



# Press Release

20 November 2017

## **FinCoNet holds its Annual General Meeting 2017**

- **Approval for release of the reports on the *Digitalisation of short-term, high-cost consumer credit* and on *Online and Mobile Payments – an overview of supervisory practices to mitigate security risks***
- **Presentation of the preliminary conclusions of the FinCoNet questionnaire on *Practices and tools required to support risk-based supervision in a digital age***
- **Forward-looking discussions on challenges faced by financial consumer protection supervisors in the supervision of financial advertising and product oversight and governance**
- **Elections to the Governing Council of the Organisation**

On 14-15 November 2017 the International Financial Consumer Protection Organisation (FinCoNet) held its Annual General Meeting 2017 in Tokyo, Japan. Twenty-two supervisory authorities as well as three observers to the Organisation participated in the AGM, together with five invited authorities from Asia. The meeting was followed by an International Seminar on Virtual Currencies, organised in cooperation with the Financial Services Agency, Government of Japan, addressing the challenges these pose to supervisory authorities from a financial consumer protection perspective.

FinCoNet members approved the release by December of the reports conducted by two of its Standing Committees, on the *Digitalisation of short-term, high-cost consumer credit* and on *Online and Mobile Payments – an overview of supervisory practices to mitigate security risks*. The Open Meeting of the AGM focused on the results of a recent FinCoNet global questionnaire on *Practices and tools required to support risk-based supervision in a digital age*. The meeting featured two workshops on issues of high importance to financial consumer protection supervisors worldwide: financial advertising, and product oversight and governance.

FinCoNet has also announced the election of two new members to its Governing Council, with the Bank of Italy and the Central Bank of Brazil as new members, and the confirmation for another two-year period of the Central Bank of Portugal, the Central Bank of Spain and the Financial Services Agency, Government of Japan.

Ms Lucie Tedesco, FinCoNet Chair and Commissioner of the Financial Consumer Agency of Canada, opened the meeting with these inspiring thoughts: "It is remarkable that wherever we meet, we are always able to conjure connections with one another, to pursue common objectives and overcome common challenges. The reasons we have been able to move from milestone to milestone are the same that will carry us to the next".

### ***Digitalisation of high-cost short-term lending***

The report is the output of a survey of supervisory authorities in 25 jurisdictions and forms part of FinCoNet's continuing work on responsible lending and on digitalisation. It finds that digitalisation has the capacity to transform the availability and provision of credit for the better, but that in the context of short-term, high-cost consumer credit it may also aggravate the risks normally associated with these loans, and introduce new ones. Accordingly, the report identifies a number of topics that are particularly relevant for supervisors designing responsible lending regimes: the avoidance of gaps emerging in the consumer protection framework, approaches to authorisation and oversight, the role of disclosure, consumer access to recourse mechanisms, the mitigation of the risk of over-indebtedness and the mitigation of security risks. The Report also highlights the benefit of international collaboration amongst supervisory authorities in relation to this topic.

These findings will inform the development of Guidance for Supervisors on the setting of Standards in the field of digitalised short-term, high-cost consumer credit, to be finalised in 2018.

### ***Online and Mobile Payments – an overview of supervisory practices to mitigate security risks***

FinCoNet sought to monitor the implementation of conduct of business supervisory practices regarding the mitigation of security risks raised by online and mobile payments in response to the supervisory challenges identified in the September 2016 report *Online and mobile payments: supervisory challenges to mitigate security risks*.

The new report addresses conduct of business supervisory practices or initiatives designed to overcome seven supervisory challenges, presenting a quantitative analysis of the 32 responses collected through a global questionnaire, and highlighting specific lines of action for supervisors.

Acknowledging that digital financial services remain at the top of the supervisors' agenda, FinCoNet wishes to promote the discussion among international fora on this topic and encourages conduct of business supervisors to use this report when reflecting on approaches and policies to be implemented to tackle security risks posed by digital payments.

ENDS

#### **Notes to editors:**

1. The International Financial Consumer Protection Organisation (known as FinCoNet) was established under French law as a non-profit organisation.
2. Members of FinCoNet are public entities that have a financial market conduct and financial consumer protection supervision mandate.