focus on risk identification and prevention.

The SBDR launched a new risk-based supervision framework, which strengthens surveillance and early warning mechanisms not only for prudential but also concerning Market Conduct. With this milestone, the institution is switching from a compliance-based model to a risk-based approach, which has a greater scope, since it is based on a forward-looking vision.

Among the improvements applied to the supervisory framework are the incorporation of the new principles for consumer empowerment and protection, and risk-based supervision standards, the criteria for FSPs risk profile assessments, the qualification of significant activities, including AML prevention, also the inclusion of liquidity as a financial resource, amongst others.

The framework was presented by the Superintendent of Banks, Alejandro Fernández W., during a virtual seminar in which 508 representatives of FSPs and associations participated. The Market Conduct Supervision approach and initiative was also presented to by the Head of the Consumer Protection Office to the FSPs and stakeholders during the Annual Consumer Protection Conference held in May 2024, with more than 300 participants of the financial sector.

To improve the prudential supervisory methodology, the SBDR was accompanied by the Toronto Centre, an international reference institution in the field of banking supervision. The updating of the legal framework was combined with an extensive training program for the institution's technical teams. On the market conduct risk-based supervision, the SBDR is undergoing a technical assistance with the World Bank (WB) for risk indicator assessment and evaluation.

During 2023 and 2024, a risk based supervisory pilot was conducted with the participation of various FSPs, including one commercial bank, one savings and loan association, and one savings and credit.

For its development, the SBDR formed the Methodology and Implementation Group (GMI, initials in Spanish), whose role is to keep updated the criteria, guides, and other documents necessary to carry out effective supervision and promote good banking practices, both for Prudential and market conduct.

The updated Supervisory Framework is available on the SBDR web portal. [CIRCULAR LETTER: CCI-REG-202400014 \(sb.gob.do\)](https://sb.gob.do/Circular-Letter-CCI-REG-202400014)

Approval of the Instructive for the Consumer Protection Regulation

Through the Circular CSB-REG-202400007 on May 31, 2024 aligned with the SBDR fifth strategic axis of the institution, the Instructive for the Consumer Protection Regulation was enacted, which seeks to strengthen the financial consumer empowerment, protection, education, and market conduct supervision framework.

The purpose of this Instructive is to establish the guidelines that entities must comply with for an effective transparency and disclosure, fair treatment, consumer centricity approach, financial education programs and other consumer empowerment and protection best practices with a responsible Corporate Governance overseeing an infective and transversal implementation of said practices.

SB Lab interventions

During 2024 the SBDR behavioural lab is piloting several financial consumer interventions, one of which to improve an effective and assertive comprehension of adhesive contracts by financial consumers, through the implementation of a QR Code and fact sheet of key clauses to draw attention and facilitate understanding.

Also, an intervention to prevent payment of the minimum balance due on credit card payment, by adding in the monthly balance sheet salient information related to high interest rates and total amount increase.

Recent publications by Australian Securities and Investment Commission (ASIC)

Contributor: Anthony Thompson, Australian Securities and Investments Commission, Australia

- ASIC has approved a new version of the **Australian Banking Association's (ABA) Banking Code of Practice**, which includes enhancements to key protections.

Enhancements include:

- expanding the definition of a small business from \$3 million in aggregate borrowings to \$5 million meaning another 10,000 businesses will be eligible,
- improved inclusivity and accessibility for customers, including via interpreter services,
- new provisions for deceased estates,
- broadening the definition of financial difficulty, and
- enhanced protections for loan guarantors.

The new Code will commence on 28 February 2025.

[Press Release](#)

- ASIC's [Report 785 Better banking for Indigenous Consumers](#) (REP 785) found that the ANZ, Bendigo and Adelaide Bank, CBA and Westpac kept at least two million Australians on low incomes, including many relying on Centrelink payments to make ends meet, in high-fee accounts.

ASIC's review was focussed on improving financial outcomes for First Nations consumers by addressing avoidable bank fees. The findings have resulted in broader outcomes for people on low incomes nationwide.

Following ASIC's review, the banks have migrated more than 200,000 customers into low-fee accounts, saving these customers an estimated \$10.7 million in future yearly savings.

As a result of ASIC's review banks will return over \$28 million in fees to these customers over the next 12 to 18 months, including \$24.6 million to be refunded to customers receiving ABSTUDY payments and those in areas with significant First Nations populations.

Read the report here: [REP 785 Better banking for Indigenous consumers | ASIC Press Release](#)

➤ ASIC has published a report revealing that lenders can do more to help consumers build better credit card habits. The report, *Credit card lending in Australia: Staying in control*, was based on a review of around 20 million credit card accounts across 13 lenders over six years and identified areas of better practices that credit lenders should focus on to improve consumer outcomes.

Read the report here: [REP 788 Credit card lending in Australia: Staying in control | ASIC Press Release](#)

➤ ASIC published a **report into the anti-scam practices of 15 banks outside the four major banks.**

The report highlighted issues including:

- significant variability in the maturity of scam strategies and governance,
- inconsistent and narrow approaches to determining liability, and
- a lack of support for scam victims.

Read the report here: [Report 790 Anti-scam practices of banks outside the four major banks \(REP 790\) Press Release](#)

➤ In proceedings brought by ASIC, the Federal Court has found that, between July 2016 and November 2020, Small Amount Credit Contract (SACC) provider, Sunshine Loans entered into over 670,000 contracts which included an amendment or rescheduling fee that is not permitted by the National Credit Code.

As noted by ASIC's Chair, consumers of SACC loans are some of Australia's most vulnerable and ASIC is committed to ensuring consumers are not charged additional prohibited fees.

[Press Release](#)

➤ Another SACC provider, Ferratum Australia Pty Ltd (in liquidation) has been ordered to pay a total of \$16 million in penalties by the Federal Court for numerous contraventions of the National Consumer Protection Act and the National Credit Code.

ASIC commenced the proceedings against Ferratum after an ASIC surveillance identified misconduct in relation to fees on small amount credit contracts.

ASIC's Deputy Chair said that Ferratum offered short term loans to often vulnerable customers, significantly compounding their hardship by charging fees that it was not legally entitled to charge, and that this significant penalty is the latest outcome in ASIC's ongoing work to combat consumer harm resulting from high-cost credit.

[Press Release](#)

SupTech Solutions for Market Conduct Supervision and Consumer Education and Advocacy Programs

Contributor: Muzi Mavuso, Central Bank of Eswatini

Introduction

This submission encapsulates the Central Bank of Eswatini (CBE/Bank) submission of supervisory developments in market conduct related issues in Eswatini. The submission comprises an update on Suptech Solutions for Market Conduct Supervision and Consumer Education campaigns conducted by the Market Conduct and Consumer Protection Unit of the Bank in pursuit of its protection mandate.

SupTech Solutions for Market Conduct Supervision

The CBE has approved a project scope for the development and deployment of SupTech solutions for market conduct supervision. These solutions will see the Bank leveraging on today's advanced technologies, like Artificial Intelligence (AI), and Machine Learning. The project is earmarked to deliver the following solutions:

- Data analytics dashboards
- Social media monitoring tool
- Comparative tool
- Complaints data dashboard
- Automated pricing review tool

Market conduct supervision mechanisms have often been reactive and fragmented, lacking the real-time capabilities necessary to promptly address market misconduct and consumer protection issues. The absence of integrated analytics and monitoring tools limits the ability of the Bank to perform proactive market conduct supervision, identify emerging risks, and make data-driven decision. For example, monitoring of consumer complaints is done via onsite inspection processes and Ombudsman data, which limits the MCCP's ability to timely identify malpractices that hamstrung the Voice of the Customer. Therefore, the Suptech Solutions project will introduce a Complaints Data Dashboard. This dashboard will serve as a centralized platform for collecting, tracking, and analysing consumer complaints.

The lack of a comparative tool hampers the ability to benchmark market practices and services across the banking system, which may lead to supervisory blind spots in identifying unfair market practices. The comparative tool will be designed to enable market participants to benchmark pricing practices and market services across different banks.

By providing a platform for comparing offerings, the tool will help identify discrepancies, monitor competitive behaviours, and ensure fair and transparent market practices. It will also support the Bank in evaluating the impact of new products and services on the market.

Currently, CBE obtains market sentiments and customer feedback through manual social media penetration which is not effective, and this create blind spots. The social media monitoring tool will be a critical component for capturing and analysing market sentiment, consumer feedback, and potential misconduct on social media platforms. The tool will use advanced algorithms to scan a wide range of social media platforms, including but not limited to Twitter, Facebook, LinkedIn, and Instagram, for mentions of the financial service provider, its products, services, and relevant market conduct topics and will allow for real-time monitoring and analysis of conversations related to market conduct, enabling the M CCP Unit to respond swiftly to emerging issues and protect consumer interests.

The CBE recently deployed the Bank Supervision Application (BSA) Version 5.0, which amongst other functionalities introduces a Consumer Protection System (CPS) that will aid in complaints handling and dispute resolution. The CPS will further provide insights on consumer sentiments and enable proactive market conduct supervision.

Consumer education and advocacy programs



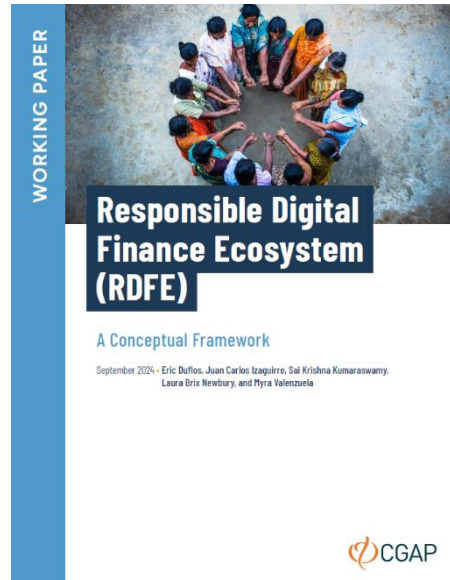
The CBE participated in several consumer education and advocacy programs, in various constituencies in the country (Tinkhundla centres) to educate and empower people on various consumer pertinent issues such as consumer rights and responsibilities, protection against fraud & scams, the Ombudsman office activities and creating awareness on the Small-Scale Guarantee Scheme administered by the Bank.

Furthermore, CBE in the current quarter published two articles in both print media and all its social media platforms. The articles are purposed to provide consumers with a guide on navigating the digital landscape and to educate users about the digital wallet scams prevalent in the Eswatini financial sector and aims to equip and empower users with practical tips on protecting themselves and their money, thereby preventing potential financial losses.

Responsible Digital Finance Ecosystem (RDFE) Conceptual Framework

Contributor: Nokuthula Nkhoma, CGAP, World Bank

The CGAP has recently published working paper on **Responsible Digital Finance Ecosystem (RDFE) Conceptual Framework**.



The paper highlights:

- Recent technological trends, while improving customer experience and convenience, have led to an increase in consumer risks, particularly in fraud and data misuse.
- Over the past two decades, strides in financial consumer protection—through regulations, industry codes, certifications, and financial education—have built a solid foundation. However, these efforts have not kept pace with the rapidly evolving consumer risks.
- The paper presents a conceptual framework for achieving a Responsible Digital Finance Ecosystem (RDFE), where diverse actors—including financial authorities, digital financial services (DFS) providers, consumer representatives, and market facilitators—work together to safeguard consumers and enhance the value of digital finance.
- It outlines four key components: Centricity, Collaboration, Capability, and Commitment, drawing on real-life examples and case studies.
- The framework encourages financial sector authorities and key ecosystem actors to adopt a holistic vision of financial consumer protection in the digital era, leveraging past lessons to minimize risks and maximize benefits for consumers.

Read the paper here: [Responsible Digital Finance Ecosystem \(RDFE\) Conceptual Framework](#).

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 and find us on [LinkedIn](#).

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