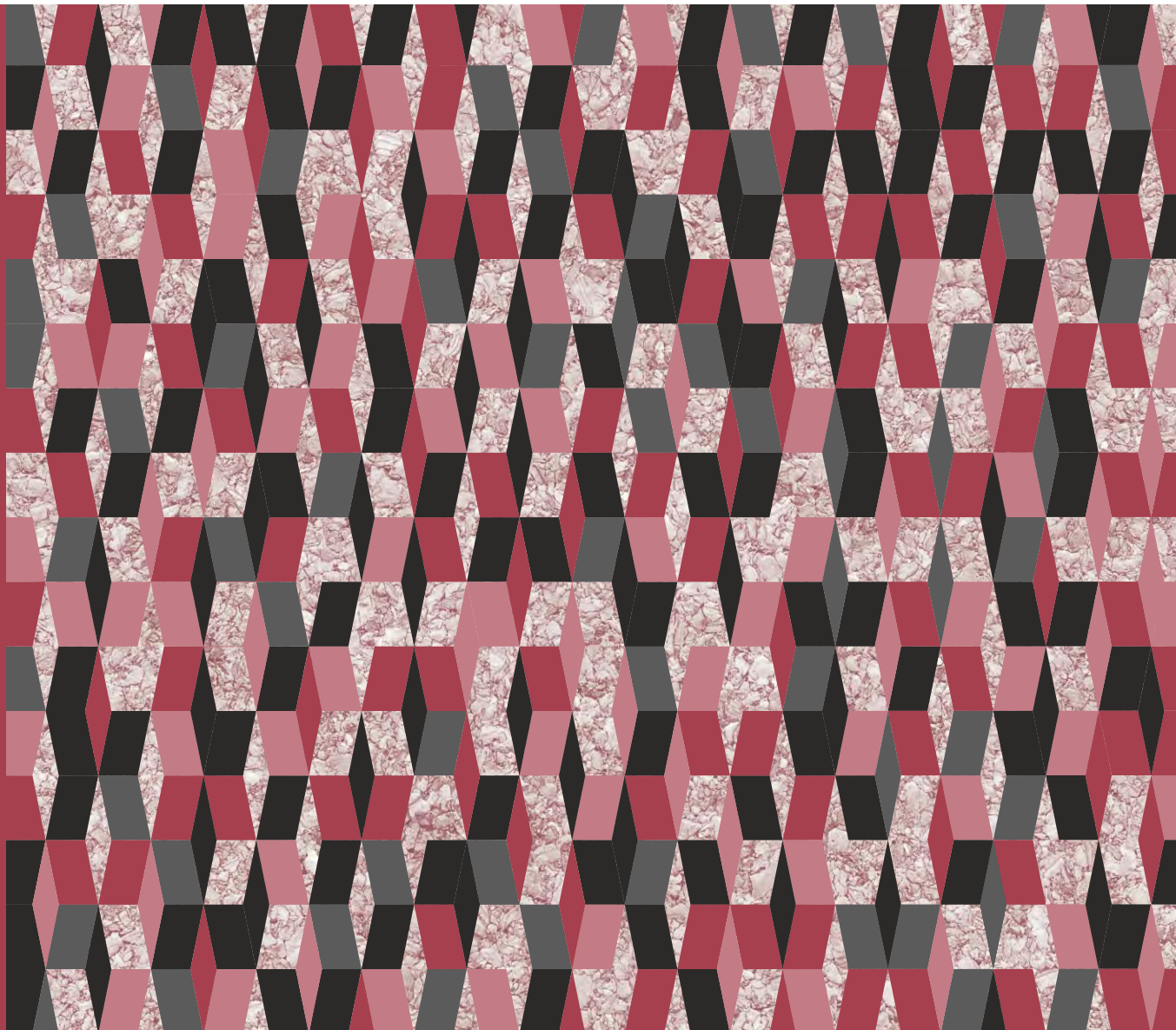


# Banking Conduct Supervision Activities



BANCO DE PORTUGAL  
EUROSYSTEM

1<sup>st</sup> half 2017





# Banking Conduct Supervision Activities

1<sup>st</sup> half 2017





# Contents

Executive summary | **9**

## I Implementation of the general arrears regime

1. Mortgage credit in arrears | **16**
2. Consumer credit in arrears | **17**
3. Concluded OASP processes | **19**

## II Systematic monitoring

1. Price lists | **23**
2. Advertising of banking products | **24**
3. Indexed and dual deposits | **25**
4. Maximum rates in consumer credit | **26**

## III Inspections

1. Inspections to branches | **29**  
Box 1 | Evolution of basic bank accounts | **30**
2. Inspections to the central services | **32**
3. Off-site inspections | **33**

## IV Complaints from bank customers

1. Recent developments | **37**
2. Evolution in complaints by subject matter | **39**  
Box 2 | Matters most complained about, by banking product and service | **42**  
Box 3 | Institutions most complained about in deposit accounts | **48**  
Box 4 | Institutions most complained about in consumer credit | **50**  
Box 5 | Institutions most complained about in mortgage credit | **52**
3. Result of closed complaints | **53**  
Box 6 | Complaints about arrears regimes | **54**  
Box 7 | Methodological notes | **57**

## V Correction of irregularities and sanctioning

1. Specific orders | **63**
  - 1.1. Advertising | **63**
  - 1.2. Deposits | **64**
  - 1.3. Mortgage credit | **64**
  - 1.4. Consumer credit and other loans | **64**
  - 1.5. Payment instruments | **64**
2. Administrative proceedings | **65**

## Annex

1. Legislative and regulatory initiatives | **69**

## List of graphs

- Graph I.1** • OASP | Distribution of credit agreements integrated in the OASP  
| 1<sup>st</sup> semester of 2017 | **15**
- Graph I.2** • OASP | Distribution of consumer credit agreements integrated in the OASP,  
by credit type | 1<sup>st</sup> semester of 2017 | **17**
- Graph I.3** • OASP | Reasons for extinction | 1<sup>st</sup> semester of 2016 – 1<sup>st</sup> semester of 2017 | **19**
- Graph II.1** • Advertising | Number of advertising materials inspected | 1<sup>st</sup> semester  
of 2016 – 1<sup>st</sup> semester of 2017 | **24**
- Graph II.2** • Advertising | Percentage of non-conforming advertising materials  
| 1<sup>st</sup> semester of 2016 – 1<sup>st</sup> semester of 2017 | **24**
- Graph II.3** • Advertising | Percentage of non-conforming advertising material, by type  
of product | 1<sup>st</sup> semester of 2017 | **24**
- Graph II.4** • Consumer credit | Number of agreements reported | 1<sup>st</sup> semester of 2016 –  
1<sup>st</sup> semester of 2017 | **26**
- Graph C.1.1** • Basic bank accounts | Evolution in the number of accounts | 2014 –  
1<sup>st</sup> semester of 2017 | **31**
- Graph C.1.2** • Basic bank accounts | Accounts opened and closed | 1<sup>st</sup> semester  
of 2017 | **31**
- Graph C.1.3** • Basic bank accounts | Characterisation of accounts | 1<sup>st</sup> semester of 2017 | **31**
- Graph IV.1** • Complaints | Evolution in the number of entries | 2010 – 1<sup>st</sup> semester  
of 2017 | **37**
- Graph IV.2** • Complaints | Product and service complained about (as a percentage)  
| 2016 – 1<sup>st</sup> semester of 2017 | **40**
- Graph IV.3** • Complaints | Variation in absolute terms and relative terms, by product  
and service | 1<sup>st</sup> semester of 2017 | **41**
- Graph C.2.1** • Complaints | Deposit accounts | 1<sup>st</sup> semester of 2017 | **42**
- Graph C.2.2** • Complaints | Consumer credit products | 1<sup>st</sup> semester of 2017 | **43**
- Graph C.2.3** • Complaints | Credit cards, personal loans and car loans | 1<sup>st</sup> semester  
of 2017 | **43**
- Graph C.2.4** • Complaints | Mortgage credit | 1<sup>st</sup> semester of 2017 | **44**
- Graph C.2.5** • Complaints | Payment cards | 1<sup>st</sup> semester of 2017 | **45**
- Graph C.2.6** • Complaints | Credit transfers | 1<sup>st</sup> semester of 2017 | **46**
- Graph C.2.7** • Complaints | Cheques | 1<sup>st</sup> semester of 2017 | **46**
- Graph C.2.8** • Complaints | Loans to companies | 1<sup>st</sup> semester of 2017 | **47**
- Graph C.3.1** • Complaints | Number of complaints per 1000 demand deposit accounts  
| 1<sup>st</sup> semester of 2017 | **49**

**Graph C.4.1** • Complaints | Per 1000 consumer credit agreements | 1<sup>st</sup> semester of 2017 | **51**

**Graph C.5.1** • Complaints | Per 1000 mortgage credit agreements | 1<sup>st</sup> semester of 2017 | **53**

**Graph C.6.1** • Complaints | Evolution in the complaints about the arrears regimes | 2016 – 1<sup>st</sup> semester of 2017 | **54**

**Graph C.6.2** • Complaints | Distribution of complaints on arrears situations, by origin 2017 | **55**

**Graph C.6.3** • Complaints | General arrears regime, by credit type | 1<sup>st</sup> semester of 2017 | **56**

**Graph C.6.4** • Complaints | Reason for complaints on the general regime | 1<sup>st</sup> semester of 2017 | **56**



## List of tables

- Table I.1** • OASP | Processes initiated, under analysis and concluded | Mortgage credit  
| 2016 – 1<sup>st</sup> semester of 2017 | **16**
- Table I.2** • OASP | Processes initiated, under analysis and concluded | Consumer credit  
| 2016 – 1<sup>st</sup> semester of 2017 | **18**
- Table I.3** • OASP | Solutions agreed in the processes concluded | 1<sup>st</sup> semester  
of 2017 | **20**
- Table I.4** • OASP | Conditions covered in the renegotiated processes | 1<sup>st</sup> semester  
of 2017 | **20**
- Table II.1** • Price lists | Inspection of the price lists reported | 1<sup>st</sup> semester of 2017 | **23**
- Table II.2** • Price lists | Disclosure on the Bank Customer Website of the fees and  
charges leaflet | 1<sup>st</sup> semester of 2017 | **23**
- Table II.3** • Indexed and dual deposits | Information leaflets | 1<sup>st</sup> semester of 2016  
– 1<sup>st</sup> semester of 2017 | **25**
- Table II.4** • Indexed and dual deposits | Overdue deposits | 1<sup>st</sup> semester of 2016  
– 1<sup>st</sup> semester of 2017 | **26**
- Table III.1** • Inspections | Inspections to branches | 1<sup>st</sup> semester of 2017 | **30**
- Table III.2** • Inspections | Inspections to the central services | 1<sup>st</sup> semester of 2017 | **32**
- Table III.3** • Inspections | Off-site inspections | 1<sup>st</sup> semester of 2017 | **33**
- Table IV.1** • Complaints | Number of entries, by origin | 2016 – 1<sup>st</sup> semester of 2017 | **38**
- Table IV.2** • Complaints | Number of complaints by banking product and service  
| 2016 – 1<sup>st</sup> semester of 2017 | **40**
- Table C.3.1** • Complaints | Number of complaints per 1000 demand deposit accounts  
| 1<sup>st</sup> semester of 2017 | **48**
- Table C.4.1** • Complaints | Number of complaints per 1000 consumer credit agreements  
| 1<sup>st</sup> semester of 2017 | **50**
- Table C.5.1** • Complaints | Number of complaints per 1000 mortgage credit agreements  
| 1<sup>st</sup> semester of 2017 | **52**
- Table C.6.1** • Complaints | Arrears regimes, by credit type | 1<sup>st</sup> semester of 2017 | **55**
- Table V.1** • Specific orders | By material | 1<sup>st</sup> semester of 2017 | **63**
- Table V.2** • Administrative proceedings | Matters covered | 1<sup>st</sup> semester of 2017 | **65**

## Abbreviations

|         |   |
|---------|---|
| APR     | Annual Percentage Rate  |
| APRC    | Annual Percentage Rate of Charge  |
| ATM     | Automated Teller Machine  |
| BCW     | Bank Customer Website   |
| CCR     | Central Credit Register   |
| Euribor | Euro Interbank Offered Rate   |
| FIN     | Ficha de Informação Normalizada (Standardised information sheet)  |
| BBA     | Basic bank account  |
| PRAP    | Pre-arrears action plan   |
| OASP    | Out-of-court arrears settlement procedure   |
| PRIPs   | Packaged Retail and Insurance-based Investment Products   |
| RCL     | Complaint received via the Complaints book  |
| RCO     | Complaint received from other sources   |
| RGICSF  | <i>Regime Geral das Instituições de Crédito e Sociedades Financeiras</i><br>(Legal Framework of Credit Institution and Financial Companies) |
| RJSPME  | <i>Regime Jurídico dos Serviços de Pagamento e Moeda Eletrónica</i><br>(Legal Framework of Payment Institutions and Payment Services)       |
| SEPA    | Single Euro Payments Area   |
| SICAM   | <i>Sistema Integrado of the Crédito Agrícola Mútuo</i> (Integrated System of Mutual Agricultural Credit)                                    |
| SICOI   | <i>Sistema de Compensação Interbancária</i> (Interbank Clearing System)   |

## Executive summary

In the Banking Conduct Supervision Activities of the 1<sup>st</sup> semester of 2017, Banco de Portugal describes the supervisory activities developed in the retail banking markets during the first half of the year. Chapter I presents the implementation of the general arrears regime in the prevention and management of situations of over-indebtedness of private customers in mortgages and consumer credit. Chapter II summarizes the activities of systematic inspection of price lists, advertising, indexed and dual deposits and maximum rates in consumer credit agreements reported to Banco de Portugal. Chapter III describes inspections in the retail banking markets. Chapter IV presents an analysis of bank customer complaints. Chapter V describes the correction of irregularities and the sanctioning applied. Legislative and regulatory initiatives published in this period are presented in the annex.

### Implementation of the general arrears regime

In the prevention and management of non-compliance, credit institutions reported to Banco de Portugal that in the first half of 2017, 327,645 OASP processes were initiated, 2.2% less than in the second semester of 2016, a decrease seen mainly in the mortgage credit segment.

The vast majority of the OASP processes initiated in the first half of 2017 (87.4%) had to do with consumer credit agreements, in which credit card debt (58%) predominated. In terms of consumer credit, the ratio of processes completed with the settlement of default situations decreased slightly compared to the second half of 2016 (from 47.7% in the second half of 2016 to 46.1% in the first half of 2017). However, in absolute terms, there was an increase in the number of OASP processes concluded with the settlement of default situations, driven, in particular, by the payment of arrears by bank customers. The main solution agreed between credit institutions and bank

customers to settle default in the scope of the OASP continued to be the renegotiation of the terms and conditions of credit agreements, especially the deferral of payment of part of the capital to the last instalment.

In terms of amount, mortgage credit take the lead, representing 75.7% of the total amount outstanding of the credit agreements included in the OASP in that period. Also mortgage credit, the ratio of completed processes with the settlement of arrears situations decreased compared to the second half of 2016 (from 65.6% in the second half of 2016 to 64.3% in the first half of 2017). The main solution agreed between credit institutions and bank customers to settle default in the scope of the OASP was also the renegotiation of the terms and conditions of credit agreements, highlighting the introduction of grace periods for principal and/or interest.

### Systematic monitoring

In the first half of 2017, Banco de Portugal received 326 fees and charges leaflets and 255 interest rates leaflets following changes to the price list by 95 institutions. Of these changes, 119 were the result of Banco de Portugal's intervention, which required the correction of the respective price lists. The rest were associated with changes made by institutions of products and services and/or their fees.

During this period, Banco de Portugal inspected a larger number of advertising media for banking products and services (11.8% more than in the same period of 2016), as a result of the increase in personal loans (51.6%), mortgage credit (51.3%) and credit cards (27.9%).

Banco de Portugal checked the compliance of 76 information leaflets on indexed and dual deposits (35% less than in the first half of 2016), submitted by 12 institutions. The remuneration rates calculated in 76 indexed deposits and 28 dual deposit components that became due in this period were also inspected.

Banco de Portugal also analysed the information of around 783 thousand consumer credit agreements, reported by 55 institutions to determine the maximum rates in force in this market.

### Inspections

In order to ensure the disclosure of basic bank accounts and to promote access to this regime by bank customers, Banco de Portugal carried out inspections that covered the institutions that became obliged to provide these services. In mystery shopping actions at the branches of institutions, the information provided to customers was inspected when these services were marketed. In many cases, these inspections were followed by accredited inspections in order to check compliance with the legal requirements defined, namely the services included and the maximum fee allowed. Banco de Portugal also checked compliance with the obligation of institutions to inform their customers, in the first statement of each year, of the possibility of access to a basic bank account.

Compliance with the obligation of institutions to provide customers with an invoice-receipt on an annual basis was also checked. This document provides information on the fees associated with the demand deposit account and the payment services charged in the previous year.

In monitoring the marketing of payment instruments, and based on complaints received regarding the date of execution of operations and the blocking of payment cards, Banco de Portugal carried out inspections on these matters to assess the conformity of procedures adopted by the institutions and the adequate fulfilment of information duties to customers.

Continuing with the supervisory activities carried out in 2016, Banco de Portugal carried out new inspections on consumer credit marketing practices, including personal loans, car loans, credit cards and overdraft facilities. In this context, by means of inspections to the central services of institutions, was assessed

the compliance with reporting requirements, the application of the rules for calculating interest and the APR, and the compliance with the maximum rates that were in force on a quarterly basis and with the rules that regulate fees and the early repayment in this type of contracts.

The proper implementation of the arrears regime, namely the calculation of default interest and the application of fees in the recovery of loans in arrears, was also subject to inspection in this semester. The information provided by institutions to customers in these situations was also assessed.

### Complaints by bank customers

In the first half of 2017, Banco de Portugal received 7603 complaints from bank customers, 7.5% more than the average for 2016. This increase was mainly due to complaints regarding mortgage and consumer credit.

In consumer credit, the monthly average of complaints received went up by 10.4% compared to 2016. This increase was largely due to complaints concerning credit liabilities and fees and charges.

There was a significant increase in complaints about mortgage credit (32.2%) compared to 2016. This growth was mainly due to complaints concerning fees and charges, contractual clauses and statements, in particular on the non-timely issuance of the debt statement.

Complaints about deposit accounts decreased by 2.8% compared to 2016, mainly as a result of the reduction in complaints regarding contractual clauses and fees and charges on the current accounts.

The average period for the closure of complaints was 29 days, nine days less than in 2016. In 62% of the complaints closed there were no indications of an infraction by the institution complained against. In the remaining 38% of cases, the situation complained about was resolved on the initiative of the institution or by Banco de Portugal's intervention.

**Correction of irregularities and sanctions**

Banco de Portugal issued 230 specific orders to 46 institutions, requiring the correction of irregularities detected as a result of its supervisory activities. Approximately 60.9% of the specific orders were made after inspections, 26.1% following the analysis of complaints and 13% following the inspection of advertising campaigns. The irregularities were detected mainly when the consumer credit was marketed.

Banco de Portugal also initiated 37 administrative proceedings against 17 institutions: 95% of the proceedings were initiated as a result of irregularities detected in the analysis of customer complaints, involving 89 complaints. Particularly noteworthy are the administrative proceedings concerning non-compliance detected in the marketing of consumer credit and the rules for information reporting to the Central Credit Register.

## Banking conduct supervision in numbers – 1<sup>st</sup> semester of 2017

### Monitoring of the general arrears regime:

- Analysed information on 327,645 OASP processes on mortgage and consumer credit agreements;
- Received 200 complaints on matters related to the arrears regimes;
- Received 23 requests for information from bank customers on the general arrears regime.

### Systematic monitoring activities:

- Received 581 price lists (326 fees and charges leaflets and 255 interest rate leaflets) from 95 institutions, of which 207 were amended at the initiative of the institution and 119 by intervention of Banco de Portugal, which required the correction of the respective price lists;
- Analysed 4566 advertising media from 49 institutions;
- Inspected 76 information leaflets of indexed and dual deposits, marketed by 12 institutions, prior to their commercialisation;
- Checked the calculation of the remuneration rate of 104 overdue indexed and dual deposits;
- Checked compliance with the maximum rates in 783,015 new consumer credit agreements, reported by 55 institutions.

### Inspections:

- 40 inspections were conducted on the branches of 17 institutions, including 23 mystery shopping inspections and 17 accredited actions. All of these inspections focused on the basic bank account regime;
- 54 inspections were carried out to the central services of 11 institutions, of which 37 were on consumer credit;

- Conducted 216 off-site inspections to 87 institutions. Of these, 44 were related to the annual sending of information on the possibility of accessing basic bank accounts and 44 on the annual sending of the invoice-receipt with fees and expenses charged to the current account.

### Complaints management:

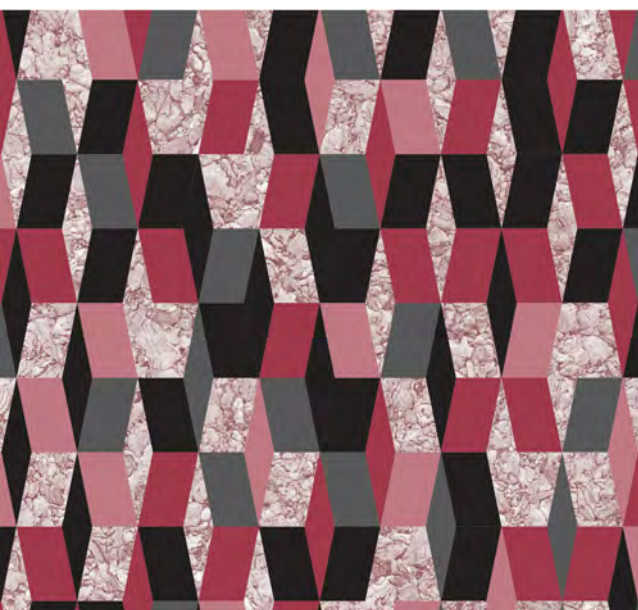
- Received 7603 complaints, an average of 1267 per month, 32.5% of which concerned issues related to deposit accounts, 23.2% to consumer credit and 13.2% to mortgage credit;
- Closed 62% of complaints with no indications of infringement and 38% in which the situation complained was resolved by the credit institution, either on its own initiative or following the intervention of Banco de Portugal;
- Average closing time for complaints: 29 days.

### Requests for information:

- Received 1437 requests for information from bank customers, an average of 240 per month.

### Correction of irregularities and sanctioning:

- 230 specific orders issued for the correction of irregularities, addressed to 46 institutions;
- 37 administrative proceedings against 17 institutions were initiated to sanction non-compliance with standards.



# I Implementation of the general arrears regime

1. Mortgage credit in arrears
2. Consumer credit in arrears
3. Concluded OASP processes





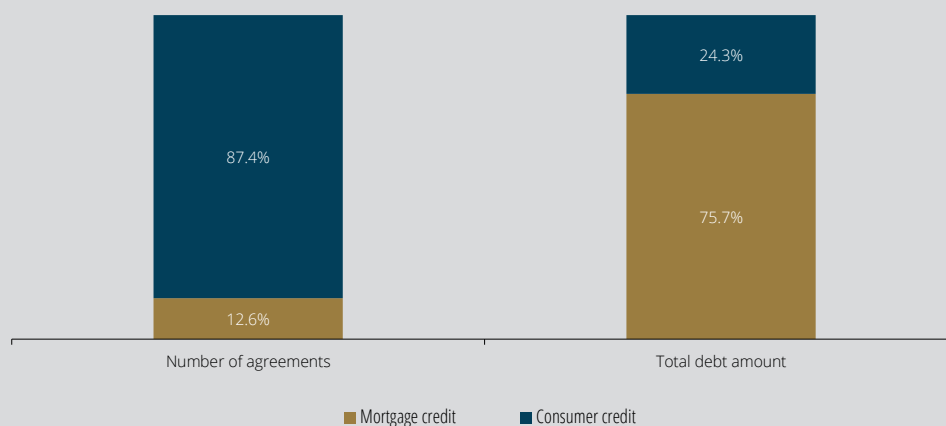
Banco de Portugal supervises the implementation of the general arrears regime, monitoring the procedures adopted by credit institutions in accompanying bank customers at risk of default and in the out-of-court settlement of non-compliance with credit agreements, mainly by the evaluation of the data reported by credit institutions and the analysis of complaints submitted by bank customers.

In the first half of 2017, credit institutions initiated a total of 327,645 OASP processes, less 2.2% in relation to the number of cases initiated in the last half of 2016, mainly in mortgage credit.

Most of the OASP processes initiated in the first half of 2017 (87.4%) had to do with consumer credit agreements, in which the debt default resulting from the use of credit cards was 58%. In consumer credit, the ratio of processes completed with the settlement of non-compliance decreased slightly compared to the second half of 2016 (from 47.7% in the second half of 2016 to 46.1% in the first half of 2017). However, in absolute terms, there was an increase in the number of OASP processes concluded with the settlement of default situations, driven, in particular, by the payment of arrears by bank customers. The main solution agreed between credit institutions and bank customers to settle default in the scope of the

OASP continued to be the renegotiation of the terms and conditions of credit agreements, in particular the deferral of the payment of part of the capital to the last instalment.

In terms of amount, however, mortgage credit agreements predominated, accounting for 75.7% of the total outstanding amount<sup>1</sup> of OASP-integrated credit agreements in that period. Also in mortgage credit, the ratio of processes completed with the settlement of the arrears decreased in comparison to the second half of 2016 (from 65.6% in the second half of 2016 to 64.3% in the first half of 2017). The main solution agreed between credit institutions and bank customers to settle the arrears in the scope of the OASP was also the renegotiation of the terms and conditions of credit agreements, highlighting here the introduction of grace periods for principal and/or interest.



**Graph I.1 •**  
OASP  
| Distribution  
of credit  
agreements  
integrated in the  
OASP  
| 1<sup>st</sup> semester of  
2017

## 1. Mortgage credit in arrears

In the first half of 2017, credit institutions initiated 50,753 OASP processes related to mortgage credit agreements, which represents a reduction of 11.4% in comparison to the previous semester. The OASP processes concerned 27,766 mortgage credit agreements, with a total outstanding amount of EUR 1,340.9 million and a default ratio of 1.2%.

In the same period, 54,398 OASP processes relating to mortgage credit agreements were concluded. At the end of June, 27,429 OASP processes were under analysis or negotiation in this segment.

**Table I.1 • OASP | Processes initiated, under analysis and concluded | Mortgage credit**  
| 2016 – 1<sup>st</sup> semester of 2017

|  | Processes            |                      |         |                      | Agreements <sup>(a)</sup>                                |        |
|--|----------------------|----------------------|---------|----------------------|--|--------|
|  | 2016                 |                      |         | 2017                 | Change   |        |
|  | 1 <sup>st</sup> sem. | 2 <sup>nd</sup> sem. | Total   | 1 <sup>st</sup> sem. | 1 <sup>st</sup> sem. 2017<br>– 2 <sup>nd</sup> sem. 2016 | 2017   |
| <b>OASP processes initiated</b>  |                      |                      |         |                      |  |        |
| Number   | 61 970               | 57 299               | 119 269 | 50 753               | -11.4%   | 27 766 |
| Total amount (Euro million) <sup>(b)</sup>                                 | –                    | –                    | –       | –                    |  | 1340.9 |
| Default ratio <sup>(c)</sup>   | –                    | –                    | –       | –                    |  | 1.2%   |
| <b>OASP pocesses under analysis<sup>(d)</sup></b>                          |                      |                      |         |                      |  |        |
| Number   | –                    | –                    | 31 074  | 27 429               |  | –      |
| <b>OASP processes concluded</b>  |                      |                      |         |                      |  |        |
| Number   | 57 998               | 54 921               | 112 919 | 54 398               | -1.0%  | 38 909 |
| Total amount (Euro million)  | –                    | –                    | –       | –                    |  | 1929.4 |
| Default ratio  | –                    | –                    | –       | –                    |  | 1.7%   |
| <b>Of which:</b>   |                      |                      |         |                      |  |        |
| OASP processes concluded by setting the arrears <sup>(e)</sup>             | 38 200               | 36 006               | 74 206  | 34 976               | -2.9%  | –      |
| Payment of the outstanding amounts   | 36 249               | 34 551               | 70 800  | 33 319               | -3.6%  | –      |
| Agreement reached between the parties <sup>(f)</sup>                       | 1951                 | 1455                 | 3406    | 1657                 | 13.9%  | –      |
| OASP processes concluded by setting the arrears / OASP processes concluded | 65.9%                | 65.6%                | 65.7%   | 64.3%                | -1.3 p.p.  | –      |

Notes: (a) The total number of agreements integrated in the OASP does not reflect situations where the same credit agreement is integrated into the OASP more than once.

(b) The total amount corresponds to the sum of the amount outstanding in a regular situation with the amount in default (due).

(c) Ratio between the amount in default (due) and the total amount.

(d) Values at the end of the period.

(e) Processes completed for one of the following reasons: payment of amounts in arrears, renegotiation of the credit agreement, consolidation of credit, refinancing of the credit agreement, granting of an additional loan to pay the installments, and transfer in lieu of payment.

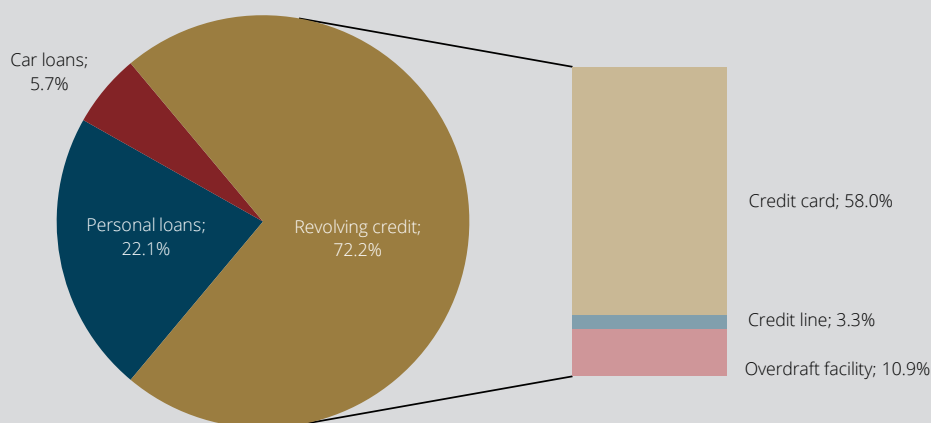
(f) Renegotiation; credit consolidation; refinancing; granting of additional loan for payment of the instalment; transfer in lieu of payment.

## 2. Consumer credit in arrears

In the context of consumer credit, during the first half of 2017, 276,892 OASP processes were initiated, involving 192,507 credit agreements, with a total outstanding amount of 429.3 million Euros and a default ratio of 13.8%. Compared to the previous half of the year, the number of processes initiated by credit institutions decreased slightly (842 fewer cases).

Most of the OASP processes initiated in the period under review (72.2%) had to do with the so-called revolving credit, in particular the debts resulting from the use of credit cards, which accounted for more than half (58%) of the total number of processes initiated in the consumer credit segment. Personal loans (22.1%) and car loans (5.7%) were the categories of consumer credit that most motivated the opening of OASP processes, after credit cards.

In the first half of 2017, 278,321 OASP processes related to consumer credit agreements were concluded. At the end of June, 119,100 OASP processes were under analysis or negotiation in this segment.



**Graph I.2 •**  
OASP  
| Distribution of  
consumer credit  
agreements  
integrated in the  
OASP, by credit  
type  
| 1<sup>st</sup> semester of  
2017

**Table I.2 • OASP | Processes initiated, under analysis and concluded | Consumer credit**  
| 2016 – 1<sup>st</sup> semester of 2017

|   | Processes            |                      |              |                      | Agreements <sup>(a)</sup>                                |          |
|---|----------------------|----------------------|--------------|----------------------|--|----------|
|   | 2016                 |                      |              | 2017                 | Change   | 2017     |
|   | 1 <sup>st</sup> sem. | 2 <sup>nd</sup> sem. | Total        | 1 <sup>st</sup> sem. | 1 <sup>st</sup> sem. 2017<br>– 2 <sup>nd</sup> sem. 2016 |          |
| <b>OASP processes initiated</b>   |                      |                      |              |                      |  |          |
| Number  | 321 476              | 277 734              | 599 210      | 276 892              | -0.3%  | 192 507  |
| Total amount (Euro million) <sup>(b)</sup>  | –                    | –                    | –            | –                    |  | 429,3    |
| Default ratio <sup>(c)</sup>  | –                    | –                    | –            | –                    |  | 13.8%    |
| <b>OASP pocesses under analysis<sup>(d)</sup></b>                                 |                      |                      |              |                      |  |          |
| Number  | –                    | –                    | 120 529      | 119 100              |  |          |
| <b>OASP processes completed</b>   |                      |                      |              |                      |  |          |
| Number  | 313 830              | 259 902              | 573 732      | 278 321              | 7.1%   | 219 900  |
| Total amount (Euro million)   | –                    | –                    | –            | –                    |  | 505,9    |
| Default ratio   | –                    | –                    | –            | –                    |  | 14.2%    |
| <b>Of which:</b>  |                      |                      |              |                      |  |          |
| OASP processes concluded by setting the arrears <sup>(e)</sup>                    | 141 042              | 123 926              | 264 968      | 128 242              | 3.5%   | –        |
| Payment of the outstanding amounts  | 129 501              | 112 859              | 242 360      | 117 266              | 3.9%   | –        |
| Reaching an agreement between the parties <sup>(f)</sup>                          | 11 541               | 11 067               | 22 608       | 10 976               | -0.8%  | –        |
| <b>OASP processes concluded by setting the arrears / OASP processes concluded</b> | <b>44.9%</b>         | <b>47.7%</b>         | <b>46.2%</b> | <b>46.1%</b>         | <b>-1.6 p.p.</b>   | <b>–</b> |

Notes: (a) The total number of agreements integrated in the OASP does not reflect situations where the same credit agreement is integrated into the OASP more than once.

(b) The total amount corresponds to the sum of the amount outstanding in a regular situation with the amount in default (due).

(c) Ratio between the amount in default (due) and the total amount.

(d) Values at the end of the period.

(e) Processes completed for one of the following reasons: payment of amounts in arrears, renegotiation of the credit agreement, consolidation of credit, refinancing of the credit agreement, granting of an additional loan to pay the installments, and transfer in lieu of payment.

(f) Renegotiation; credit consolidation; refinancing; granting of additional loan for payment of the instalment; transfer in lieu of payment.

### 3. Concluded OASP processes

Most OASP mortgage loan processes completed in the first half of 2017 allowed for the settlement of default (64.3%), a slightly lower percentage than in the second half of 2016 (65.5%).

The payment of overdue amounts by bank customers led to the completion of most OASP processes in this credit segment in the first half of the year (61.3% of OASP processes completed).

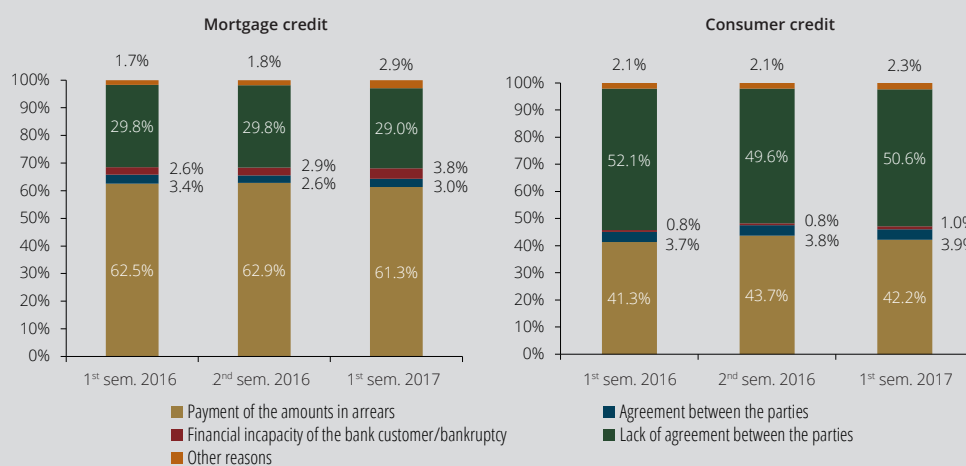
However, there is a 13.9% increase in the number of OASP procedures completed following the conclusion of an agreement between credit institutions and bank customers to settle the default, a solution with a relatively lower weight.

At the time of the agreement between the credit institution and the bank customer to settle non-compliance with mortgage credit agreements in OASP, the renegotiation of the terms and conditions of contracts in 1509 OASP processes was highlighted, representing a renegotiated amount of EUR 44.5 million. With regard to the renegotiation solutions adopted, the introduction of grace periods for principal and/or interest (372 OASP processes) and the extension of the repayment period (131 OASP processes) were highlighted.

In consumer credit, the number of OASP processes that were completed with the settlement of non-compliance in the first half of the year went up 3.5% in comparison to the previous semester.

The payment of amounts in arrears was the main reason for the completion of the OASP processes relating to consumer credit agreements initiated in the first half of 2017 (117,266). Compared to the previous semester, the number of OASP processes completed following the payment of amounts in arrears increased by 3.9%. On the other hand, the number of OASP processes in which credit institutions and bank customers reached an agreement to settle default situations in the first half of the year showed a slight reduction compared to the previous period.

With regard to the solutions agreed in the OASP processes for consumer credit agreements concluded in the first half of 2017, the renegotiation of defaulted credit agreements was the most adopted solution and was agreed in 8517 OASP processes, involving a renegotiated amount of EUR 6.6 million. Debt repricing and credit consolidation followed, with 1285 and 610 cases being adopted, respectively.



**Graph I.3 •**  
**OASP | Reasons**  
**for extinction**  
 | 1<sup>st</sup> semester of  
 2016 –  
 1<sup>st</sup> semester of  
 2017

The main renegotiation solution agreed between credit institutions and bank customers under OASP processes relating to consumer credit agreements was the deferral of

capital to the last instalment (7229 processes), followed by the extension of the repayment period (1621 processes).

**Table I.3 • OASP | Solutions agreed in the processes concluded | 1<sup>st</sup> semester of 2017<sup>(a-b)</sup>**

|   | Mortgage credit | Consumer credit | Total  |
|---|-----------------|-----------------|--------|
| Renegotiation of the credit agreement (number)  | 1509            | 8517            | 10 026 |
| Amount renegotiated (Euro million)              | 44.5            | 6.6             | 51.2   |
| Credit consolidation (number)                   | 7               | 610             | 617    |
| Amount consolidated (Euro million)              | 0.3             | 3.1             | 3.4    |
| Refinancing (number)                            | 21              | 1285            | 1306   |
| Amount refinanced (Euro million)                | 0.6             | 9.4             | 10.0   |
| Additional load to pay the instalments (number) | 104             | 570             | 674    |
| Credit amount (Euro million)                    | 0.7             | 5.1             | 5.8    |
| Transfer in lieu of payment (number)            | 22              | 11              | 33     |

Note: (a) This table presents the number of agreed solutions; there may be more than one solution per agreement.

(b) A total of 12,008 contracts were covered in OASP processes completed with the settlement of the default in the first half of 2017, of which 10,449 were consumer credit agreements and 1559 mortgage credit agreements.

**Table I.4 • OASP | Conditions covered in the renegotiated processes | 1<sup>st</sup> semester of 2017<sup>(a-c)</sup>**

|  | Mortgage credit | Consumer credit | Total |
|--|-----------------|-----------------|-------|
| Spread / Interest rate                       | 78              | 133             | 211   |
| Term   | 131             | 1621            | 1752  |
| Grace period for principal (and/or interest) | 372             | 155             | 527   |
| Deferral of principal to the last instalment | 73              | 7229            | 7302  |
| Other conditions (b)                         | 1289            | 769             | 2058  |

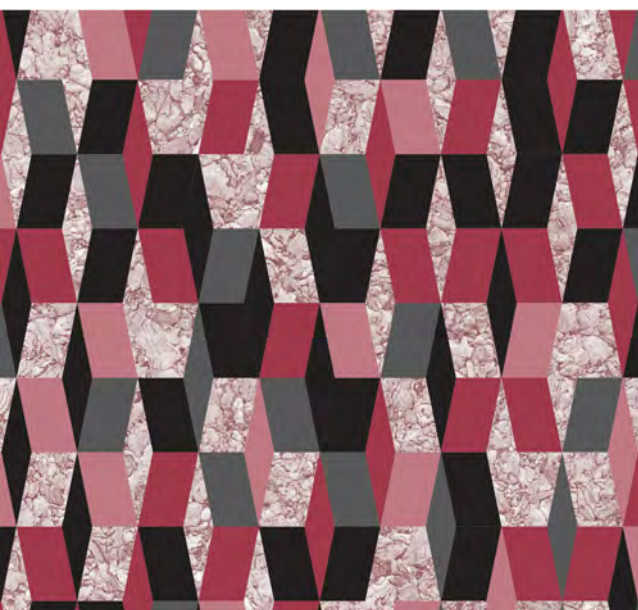
Notes: (a) Renegotiations sometimes combine more than one of the solutions indicated in this table.

(b) This category includes, inter alia, payment plans for the settlement of overdue instalments, changes in the interest rate regime and changes in ownership. The reporting of all these options is done in aggregate form, so it is not possible to disaggregate the renegotiated conditions included in this category.

(c) In the OASP processes completed in the first half of 2017, with renegotiation solutions adopted, a total of 7061 contracts were covered, 5846 of which were consumer credit agreements and 1215 mortgage credit agreements.

## Notes

1. The total amount outstanding corresponds to the sum of the amount in debt in a regular status and the amount in default (due).



## II Systematic monitoring

1. Price lists
2. Advertising of banking products
3. Indexed and dual deposits
4. Maximum rates in consumer credit





# 1. Price lists

In the first half of 2017, Banco de Portugal received 581 price lists for 95 entities, of which 326 fees and charges leaflets and 255 interest rate leaflets.

The fees and charges leaflet must be reported to Banco de Portugal whenever institutions

make any changes to its content, namely by introducing or modifying the products and financial services marketed or changing the fees charged. The interest rate leaflet should be reported to Banco de Portugal on a quarterly basis.

**Table II.1 • Price lists | Inspection of the price lists reported | 1<sup>st</sup> semester of 2017**

|                          | Inspections | Entities covered |
|--------------------------|-------------|------------------|
| Fees and charges leaflet | 326         | 65               |
| Interest rate leaflet    | 255         | 85               |
| <b>Total</b>             | <b>581</b>  | <b>-</b>         |

Note: Price lists were received from 95 institutions.

Of the 326 changes made to the fees and charges leaflet, 207 resulted from the initiative of the institutions and 119 were motivated by the intervention of Banco de Portugal, which

demanding the correction of the respective price lists. At the end of the period, 110 fees and charges leaflets had been published on the Bank Customer Website.

**Table II.2 • Price lists | Disclosure on the Bank Customer Website of the fees and charges leaflet | 1<sup>st</sup> semester of 2017**

|  | Number of leaflets | Entities covered <sup>(a)</sup> |
|--|--------------------|---------------------------------|
| Leaflets made available at the end of the semester   | 110                | 110                             |
| Changes made throughout the semester                 | 326                | 65                              |
| of which:  |                    |                                 |
| Changes due to the intervention of Banco de Portugal | 119                | 51                              |
| Updates made at the institutions' initiative         | 207                | 57                              |

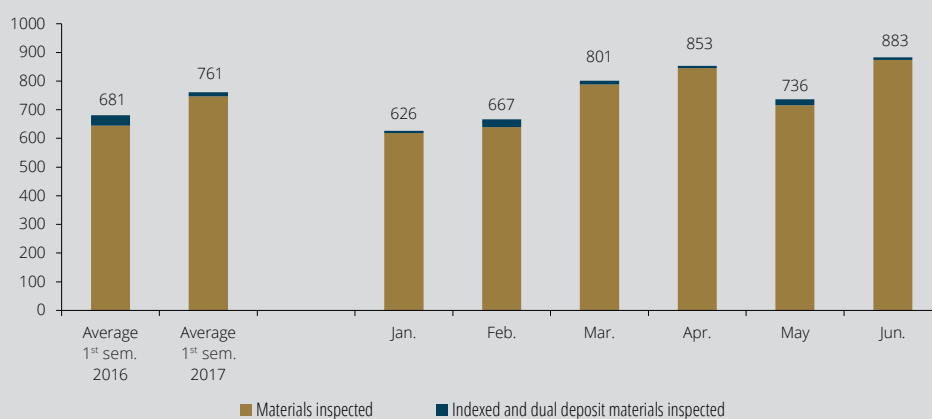
Note: (a) Excludes institutions that do not charge fees for the services provided and 82 institutions belonging to the Integrated System of Mutual Agricultural Credit (SICAM) which adopted the price list of Caixa Central de Crédito Agrícola.

## 2. Advertising of banking products

In the first half of 2017, 4566 advertising materials from 49 credit institutions were inspected, which in monthly average terms (761 media) represents an increase of 11.8% in the total number of advertising materials inspected compared to the first half of 2016.

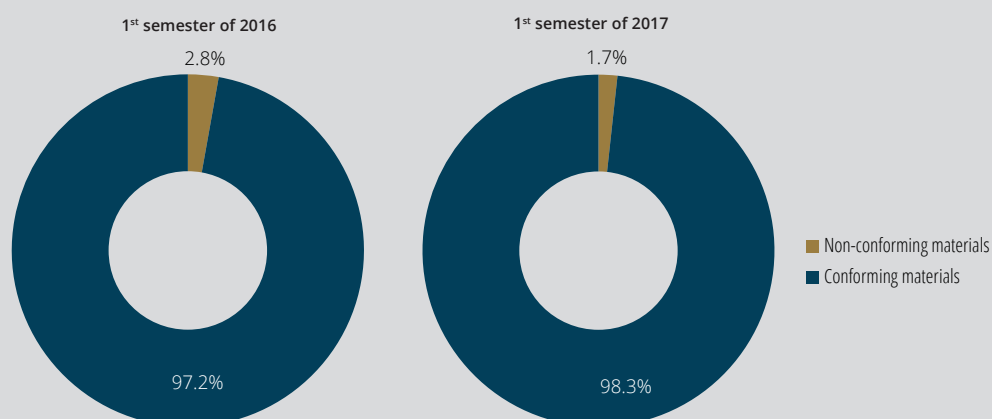
The increase in the volume of materials analysed is mainly due to the greater number of advertising campaigns to promote personal loans (51.6%), mortgage credit (51.3%) and credit cards (27.9%).

**Graph II.1 •**  
Advertising  
| Number of  
advertising  
materials  
inspected  
| 1<sup>st</sup> semester of  
2016 –  
1<sup>st</sup> semester of  
2017

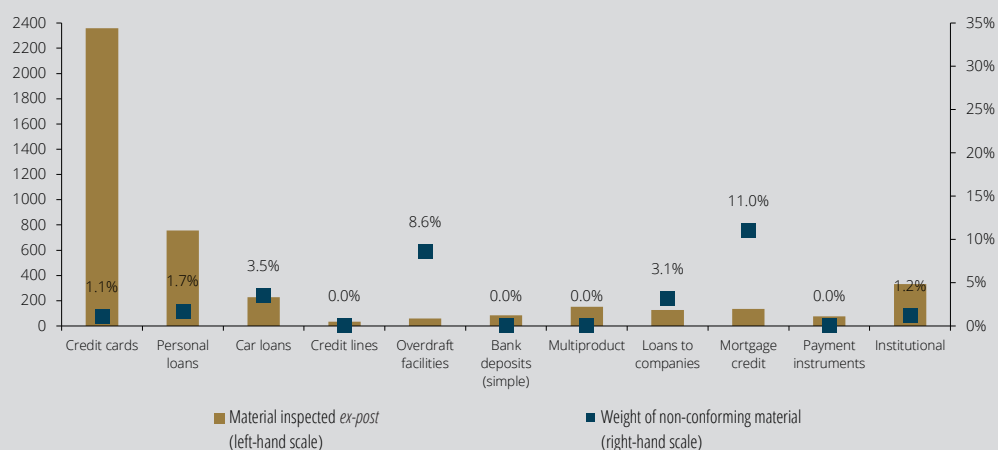


1<sup>st</sup> semester 2017: 4566 materials inspected, of which 85 relate to indexed and dual deposits.

**Graph II.2 •**  
Advertising  
| Percentage of  
non-conforming  
advertising  
materials  
| 1<sup>st</sup> semester of  
2016 –  
1<sup>st</sup> semester of  
2017



**Graph II.3 •**  
Advertising  
| Percentage of  
non-conforming  
advertising  
material, by type  
of product  
| 1<sup>st</sup> semester of  
2017



Of the total volume of materials, 225 (4.9%) were analysed prior to disclosure, of which 140 (3.1%) were in response to requests for opinions received from credit institutions. The remaining 85 (1.9%) concerned indexed and dual deposit campaigns subject by law to the prior approval of Banco de Portugal.

Credit cards continue to be the most frequently advertised bank product (52% of the total volume of advertising material analysed), well above personal loan products (17%) and car loans (5%). Institutional advertising, in turn, corresponds to 8% of the total material inspected. In the media most widely used by institutions, indoor posters continue to take centre stage (30% of the total volume of advertising material

analysed), followed by mailings (26%), leaflets (15%), press ads (7%) and television and radio ads (6% and 4%, respectively).

Compared to the first half of 2016, the number of non-conforming material inspected on an ex-post basis dropped from 2.8% to 1.7%. Of the 4,341 materials analysed after their disclosure during the first half of 2017, Banco de Portugal ordered that 75 be changed, in comparison to 105 materials in the first half of 2016.

Advertising campaigns for credit cards and personal loans have lower default ratios (1.1% and 1.7%, respectively), while advertising campaigns for mortgage credit and overdraft facilities have higher ratios (11% and 8.6%, respectively).

### 3. Indexed and dual deposits

In the first half of 2017, 76 information leaflets of 12 credit institutions were submitted to Banco de Portugal in order to check compliance with current regulations. 56 of them

relate to indexed deposits and 20 to dual deposits. The number of information leaflets submitted by credit institutions decreased by 35% compared to the first half of 2016.

**Table II.3 • Indexed and dual deposits | Information leaflets**  
| 1<sup>st</sup> semester of 2016 – 1<sup>st</sup> semester of 2017

| Type of deposit | 1 <sup>st</sup> semester of 2016 |                  | 1 <sup>st</sup> semester of 2017 |                  |
|-----------------|----------------------------------|------------------|----------------------------------|------------------|
|                 | Submitted                        | Entities covered | Submitted                        | Entities covered |
| Indexed         | 104                              | 10               | 56                               | 10               |
| Dual            | 12                               | 3                | 20                               | 2                |
| <b>Total</b>    | <b>116</b>                       | <b>-</b>         | <b>76</b>                        | <b>-</b>         |

Note: In the 1<sup>st</sup> semester of 2016 and in the 1<sup>st</sup> semester of 2017 leaflets were submitted by 12 institutions.

Banco de Portugal also checked the calculation of the remuneration rates calculated on the maturity of indexed and dual deposits during the first half of 2017. The remuneration

rates of 76 overdue indexed deposits and 28 components of dual deposits were inspected, of which 19 were simple deposits and 9 were indexed deposits.

**Table II.4 • Indexed and dual deposits | Overdue deposits**  
| 1<sup>st</sup> semester of 2016 – 1<sup>st</sup> semester of 2017

|                   | 1 <sup>st</sup> semester of 2016 |                 | 1 <sup>st</sup> semester of 2017 |                 |
|-------------------|----------------------------------|-----------------|----------------------------------|-----------------|
|                   | Overdue                          | Entites covered | Overdue                          | Entites covered |
| Indexed           | 87                               | 9               | 76                               | 10              |
| Dual              | 11                               | 3               | 28                               | 3               |
| Fixed component   | 7                                |                 | 19                               |                 |
| Indexed component | 4                                |                 | 9                                |                 |
| <b>Total</b>      | <b>98</b>                        | <b>–</b>        | <b>104</b>                       | <b>–</b>        |

Note: In the 1<sup>st</sup> semester of 2016 and in the 1<sup>st</sup> semester of 2017 the deposits of 12 institutions overdue.

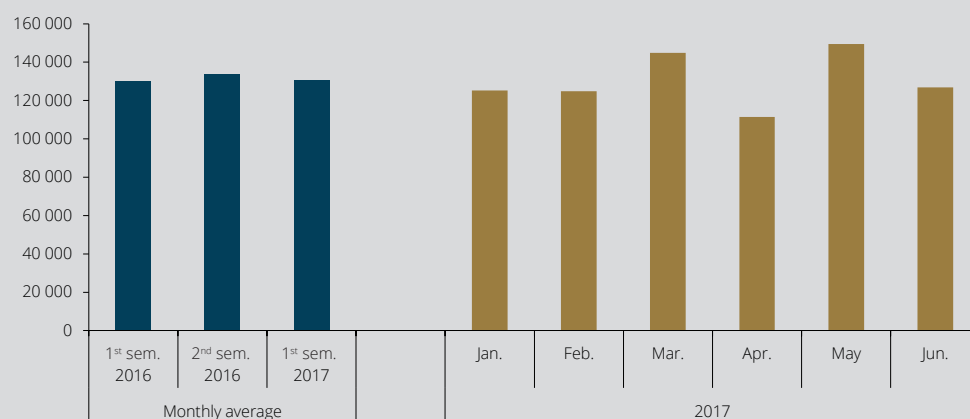
## 4. Maximum rates in consumer credit

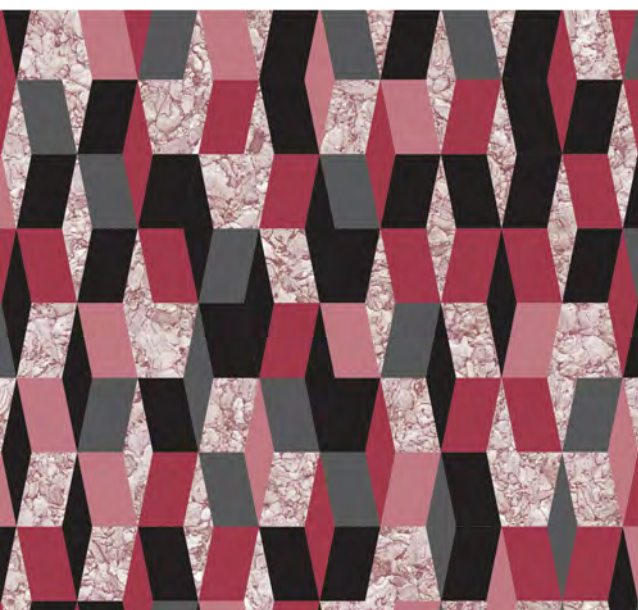
In the first half of 2017, 55 credit institutions reported to Banco de Portugal information on 783,015 new consumer credit agreements, averaging around 130 thousand agreements per month (a figure practically identical to that recorded in the first half of 2016).

The information was reported by credit institutions for the purpose of calculating the maximum rates in consumer credit and was also used to assess the compliance of the reported APR in each new credit agreement with maximum rates in force.

In the monitoring of information reported by credit institutions relative to the first six months of 2017, Banco de Portugal identified nine agreements of five institutions with signs of non-compliance with the maximum rates applicable, and immediately requested additional information on these agreements and initiated their legal analysis.

**Graph II.4 • Consumer credit**  
| Number of agreements reported  
| 1<sup>st</sup> semester of 2016 – 1<sup>st</sup> semester of 2017





## Inspections

1. Inspections to branches

Box 1 | Evolution of basic bank accounts

2. Inspections to the central services

3. Off-site inspections



In the first half of 2017, inspections on the commercialisation of basic bank accounts were carried out with the purpose of ensuring the disclosure of this regime, promoting access to banking services by bank customers. In this context, Banco de Portugal supervised all the institutions that started to provide this service. The information provided to customers when the service was marketed was also inspected in mystery shopping actions. In many of the situations, accredited actions were also carried out at the branches of the institutions to check the legal requirements, namely the services included and the maximum fee allowed. Banco de Portugal also checked compliance with the obligation of institutions to inform their customers, in the first statement of each year, of the possibility of access to a basic bank account.

The evaluation of the fulfilment of the obligation of institutions to send customers the invoice-receipt was also one of the subjects inspected during this semester. Institutions are obliged to send customers a document every year, by the end of January of each year, identifying all fees related to the demand deposit account and the associated payment services that were charged in the previous year.

In monitoring the marketing of payment instruments, and based on complaints related to the execution dates of operations and the blocking of payment cards, Banco de Portugal carried out inspections on these matters to evaluate the conformity with the defined procedures and the information duties provided to customers.

Continuing its performance in the previous year, Banco de Portugal supervised consumer credit marketing practices. The actions carried out covered the inspection of personal loans, car loans, credit cards and overdraft facilities. In this context, the fulfilment of information duties, the application of the rules for the calculation of interest and the APR, the compliance with the maximum rates in force on a quarterly basis, and the application of the rules governing fees and early repayment were inspected.

The application, in situations of default, of default interest and fees on credit recovery was also subject to inspection in this semester. The information provided by institutions to customers in these situations was also inspected.

The inspections carried out by Banco de Portugal took on different forms (e.g. inspection of branches and central services of institutions, as well as off-site inspection), depending on the priority matters according to a risk base approach.

## 1. Inspections to branches

Banco de Portugal's inspections of branches focused on the supervision of the basic bank account regime. The importance of the disclosure of basic bank accounts, in particular after this regime became mandatory for all institutions, led Banco de Portugal to extend its inspections to institutions that had to provide basic bank accounts.

In the first semester of 2017, Banco de Portugal carried out a total of 40 inspections to branches of the 17 institutions that had to make available basic bank accounts. The

inspections were carried out in the form of mystery shopping and accredited inspections, some of which were complemented by off-site inspections.

When visiting the branches, Banco de Portugal used a mystery shopping to inspect the adequate disclosure of the poster on the basic bank account, as well as the marketing practices of this product by the institutions' employees, namely by evaluating the fulfilment of information duties to customers.

Banco de Portugal also performed accredited inspections at the branches to check the adequacy of the procedures adopted in this

matter – namely the services included and the maximum fee allowed.

**Table III.1 • Inspections | Inspections to branches | 1<sup>st</sup> semester of 2017**

|                           | Mystery shopping | Accredited | Total     | Entities involved |
|---------------------------|------------------|------------|-----------|-------------------|
| Basic bank account regime | 23               | 17         | 40        | 17                |
| <b>Total</b>              | <b>23</b>        | <b>17</b>  | <b>40</b> | <b>17</b>         |

### Box 1 | Evolution of basic bank accounts<sup>1</sup>

In 30 June 2017, there were 39,146 basic bank accounts, which represents an increase of 12% in comparison to 2016 (4193 more accounts) and 26.7% when compared to the end of the first half of 2016 (8243 more accounts).

In the first semester of 2017, 5121 basic bank accounts were opened. Of these, 117 accounts (2.3%) corresponded to accounts based in institutions that began to provide basic bank accounts with the entry into force of the new regime in October 2015.

In 42.7% of the cases, the accounts opened in the first half of 2017 resulted from the conversion of an existing current account (less 5.1 percentage points compared to 2016) and the remaining 57.3% were new accounts.

In the first half of 2017, 928 basic bank accounts were closed. Of these, 777 (approximately 84%) were closed at the customer's initiative and 151 at the initiative of the credit institution (around 16%), due to the absence of account movements or to the fact that the account holder holds other current account.

At the end of the first half of 2017, most accounts (93.1%) had only one holder. Most holders did not have other accounts that were not current accounts (94.7%) or other credit products (94.3%).

At the end of the first half of 2017, nine institutions exempted their customers from the payment of fees or other charges (Banco

Activobank, Banco Atlântico Europa, Banco BPI, Banco CTT, Banco Popular Portugal, BEST – Banco Electrónico de Serviço Total, o BNI – Banco de Negócios Internacional (Europa), Caixa de Crédito Agrícola Mútuo de Leiria and Caixa Geral de Depósitos). Credit institutions may not charge fees, expenses or other charges associated with basic bank accounts that annually and in conjunction account for more than 1% of the national minimum wage. By 2017, institutions can only charge a maximum of EUR 5.57 for these services.

A basic bank account package include: opening and maintaining a demand deposit account; the provision of a debit card to handle the account; access to the movements of the account through ATMs, homebanking and branches of the credit institution; and deposits, withdrawals, payments of goods and services, direct debits and domestic intra-bank transfers, without restrictions on the number of transactions that may be carried out<sup>2</sup>.

Customers accessing a basic bank account may contract other banking products or services not included in the basic bank account package, namely time deposits, savings accounts, interbank transfers, international transfers, credit products, *inter alia*.

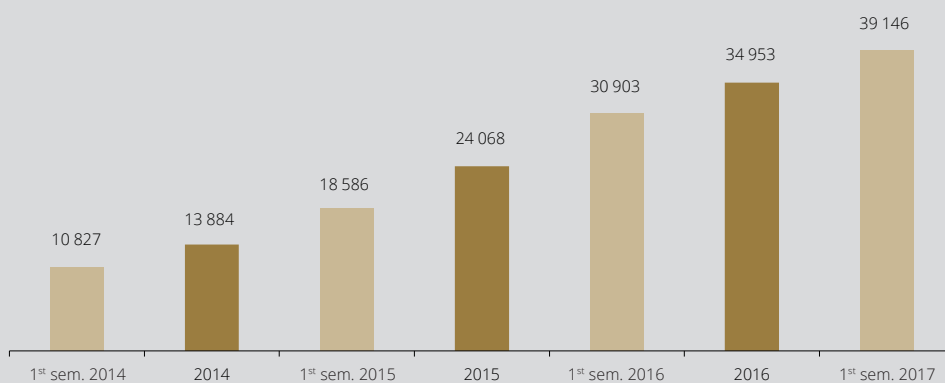
The contracted products or services that are not part of the basic bank accounts are subject to the fees and charges in force in



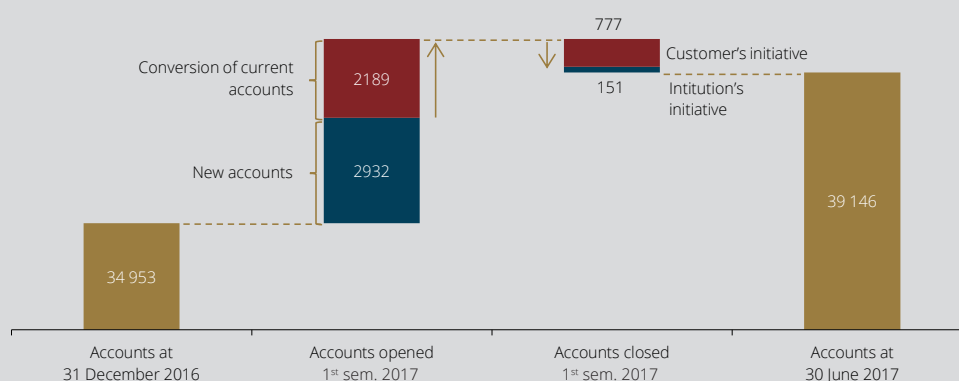
the respective credit institution. Basic bank accounts cannot have a negative balance. Credit institutions may not engage in overdraft

facilities or tacitly allow customers who access the basic bank account to handle the account beyond its balance (overdraft).

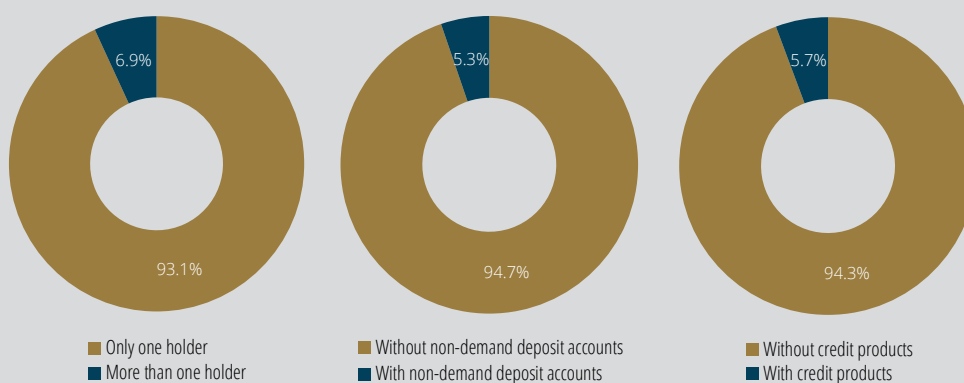
**Graph C.1.1 • Basic bank accounts | Evolution in the number of accounts**  
| 2014 – 1<sup>st</sup> semester of 2017



**Graph C.1.2 • Basic bank accounts | Accounts opened and closed**  
| 1<sup>st</sup> semester of 2017



**Graph C.1.3 • Basic bank accounts | Characterisation of accounts | 1<sup>st</sup> semester of 2017**



## 2. Inspections to the central services

In the first semester of 2017, Banco de Portugal conducted 54 inspections to the central services of 11 institutions.

In the first half of the year, Banco de Portugal continued to pay attention to the marketing of consumer credit, continuing the inspections carried out in 2016. Compliance with the procedures involved when taking out various products was assessed (personal loans, car loans, credit cards, overdraft facilities and overdrafts), in particular those relating to the provision of information to customers, the dates of conclusion and respective reporting to Banco de Portugal.

Also in the scope of consumer credit, compliance with the maximum rate regime was monitored through an analysis of the credit operations already contracted, in order to check the

calculation of the APR of the agreement and compliance with the maximum limits, in addition to complying adequately with the monthly reporting obligations to Banco de Portugal of the agreements entered into.

In the context of assessing the application of the default regime in cases of arrear, the correct definition of the default date and the calculation of the amounts demanded as default interest and the fees for the recovery of the amounts owed were examined.

Banco de Portugal also supervised mortgage credit operations, assessing in particular the procedures applicable to early repayment, including the notice period required for the exercise by customers of this option, the interest and fees applied, as well as the information provided to customers.

**Table III.2 • Inspections | Inspections to the central services | 1<sup>st</sup> semester of 2017**

|   | Accredited | Entities involved |
|---|------------|-------------------|
| <b>Payment accounts</b>                       | <b>4</b>   | <b>4</b>          |
| Closing and blocking of accounts              | 4          | 4                 |
| <b>Consumer credit</b>                        | <b>37</b>  | <b>7</b>          |
| Information duties                            | 6          | 6                 |
| Taking out loans                              | 6          | 6                 |
| Maximum rate regime                           | 6          | 6                 |
| Calculation and collection of interest        | 6          | 6                 |
| Early repayment                               | 7          | 7                 |
| Reporting of information to Banco de Portugal | 6          | 6                 |
| <b>Mortgage credit</b>                        | <b>1</b>   | <b>1</b>          |
| Early repayment                               | 1          | 1                 |
| <b>Arrears</b>                                | <b>6</b>   | <b>6</b>          |
| Interest, fees and charges                    | 6          | 6                 |
| <b>Payment instruments</b>                    | <b>6</b>   | <b>4</b>          |
| Blocking of payment instruments               | 4          | 4                 |
| Payment operations                            | 1          | 1                 |
| Integrated solutions of products and services | 1          | 1                 |
| <b>Total</b>                                  | <b>54</b>  | <b>-</b>          |

Note: In these inspections 11 entities were involved.

In the inspections that focused on accounts and payment instruments, the assessment of the compliance of the performance of institutions fell on the procedures adopted in the processing of payment transactions (credit transfers and deposits made through the various

channels available), the closure and blocking of accounts and payment instruments (debit and credit cards) and in the marketing of integrated solutions for products and services associated with the current account.

### 3. Off-site inspections

Banco de Portugal conducted 216 off-site inspections during the first half of 2017, involving a total of 87 institutions.

In the scope of the basic bank account regime, 44 of these inspections focused on checking compliance with the obligation of annual submission by institutions to current account holders of information on access to a basic bank account, which must be provided in the deposit account statement or in another form of communication, in the case of deposit accounts supported by a bankbook.

The submission by credit institutions, in January of each year, of an 'invoice-receipt' with a breakdown of the fees and expenses charged to the current account, with information on the previous year, was also monitored in 44 off-site inspections. In this monitoring action, the institutions were asked to submit copies and supporting evidence of the information provided and the delivery within the legal deadlines.

These off-site inspections were followed by accredited inspections of some institutions.

The provision of regular information during the validity of credit card agreements (statements), which must be provided in the case of agreements in a regular situation or in cases of default or settlement of default, was also subject to 12 off-site inspections that subsequently involved accredited inspections.

In addition, 33 off-site inspections were carried out, which subsequently led to accredited inspections where credit institutions were required to provide details for the calculation of the APR in car loan operations, in particular on the evaluation of the inclusion of all expenses, including the calculation of the APR.

In the scope of the inspection of the information duties, reporting and updating of the institutions' price lists on their websites, 83 off-site inspections were carried out.

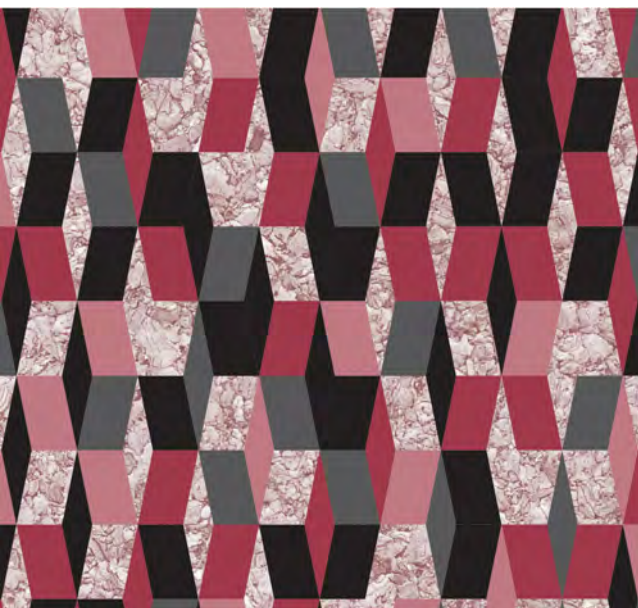
**Table III.3 • Inspections | Off-site inspections | 1<sup>st</sup> semester of 2017**

|  | Off-site inspections | Entities involved |
|--|----------------------|-------------------|
| Provision of information on basic bank accounts    | 44                   | 44                |
| Invoice-receipt                                    | 44                   | 44                |
| Price list – Updating on the website and reporting | 83                   | 83                |
| Calculation of the APR – car loan operations       | 33                   | 33                |
| Information duties – credit card statements        | 12                   | 12                |
| <b>Total</b>                                       | <b>216</b>           | <b>-</b>          |

Note: In these inspections 87 entities were involved.

## Notas

1. In its Bank Customer Website, Banco de Portugal presents a table comparing the fees charged by credit institutions. It also discloses the six-monthly evolution of the number of basic bank accounts, which includes the information on the 1<sup>st</sup> semester of 2017 provided in this box..
2. With the entry into force of Decree-Law no. 107/2017 of 30 August, in January 2018, 12 homebanking interbank transfers for each calendar year shall also be included in the maintenance fee of the basic bank account.



## IV

# Complaints from bank customers

1. Recent developments

2. Evolution in complaints by subject matter

Box 2 | Matters most complained about by banking product and service

Box 3 | Institutions most complained about in deposit accounts

Box 4 | Institutions most complained about in consumer credit

Box 5 | Institutions most complained about in mortgage credit

3. Results of closed complaints

Box 6 | Complaints on arrears regimes

Box 7 | Methodological notes



## 1. Recent developments

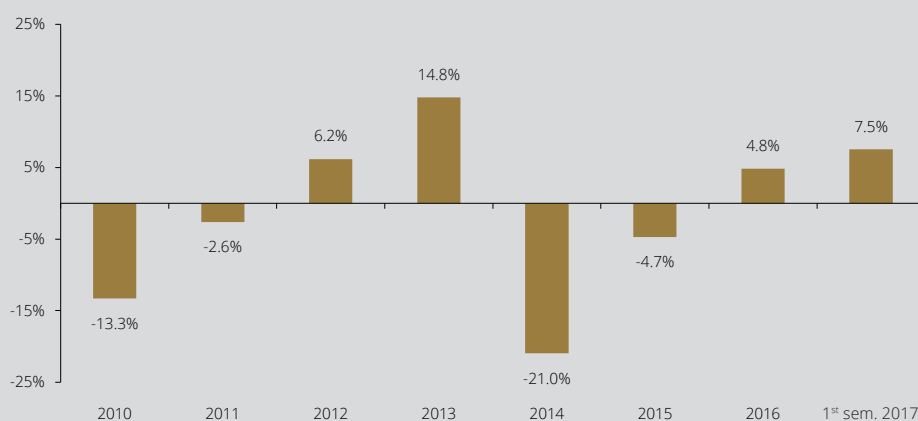
In the first semester of 2017, 7603 complaints were received on matters within the scope of Banco de Portugal's banking conduct supervision, with an average of 1267 complaints per month, representing an increase of 7.5% in relation to the monthly average of 2016.

In the first half of 2017, the monthly average of complaints increased in most matters compared to 2016, especially consumer credit, mortgage credit and credit transfers. On the other hand, there were decreases in the number of complaints about deposit accounts, payment cards and loans to companies.

Complaints sent directly to Banco de Portugal (RCO) corresponded to 50.6% of total complaints filed in the first half of 2017 (plus 0.5 percentage points compared to 2016). The

Bank Customer Website continued to be the most frequently used means of sending these complaints to Banco de Portugal (78.4%, which compares with 74.9% in 2016). The complaints lodged through the Complaints book of credit institutions (RCL) corresponded to 49.4% of total complaints.

The analysis of complaints by Banco de Portugal in the first half of 2017 led to 38% of the cases being resolved by the credit institution on its own initiative or by specific order of Banco de Portugal (36% in 2016). In about 62% of the complaints, it was found that there was no evidence of infringement by the entity complained about, a proportion that compares with 64% in 2016.



**Graph IV.1 •**  
Complaints  
| Evolution in  
the number of  
entries  
| 2010 –  
1<sup>st</sup> semester  
of 2017

Table IV.1 • Complaints | Number of entries, by origin | 2016 – 1<sup>st</sup> semester of 2017

| Year | Month                           | Entries <sup>(a)</sup> |                    |                             |               |
|------|---------------------------------|------------------------|--------------------|-----------------------------|---------------|
|      |                                 | RCL <sup>(b)</sup>     | RCO <sup>(c)</sup> |                             | Total         |
|      |                                 |                        | Total              | of which BCW <sup>(d)</sup> |               |
| 2016 | January                         | 419                    | 585                | 420                         | 1004          |
|      | February                        | 464                    | 668                | 453                         | 1132          |
|      | March                           | 604                    | 518                | 372                         | 1122          |
|      | April                           | 524                    | 613                | 481                         | 1137          |
|      | May                             | 628                    | 631                | 435                         | 1259          |
|      | June                            | 537                    | 500                | 361                         | 1037          |
|      | July                            | 631                    | 554                | 431                         | 1185          |
|      | August                          | 754                    | 605                | 452                         | 1359          |
|      | September                       | 650                    | 620                | 494                         | 1270          |
|      | October                         | 607                    | 656                | 532                         | 1263          |
|      | November                        | 624                    | 597                | 462                         | 1221          |
|      | December                        | 618                    | 534                | 413                         | 1152          |
|      | <b>2016</b>                     | <b>7060</b>            | <b>7081</b>        | <b>5306</b>                 | <b>14 141</b> |
| 2017 | January                         | 689                    | 636                | 491                         | 1325          |
|      | February                        | 556                    | 652                | 491                         | 1208          |
|      | March                           | 731                    | 698                | 544                         | 1429          |
|      | April                           | 552                    | 577                | 460                         | 1129          |
|      | May                             | 669                    | 696                | 569                         | 1365          |
|      | June                            | 558                    | 589                | 463                         | 1147          |
|      | <b>1<sup>st</sup> sem. 2017</b> | <b>3755</b>            | <b>3848</b>        | <b>3018</b>                 | <b>7603</b>   |

Notes: (a) The figures presented concern complaints on matters relating to banking products and services. It should be recalled that in 2016 and in the first half of 2017, 2489 and 1400 complaints, respectively, were also received outside the scope of Banco de Portugal's activity, which refer to situations in which there is no specific regulation applicable, such as the complaints about the service and quality of the facilities of the credit institutions, or where matters fall within the competence of Comissão do Mercado de Valores Mobiliários (Securities Market Commission) or Autoridade de Supervisão de Seguros e Fundos de Pensões (Supervisory Authority for Insurance and Pension Funds).

(b) Complaints filed through the Complaints Book.

(c) Complaints filed directly with Banco de Portugal.

(d) Bank Customer Website.



## 2. Evolution in complaints by subject matter

In the first half of 2017, deposit accounts continued to be the product most complained about, accounting for 32.5% of complaints received, which is related to the higher volume of accounts in relation to the other matters complained about. However, there was a 2.8% reduction in the monthly average of complaints on deposit accounts compared to 2016. This reduction was mainly due to the decrease in complaints regarding contractual clauses and fees and charges of demand deposit accounts.

In consumer credit, the monthly average of complaints received increased by 10.4% compared to 2016. This increase was largely due to the greater number of complaints about credit liabilities and fees and charges. In terms of consumer credit products, those that most contributed were credit cards and personal loans.

In the complaints concerning mortgage credit there was a significant increase in the monthly average, compared to 2016 (up 32.2%). This growth was mainly due to the increase of complaints regarding fees and charges, contractual clauses and statements, namely mortgage extinction.

The monthly average number of complaints about payment cards decreased by 2.1% compared to 2016, with a decrease in complaints

regarding alleged fraud. On the other hand, the number of complaints regarding the cancellation or unavailability of payment cards went up.

The monthly average of complaints about transfers showed a significant increase compared to 2016 (36%), mainly due to the greater number of complaints about unexecuted transfers and the alleged delay in making the transferred amount available<sup>1</sup>.

In the first semester of 2017 complaints were also lodged on matters with a low weight in the total number of complaints (less than 5%), namely cheques (6.6%), cash operations (45.7%), direct debits (16.6%) and ATM machines (18.8% more). In the case of cheques, the number of complaints about cheque refunds and fees went up, while the number of complaints related to the requisition of cheques decreased. The increase in complaints about direct debits was mainly due to the evolution of complaints about charges and cancellation orders.

On the other hand, in the first half of 2017, there was a reduction in the average number of complaints on loans to companies (16.7% less). The reduction in the complaints on loans to companies was mainly due to the lower number of complaints on credit liabilities, collection of amounts owed and fees and charges.

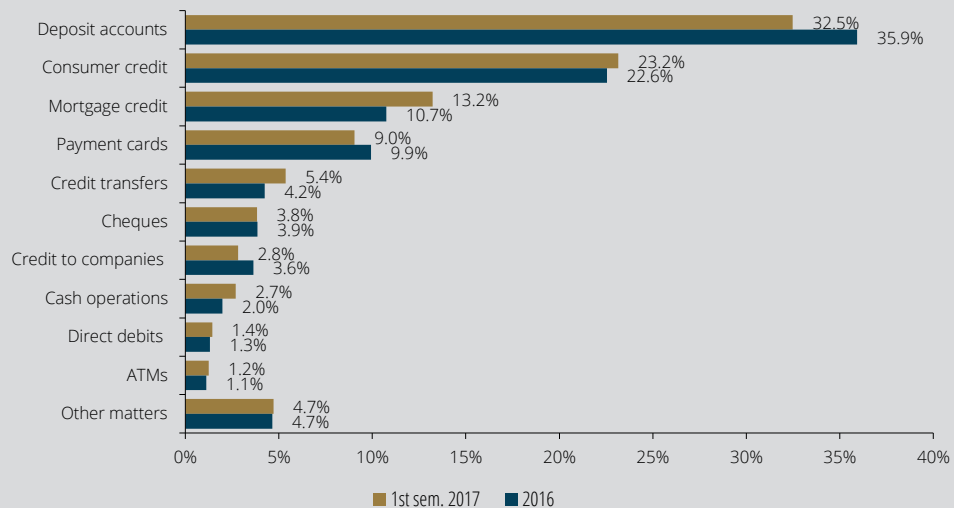
**Table IV.2 • Complaints | Number of complaints by banking product and service**  
| 2016 – 1<sup>st</sup> semester of 2017

| Complaint matter <sup>(a)</sup> | Absolute values |                           |                        | Relative values <sup>(b)</sup> |                           |                        |
|---------------------------------|-----------------|---------------------------|------------------------|--------------------------------|---------------------------|------------------------|
|                                 | 2016            | 1 <sup>st</sup> sem. 2017 | Monthly average change | 2016                           | 1 <sup>st</sup> sem. 2017 | Reference unit         |
| Deposit accounts*               | 5081            | 2470                      | -2.8%                  | 12                             | 13                        | 100,000 accounts       |
| Consumer credit*                | 3189            | 1761                      | 10.4%                  | 15                             | 16                        | 100,000 agreements     |
| Mortgage credit*                | 1520            | 1005                      | 32.2%                  | 37                             | 50                        | 100,000 agreements     |
| Payment cards*                  | 1405            | 688                       | -2.1%                  | 36                             | 34                        | Million cards          |
| Credit transfers                | 600             | 408                       | 36.0%                  | 45                             | 57                        | 10 million transfers   |
| Cheques                         | 546             | 291                       | 6.6%                   | 15                             | 18                        | Million cheques        |
| Loans to companies*             | 514             | 214                       | -16.7%                 | 21                             | 21                        | 100,000 agreements     |
| Cash operations                 | 280             | 204                       | 45.7%                  | 66                             | 96                        | 100 million operations |
| Direct debits                   | 187             | 109                       | 16.6%                  | 102                            | 108                       | 100 million operations |
| ATMs*                           | 160             | 95                        | 18.8%                  | 49                             | 60                        | 10,000 ATMs            |
| Other matters                   | 659             | 358                       | 8.6%                   | –                              | –                         | –                      |
| <b>Total</b>                    | <b>14141</b>    | <b>7603</b>               | <b>7.5%</b>            | <b>–</b>                       | <b>–</b>                  | <b>–</b>               |

Note: (a) The figures presented refer to matters within the scope of Banco de Portugal's activity. For matters marked with (\*), the relative value presented for 2016 is the six-month average. This adjustment is necessary so that the relative value presented for 2016 is comparable to that recorded in the first half of 2017. As reference units are used in these variable stock materials, comparison is possible only for periods of equal duration. In matters not marked with (\*), this correction is not necessary, since the reference unit itself is a flow variable. The heading 'Other matters' includes complaints on various matters as well as thematic contents with less than 1% of the total complaints, which included, for example, the complaints resulting from the non-provision of the Complaints book to the customer.

(b) The reference units used in the relativisation of each of the matters are specified in Box 7 in relation to the methodological notes.

**Graph IV.2 • Complaints | Product and service complained about (as a percentage)**  
| 2016 – 1<sup>st</sup> semester of 2017



The number of complaints per product and service complained about in absolute terms is influenced by the underlying market volume, namely the number of agreements conducted between credit institutions and their customers. The preponderance of deposit accounts, consumer credit and mortgage credit as the most demanded products in the first half of 2017 is related to the significant number of deposit account, consumer and mortgage credit agreements. It is therefore necessary to put into perspective the evolution in the number of complaints in each case relative to the respective volume of the underlying products and services.

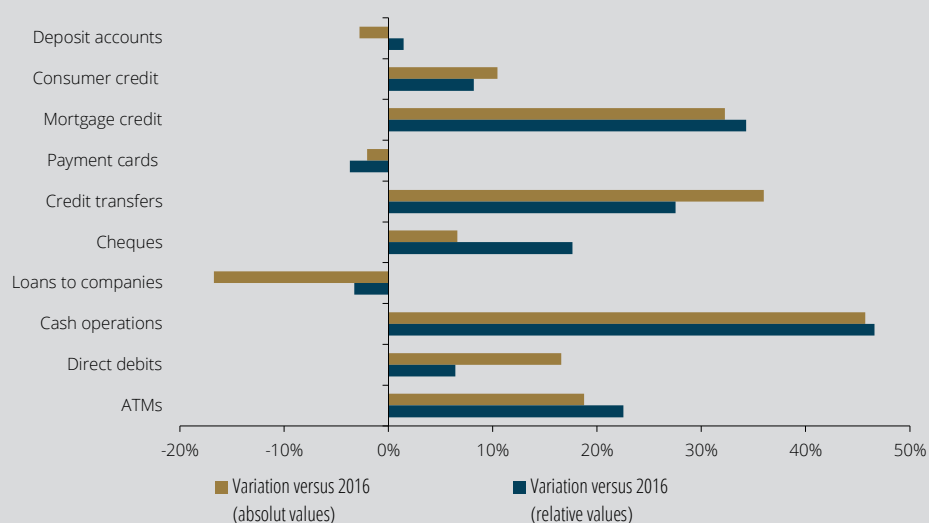
In the first half of 2017, as far as the evolution of the relative number of complaints is concerned, the following stands out in comparison to 2016:

- The slight growth of 1.4% in the relative number of complaints about deposit accounts, which increased from 12 to 13 per 100,000 deposit accounts;
- The increase in consumer credit (8.2% more) and mortgage credit (34.3% more). The number of complaints went from 15 to 16 per 100,000 consumer credit agreements. In mortgage credit, it increased from 37 to 50 per 100,000 contracts. On the other hand,

there was a decrease in loans to companies (3.3% less). For every 100,000 of these contracts, the number of complaints received was 21;

- The decrease in the relative number of complaints about payment cards (3.7% less), which decreased from 36 to 34 complaints per million cards;
- The significant increase in the relative number of complaints concerning credit transfers (27.5% more) and cheques (17.6% more). In the case of credit transfers, the value went from 45 to 57 complaints per 10 million transfers, whereas for cheques it increased from 15 to 18 complaints per million cheques. There was also a slight increase in direct debits (6.4% more). In the first half of 2017, 108 complaints per 100 million transactions were received, compared to 102 complaints in 2016.

For the three products with the highest number of complaints – deposit accounts, consumer credit and mortgage credit, which together accounted for 68.9% of the total – the number of complaints addressed to each institution due to the respective level of services provided or agreements concluded was weighted (Boxes 3 to 5).



**Graph IV.3 •**  
Complaints  
| Variation in  
absolute terms  
and relative  
terms, by product  
and service  
| 1<sup>st</sup> semester of  
2017

## Box 2 | Matters most complained about, by banking product and service

This Box focuses on the most frequent themes of the main matters complained about in the first half of 2017, regardless of the fact that in the analysis of the complaints infringements were detected in credit institutions.

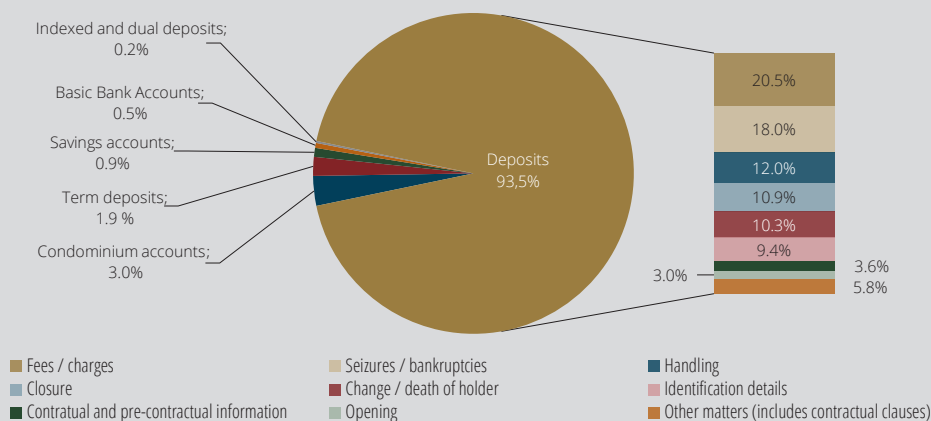
### Deposit accounts

Almost all complaints concerning deposit accounts were related to current accounts (93.5%). Compared with 2016, the number of complaints on contractual clauses<sup>2</sup> and fees and charges decreased, in contrast to the increase in complaints about the identity of the account holder due to the requirements of proving the identity in the scope of the prevention of money laundering and the financing of terrorism.

In deposit accounts, the matters most frequently complained about were:

- The **collection of fees or charges**, where complaints focused mainly on (i) the provision of information regarding the fees associated with the demand deposit account and the assumptions of their application and (ii) the amounts demanded as account maintenance fees;
- **Seizures / bankruptcies**, where complaints related mainly to (i) the delay in terminating the attachment after the amount owed had been paid, and (ii) the alleged failure to comply with the limits of the unseizability of bank deposits;
- **Conditions for the movement of accounts**, (i) where complaints focused essentially on the alleged failure of credit institutions to perform instructions given by customers for the movement of current accounts; (ii) debit transactions carried out by institutions, allegedly without the customer's authorisation; and (iii) the blocking by the institution of the possibility of handling current accounts;
- **Closure**, mainly due to complaints about (i) the institution's alleged failure to comply with instructions given by the customer to close the account and (ii) closure of the account at the institution's initiative.

Graph C.2.1 • Complaints | Deposit accounts | 1<sup>st</sup> semester of 2017



### Consumer credit

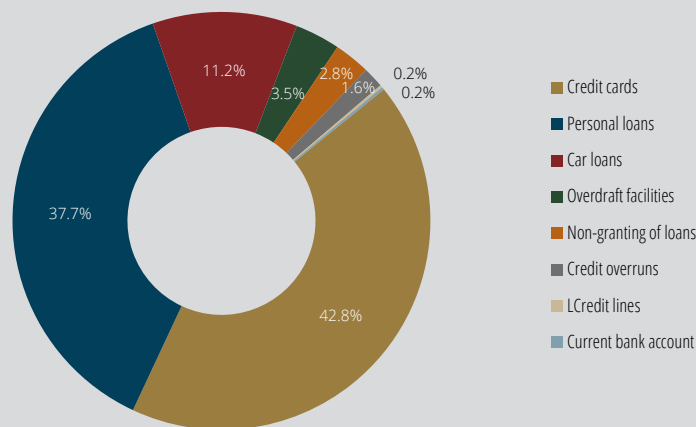
In the first half of 2017, credit cards continued to record the highest number of complaints (42.8% of complaints about consumer credit). This was followed by personal loans (37.7% of complaints) and car loans (11.2% of complaints).

In consumer credit, the matters most complained about were:

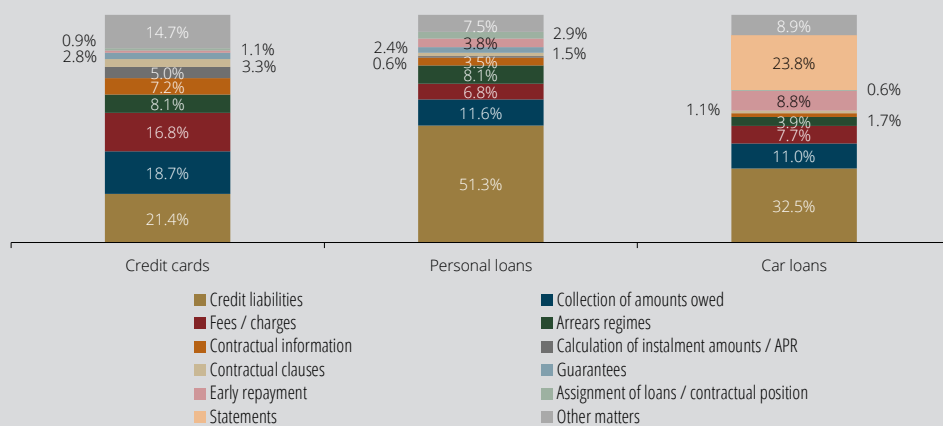
- **Credit liabilities**, where complaints focused on the reporting of information to the Central Credit Register by the participating entities, with emphasis on topics related to (i) alleged delays in the communication and
- **Collection of outstanding amounts**, mainly due to (i) the settlement of the outstanding amount demanded by the credit institution; (ii) situations of default that do not fall under the system for the prevention and management of non-compliance with credit agreements; and (iii) the methods used by credit institutions and entities

settlement of situations of default or the extinction of credit liabilities; (ii) the failure to inform borrowers or guarantors of the beginning of credit default reporting and (iii) delay in the rectification of incorrectly reported information;

Graph C.2.2 • Complaints | Consumer credit products | 1<sup>st</sup> semester of 2017



Graph C.2.3 • Complaints | Credit cards, personal loans and car loans | 1<sup>st</sup> semester of 2017



subcontracted by them for the collection of amounts owed;

- **Collection of fees/charges**, namely (i) the alleged non-provision of information by the institutions on fees charged and the assumptions for their application; (ii) the amounts demanded as fees for services provided by the institutions; and (iii) the collection of fees for the delay in payment of credit instalments;
- **Prevention and management of default**, mainly due to: (i) the way credit institutions conducted the negotiation process under the PRAP or the OASP; (ii) the non-presentation by credit institutions of proposals for the prevention or settlement of default; and (iii) the non-timely adoption of the OASP procedures;

#### Mortgage credit

In the first half of 2017, the relative weight of complaints about fees and charges, contractual clauses and statements in the scope of mortgage credit went up.

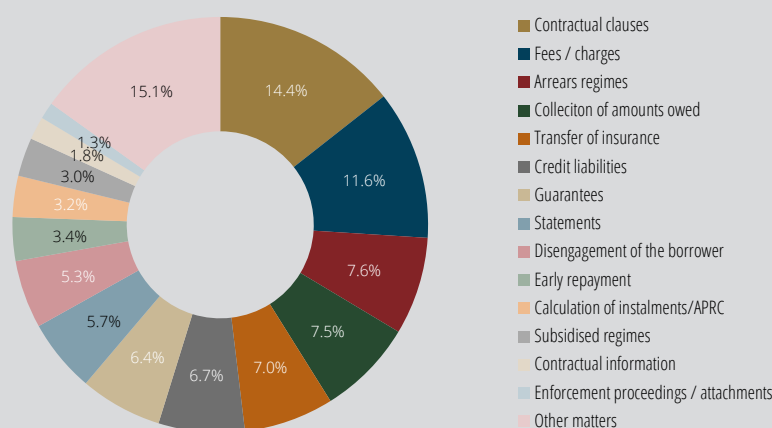
The most frequent complaints had to do with the following matters:

- **Contractual clauses**, where complaints focused mainly on (i) the renegotiation of

credit agreements by changing contractual clauses and (ii) the calculation of the instalment amount according to the calculation of the arithmetic mean of the reference rate at the time of its regular revision;

- **Fees and charges**, mainly due to (i) the processing fees of the instalment and (ii) the fees charged for late payment of instalments;
- **Prevention and management of default situations**, which mainly include complaints regarding the implementation of the OASP, namely (i) the way in which credit institutions conducted the negotiation process; (ii) the submission of proposals for settlement of the default; and (iii) non-timely adoption of OASP procedures;
- **Collection of outstanding amounts**, where complaints focused mainly on (i) the calculation of the outstanding amount demanded by the credit institution; (ii) default situations that do not fall under the system for the prevention and management of non-compliance with loan agreements; and (iii) the methods used by credit institutions and entities contracted by them to collect amounts owed;
- **Statements**, in particular the non-timely issuance by the credit institution of a statement for mortgage extinction.

Graph C.2.4 • Complaints | Mortgage credit | 1<sup>st</sup> semester of 2017



### Payment cards

In the first half of 2017, the number of complaints about alleged fraud situations and the amount of the card's annuity declined, while the number of complaints regarding the capture and cancellation of cards increased.

The matters most complained about in relation to payment cards in the first half of 2017 were:

- **Request/replacement of cards**, where complaints had to do with (i) the refusal to issue a payment card or (ii) the delay in replacing cards;
- **Situations of capture and cancellation of cards**, where complaints fell on (i) situations of blocking of cards resulting from the exercise of contractual prerogatives by issuing institutions; (ii) cases of termination of contracts governing the use of cards at the initiative of the institutions or of the customer;
- **Annuity**, where complaints addressed (i) the conditions of exemption or payment of the annuity; (ii) the amount of the annuity demanded by institutions; and (iii) the alleged non-communication of changes in the annuity amount;
- **Alleged situations of fraud** resulting from the use of cards by third parties other than

the cardholder, where complaints had to do with (i) the authorship of the instructions given to the credit institution and (ii) their responsibility for carrying out such transactions, namely in the acquisition of goods and services through the internet (online payments), in operations carried out abroad and in cash withdrawals from ATMs.

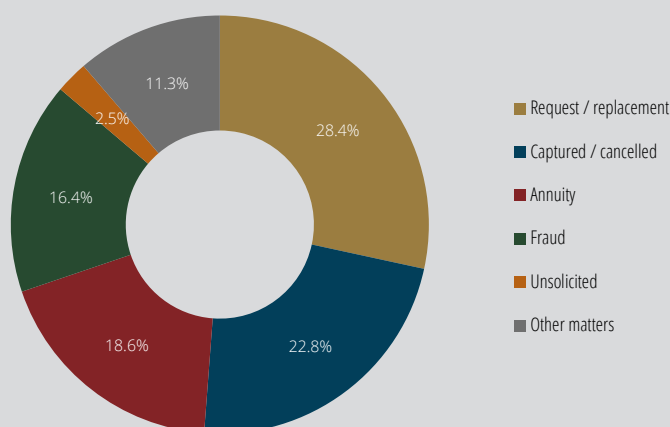
### Credit transfers

In the first half of 2017, there was an increase in the number of complaints concerning unexecuted transfers and the alleged delay in making the transferred amount available.

The most frequent complaints in relation to credit transfers had to do with the following matters:

- **Alleged delay in making the transferred amount available**, namely (i) failure to make available to the beneficiary the amount transferred due to difficulties in checking their identification; and (ii) compliance with the execution deadlines established by law;
- **Transactions not carried out due to the non-execution of a transfer ordered by the bank customer**, as a result of (i) a computer anomaly; or (ii) insufficient identification of the details necessary for the transfer;

Graph C.2.5 • Complaints | Payment cards | 1<sup>st</sup> semester of 2017



- **Allegedly fraudulent transactions**, particularly in the context of homebanking, regarding (i) the authorship of the instructions given to the credit institution, and (ii) its responsibility for carrying out those operations.

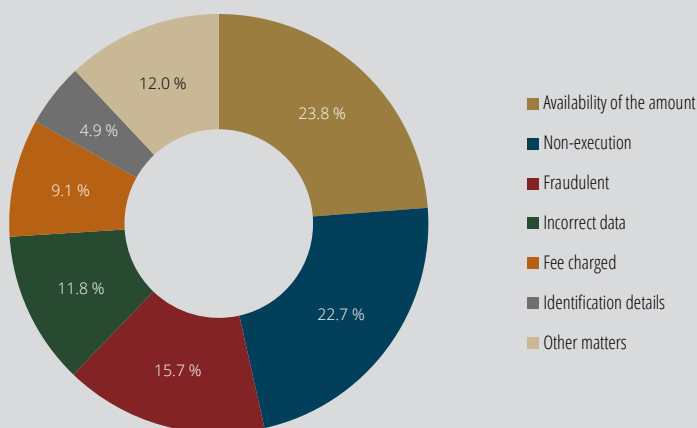
### Cheques

In the first half of 2017, there was an increase in complaints about the return of cheques and fees charged. In contrast, the number of complaints regarding the requisition of cheques decreased.

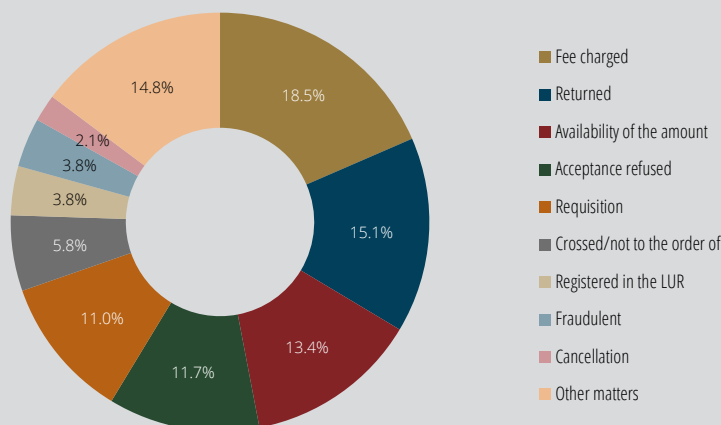
With regard to cheques, the matters most complained about in the first semester of 2017 had to do with:

- **Fees charged by institutions**, namely (i) in the issuance of cheque books or (ii) as a result of returned cheques;
- **Returned cheques**, which include complaints about (i) the non-payment to third parties of crossed cheques not made out to the order of; (ii) the non-payment of cheques due to insufficient provision; and (iii) the non-payment of cheques due to irregular endorsement;
- **Provision of funds**, where issues focused essentially on (i) compliance with the deadlines established by laws for situations where cheques are deposited over the counter and in ATMs;

Graph C.2.6 • Complaints | Credit transfers | 1<sup>st</sup> semester of 2017



Graph C.2.7 • Complaints | Cheques | 1<sup>st</sup> semester of 2017





- **Refusal to accept cheques**, mainly due to (i) the incorrect completion of cheques; (ii) presenting a cheque for payment by a person other than the beneficiary of the cheque; and (iii) presentation of the cheque after the deadline for payment.

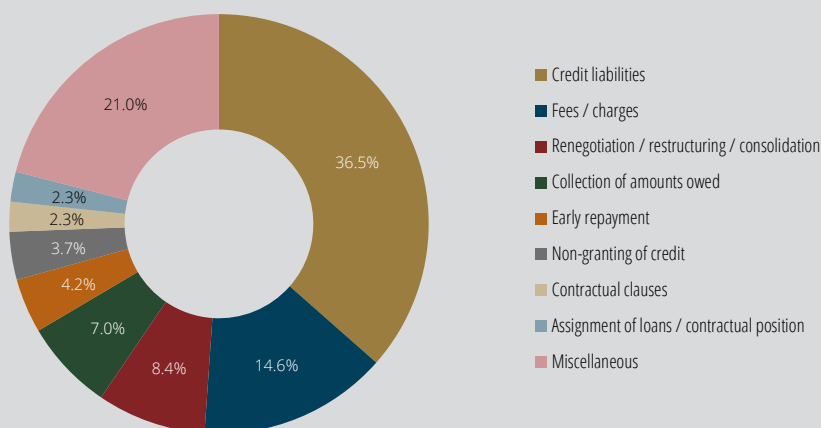
### Loans to companies

In this regard, we highlight the decrease in the number of complaints about credit liabilities, the collection of amounts owed and fees and charges.

In this context, the most frequent complaints had to do with the following matters:

- **Credit liabilities**, which include complaints about the reporting by the participating entities of potential or actual credit liabilities to the Central Credit Register, in particular as regards (i) alleged delays in reporting the settlement of default or the extinction of credit liabilities; (ii) failure to notify borrowers or guarantors of the commencement of the reporting of liabilities in default; and (iii) delay in rectifying incorrectly reported information;
- **Collection of fees/charges**, in the case of complaints relating to (i) the provision of information on the fees charged and the assumptions of their application; (ii) the amounts demanded as fees; and (iii) changes to the applicable price list;
- **Renegotiation**, restructuring and consolidation of credit, in the context of complaints related to (i) requests for renegotiation of the conditions initially agreed upon for the loan obtained; and (ii) requests for restructuring and consolidating amounts owed;
- **Collection of amounts owed**, mainly due to complaints relating to: (i) the settlement of the amount owed demanded by the credit institution; (ii) the allocation of payments to the various contractual amounts owed; and (iii) situations of non-compliance with credit agreements.

Graph C.2.8 • Complaints | Loans to companies | 1<sup>st</sup> semester of 2017



### Box 3 | Institutions most complained about in deposit accounts

**Table C.3.1 • Complaints | Number of complaints per 1000 demand deposit accounts**  
| 1<sup>st</sup> semester of 2017

| Abbreviation          | Credit institution                                      | 1 <sup>st</sup> sem. 2017 |
|-----------------------|---|---------------------------|
| BACTT                 | BANCO CTT, S.A.   | 1.13                      |
| DBAKT                 | DEUTSCHE BANK AKTIENGESELLSCHAFT – SUCURSAL EM PORTUGAL | 0.93                      |
| BBVA                  | BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.        | 0.63                      |
| BBRAG                 | BANCO DO BRASIL AG – SUCURSAL EM PORTUGAL               | 0.54                      |
| BANSU                 | BANKINTER, S.A. – SUCURSAL EM PORTUGAL                  | 0.27                      |
| BSTOT                 | BANCO SANTANDER TOTTA, S.A.                             | 0.19                      |
| BAPOP                 | BANCO POPULAR PORTUGAL, S.A.                            | 0.17                      |
| NOVOB                 | NOVO BANCO, S.A.  | 0.13                      |
| <b>System average</b> |   | <b>0.13</b>               |
| BBPOR                 | BANCO BIC PORTUGUÊS, S.A.                               | 0.12                      |
| BBPI                  | BANCO BPI, S.A.   | 0.11                      |
| BCP                   | BANCO COMERCIAL PORTUGUÊS, S.A.                         | 0.11                      |
| CGD                   | CAIXA GERAL DE DEPÓSITOS, S.A.                          | 0.10                      |
| CEMG                  | CAIXA ECONÓMICA MONTEPIO GERAL                          | 0.10                      |
| BACTI                 | BANCO ACTIVOBANK, S.A.                                  | 0.08                      |
| BBEST                 | BEST – BANCO ELECTRÓNICO DE SERVIÇO TOTAL, S.A.         | 0.08                      |
| SICAM                 | CAIXAS DE CRÉDITO AGRÍCOLA MÚTUO INTEGRADAS NO SICAM    | 0.04                      |

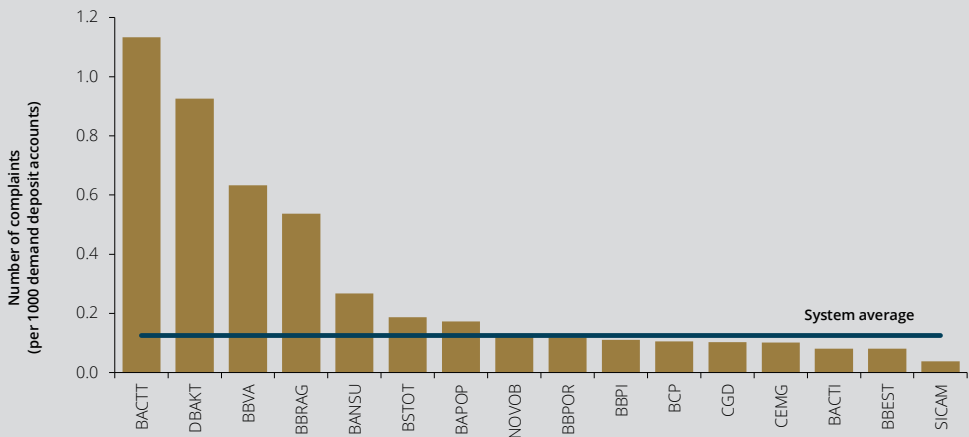
Note: The system average is equivalent to 13 complaints per 100 thousand demand deposit accounts.

The previous table presents the number of complaints per thousand demand deposit accounts in force, per credit institution in the first half of 2017. The complaints filed with Banco de Portugal which had to do with this product were taken into consideration, irrespective of whether default or irregularities by the institution were detected.

The credit institutions in the table above had on average more than two complaints per quarter in 2017. A still lower number of complaints were received for a further set of institutions which, given their relative importance, is not mentioned above. This group is made up of ABANCA Corporación Bancaria – branch in Portugal, Banco de Investimento Global, Banco Finantia, Banco Invest, Banco L. J. Carregosa, BNP Paribas, Caixa de Crédito Agrícola Mútuo de Leiria e Novo Banco dos Açores.

No complaints were received against other relevant institutions in the area of deposit accounts, which is the case of Banco BAI Europa, Banco Português de Gestão, Banco Privado Atlântico – Europa, Banif – Banco de Investimento, BNI – Banco de Negócios Internacional (Europa), Caixa – Banco de Investimento, Caixa de Crédito Agrícola Mútuo da Chamusca, Caixa de Crédito Agrícola Mútuo de Bombarral, Caixa de Crédito Agrícola Mútuo de Mafra, Caixa de Crédito Agrícola Mútuo de Torres Vedras, Caixa Económica da Misericórdia de Angra do Heroísmo and Haitong Bank.

**Graph C.3.1 • Complaints | Number of complaints per 1000 demand deposit accounts**  
| 1<sup>st</sup> semester of 2017



#### Box 4 | Institutions most complained about in consumer credit

**Table C.4.1 • Complaints | Number of complaints per 1000 consumer credit agreements**  
| 1<sup>st</sup> semester of 2017

| Abbreviation          | Credit institution  | 1 <sup>st</sup> sem. 2017 |
|-----------------------|---|---------------------------|
| FCE                   | FCE BANK PLC  | 1.15                      |
| CIFIC                 | CAIXA LEASING E FACTORING – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S.A. | 0.87                      |
| DBAKT                 | DEUTSCHE BANK AKTIENGESELLSCHAFT – SUCURSAL EM PORTUGAL             | 0.81                      |
| BANSU                 | BANKINTER, SA – SUCURSAL EM PORTUGAL                                | 0.61                      |
| BAPOP                 | BANCO POPULAR PORTUGAL, S.A.  | 0.54                      |
| BFT                   | BANCO FINANTIA, S.A.  | 0.48                      |
| 321CR                 | 321 CREDITO – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S.A.               | 0.47                      |
| RBANS                 | RCI BANQUE SUCURSAL PORTUGAL  | 0.40                      |
| BBVIF                 | BBVA – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S.A.                      | 0.36                      |
| BASCP                 | BANCO SANTANDER CONSUMER PORTUGAL, S.A.                             | 0.35                      |
| BBPOR                 | BANCO BIC PORTUGUÊS, S.A.   | 0.32                      |
| WBSUC                 | WIZINK BANK, S.A. – SUCURSAL EM PORTUGAL                            | 0.30                      |
| CEMG                  | CAIXA ECONÓMICA MONTEPIO GERAL                                      | 0.26                      |
| BBVA                  | BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.                    | 0.24                      |
| BPRIM                 | BANCO PRIMUS, S.A.  | 0.23                      |
| COFID                 | COFIDIS   | 0.23                      |
| FINCI                 | FINANCEIRA EL CORTE INGLÉS PORTUGAL, S.F.C., S.A.                   | 0.19                      |
| BSTOT                 | BANCO SANTANDER TOTTA, S.A.   | 0.18                      |
| <b>System average</b> |   | <b>0.16</b>               |
| UNICR                 | UNICRE – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S.A.                    | 0.14                      |
| NOVOB                 | NOVO BANCO, S.A.  | 0.14                      |
| BBPI                  | BANCO BPI, S.A.   | 0.13                      |
| BCBOM                 | BANCO CREDIBOM, S.A.  | 0.13                      |
| SICAM                 | CAIXAS DE CRÉDITO AGRÍCOLA MÚTUO INTEGRADAS NO SICAM                | 0.12                      |
| BBNPP                 | BANCO BNP PARIBAS PERSONAL FINANCE, S.A.                            | 0.10                      |
| CGD                   | CAIXA GERAL DE DEPÓSITOS, S.A.                                      | 0.10                      |
| BACTI                 | BANCO ACTIVOBANK, S.A.  | 0.09                      |
| BCP                   | BANCO COMERCIAL PORTUGUÊS, S.A.                                     | 0.09                      |
| ONEYB                 | ONEY BANK – SUCURSAL EM PORTUGAL                                    | 0.07                      |

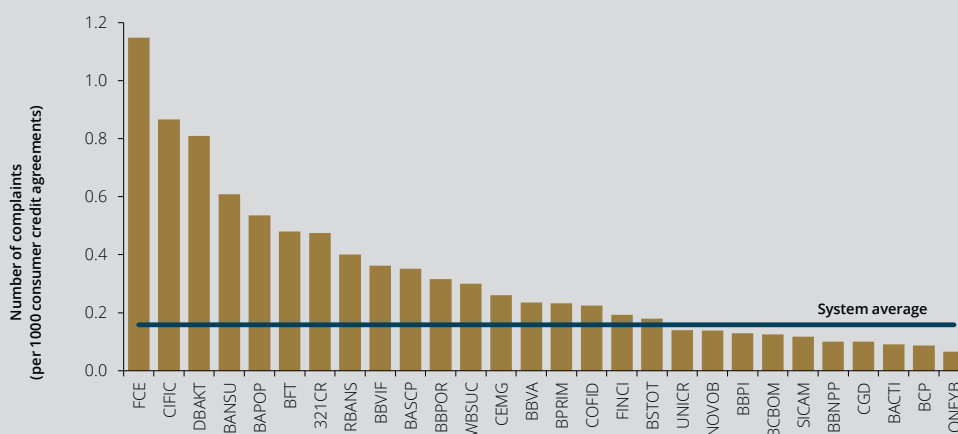
Note: The system average is equivalent to 16 complaints per 100 thousand consumer credit agreements.

The previous table presents the number of complaints per thousand consumer credit agreements by credit institution, for the first half of 2017. The complaints filed with Banco de Portugal that had to do with this product were taken into consideration, regardless of whether default or irregularities by the institution were detected.

The credit institutions in the table above averaged more than two complaints per quarter in 2017. A still lower number of complaints were received for a further set of institutions which, given their relative importance, is not mentioned above. This group is made up of Banco CTT, Banco do Brasil – Sucursal em Portugal, Best – Banco Electrónico de Serviço Total, BMW Bank GMBH – branch in Portugal, Caixa de Crédito Agrícola Mútuo de Mafra, FCA Capital Portugal, Mercedes-Benz Financial Services Portugal, Novo Banco dos Açores, Popular Servicios Financieros – branch in Portugal and Volkswagen Bank GMBH – branch in Portugal.

No complaint was received against other relevant institutions in the area of consumer credit, which is the case of ABANCA Corporación Bancaria – branch in Portugal, Banco de Investimento Global, Banco Invest, Banco Privado Atlântico – Europa, Caixa de Crédito Agrícola Mútuo de Leiria, Caixa Económica da Misericórdia de Angra do Heroísmo, Montepio Crédito – Instituição Financeira de Crédito, Sofi – Instituição Financeira de Crédito e Union de Creditos Inmobiliarios, Establecimiento Financiero de Credito (Sociedad Unipersonal) –branch in Portugal.

**Graph C.4.1 • Complaints | Per 1000 consumer credit agreements | 1<sup>st</sup> semester of 2017**



**Box 5 | Institutions most complained about in mortgage credit****Table C.5.1 • Complaints | Number of complaints per 1000 mortgage credit agreements | 1<sup>st</sup> semester of 2017**

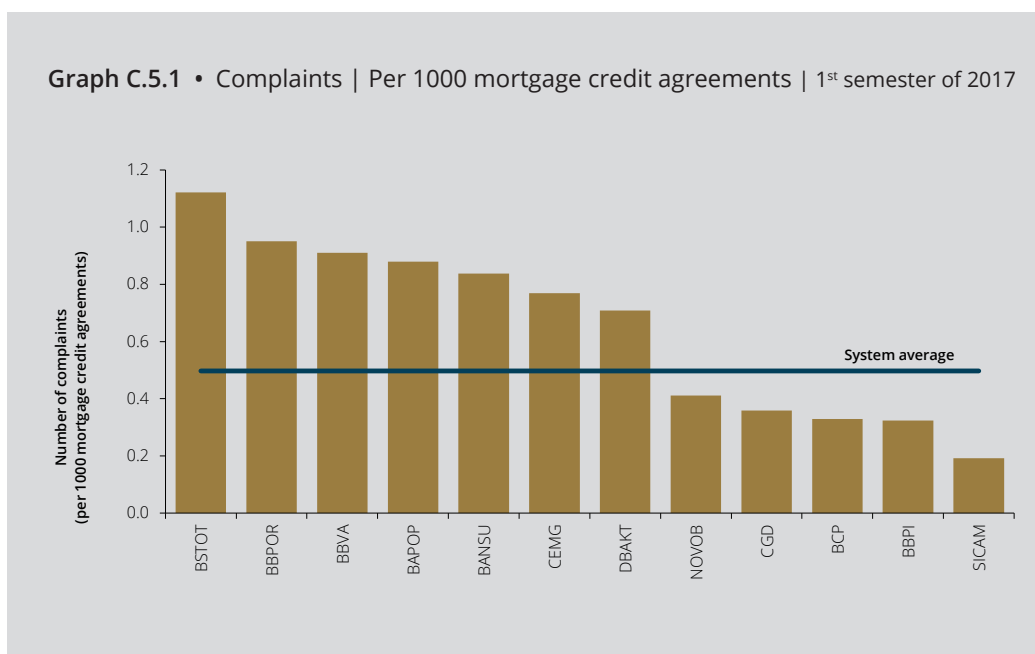
| Abbreviation          | Credit institution                                      | 1 <sup>st</sup> sem. 2017 |
|-----------------------|---|---------------------------|
| BSTOT                 | BANCO SANTANDER TOTTA, S.A.                             | 1.12                      |
| BBPOR                 | BANCO BIC PORTUGUÊS, S.A.                               | 0.95                      |
| BBVA                  | BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.        | 0.91                      |
| BAPOP                 | BANCO POPULAR PORTUGAL, S.A.                            | 0.88                      |
| BANSU                 | BANKINTER, SA – SUCURSAL EM PORTUGAL                    | 0.84                      |
| CEMG                  | CAIXA ECONÓMICA MONTEPIO GERAL                          | 0.77                      |
| DBAKT                 | DEUTSCHE BANK AKTIENGESELLSCHAFT – SUCURSAL EM PORTUGAL | 0.71                      |
| <b>System average</b> |   | <b>0.50</b>               |
| NOVOB                 | NOVO BANCO, S.A.  | 0.41                      |
| CGD                   | CAIXA GERAL DE DEPÓSITOS, S.A.                          | 0.36                      |
| BCP                   | BANCO COMERCIAL PORTUGUÊS, S.A.                         | 0.33                      |
| BBPI                  | BANCO BPI, S.A.   | 0.32                      |
| SICAM                 | CAIXAS DE CRÉDITO AGRÍCOLA MÚTUO INTEGRADAS NO SICAM    | 0.19                      |

Note: The system average is equivalent to 50 complaints per 100 thousand mortgage credit agreements.

The previous table presents the number of complaints per thousand mortgage credit agreements, by credit institution, for the first half of 2017. The complaints filed with Banco de Portugal which had to do with this product were taken into consideration, regardless of whether default or irregularities by the institution were detected.

The credit institutions in the table above averaged more than two complaints per quarter in 2017. A still lower number of complaints were received for a further set of institutions which, given their relative importance, is not mentioned above. This group is made up of ABANCA Corporación Bancaria – branch in Portugal, Banco Activobank, Banco de Investimento Imobiliário, Caixa Leasing e Factoring – Instituição Financeira de Crédito, Novo Banco dos Açores e Union de Creditos Inmobiliarios, Establecimiento Financiero de Credito (Sociedad Unipersonal) – branch in Portugal.

No complaints were received against other relevant institutions in the area of mortgage credit, such as Caixa de Crédito Agrícola Mútuo de Leiria.

**Graph C.5.1 • Complaints | Per 1000 mortgage credit agreements | 1<sup>st</sup> semester of 2017**

### 3. Result of closed complaints<sup>3</sup>

In the first half of 2017, there were no indications of infringement by credit institutions in about 62% of the complaints closed (64% in 2016) and in 38% of the cases the situation was resolved by the credit institution, on its own initiative or following the intervention of Banco de Portugal (36% in 2016).

In some situations, bank customers may present a complaint about the performance of the credit institution even though it is acting correctly. In general, these cases occur when customers do not have full knowledge of the characteristics of the products or of the rights that the regulatory framework in force grants them.

Credit institutions correct the situation complained about as a result of non-compliance with applicable standards, in compliance with specific orders issued by Banco de Portugal. Banco de Portugal may also institute administrative proceedings. On the other hand, credit

institutions can sometimes accept complaints presented by customers about their performance, even if there is no irregularity or non-compliance.

The average period for closing complaints in the first half of 2017 was 29 days, versus 38 days in 2016. In the first half of 2017, the average closing time for complaints filed directly with Banco de Portugal was 43 days (54 days in 2016), while in the case of complaints filed through the Complaints book it was 16 days (23 days in 2016).

The channel used to submit the complaints to Banco de Portugal sets different deadlines for analysis, since different procedures are applied depending on whether the complaint is submitted directly to Banco de Portugal (RCO) or recorded in the Complaints book of the credit institution (RCL), as a result of different regulatory frameworks.

In the case of complaints submitted directly to Banco de Portugal, credit institutions are immediately questioned about the content of the complaint. They have 20 working days to respond to the complainant<sup>4</sup> and to inform Banco de Portugal of this response. Further inquiries may be made to credit institutions by Banco de Portugal which, after examination, lead to the closure of the complaint by Banco de Portugal.

In the case of complaints submitted through the Complaints book, institutions send a copy of the Complaints book page together with the relevant documents, often with their analysis

of the situation, to Banco de Portugal within ten working days<sup>5</sup>. After the complaint has been filed with Banco de Portugal, additional clarifications may be requested, in which case institutions have five working days to send a reply.

This period includes the time of analysis of the complaint by Banco de Portugal and also by the credit institutions themselves. Banco de Portugal always has to listen to the institution complained about, depending on the average term of analysis of the full response and the deadline for answering the questions raised by Banco de Portugal.

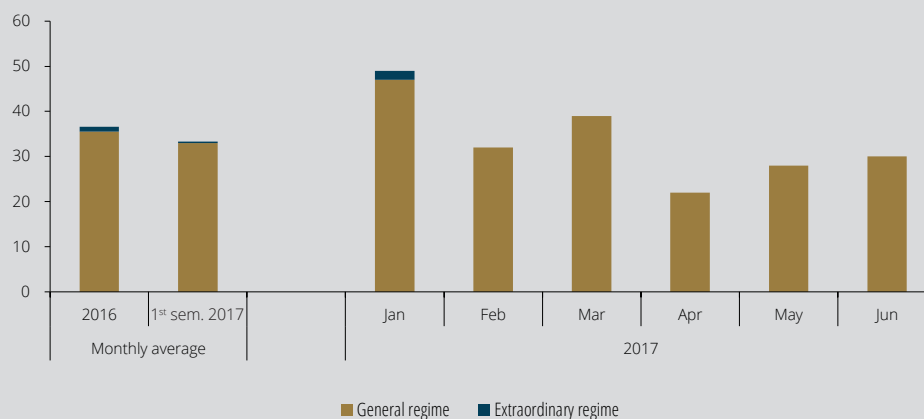
## Box 6 | Complaints about arrears regimes

### Complaints received

In the first half of 2017, Banco de Portugal received 198 complaints regarding the application of the general arrears regime, with a monthly average of 33 complaints, 7% less than in 2016. These complaints accounted for 2.6% of the total complaints received in the first half of 2017 (3% in 2016).

Bank customers also presented two complaints regarding the extraordinary arrears regime of non-compliance with home loan agreements. It is recalled that, although the period of duration expired on 31 December 2015, the extraordinary regime remained applicable in relation to bank customers that had access requirements up to that date.

**Graph C.6.1 • Complaints | Evolution in the complaints about the arrears regimes | 2016 – 1<sup>st</sup> semester of 2017**





In about 83.5% of the cases, complaints about non-compliance regimes were sent by the complainants themselves to Banco de Portugal

(RCO). The remaining 16.5% were complaints filed by bank customers through the complaints book of credit Institutions (RCL).

**Table C.6.1 • Complaints | Arrears regimes, by credit type | 1<sup>st</sup> semester of 2017**

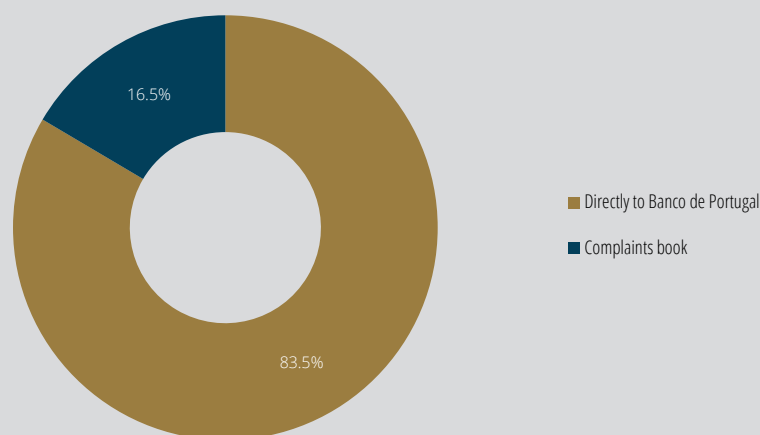
| Complaint matter       | Number of complaints | Distribution  |
|------------------------|----------------------|---------------|
| <b>Mortgage credit</b> | <b>76</b>            | <b>38.0%</b>  |
| General regime         |                      |               |
| PRAP                   | 25                   | 12.5%         |
| OASP                   | 49                   | 24.5%         |
| Extraordinary regime   | 2                    | 1.0%          |
| <b>Consumer credit</b> | <b>124</b>           | <b>62.0%</b>  |
| General regime         |                      |               |
| PRAP                   | 22                   | 11.0%         |
| OASP                   | 102                  | 51.0%         |
| <b>Total</b>           | <b>200</b>           | <b>100.0%</b> |

#### Matters complained about

Under the general arrears regime, most of the complaints (76.3%) were related to the Out-of-court Arrears Settlement Procedure (OASP) and were presented by bank customers in default in relation to compliance with their credit agreements. The remaining complaints

(23.7%) focused on the implementation of the Pre-Arrears Action Plan (PRAP), in cases where bank customers, while maintaining timely compliance with their obligations, show signs of deterioration of their financial management capacity.

**Graph C.6.2 • Complaints | Distribution of complaints on arrears situations, by origin | 2017**



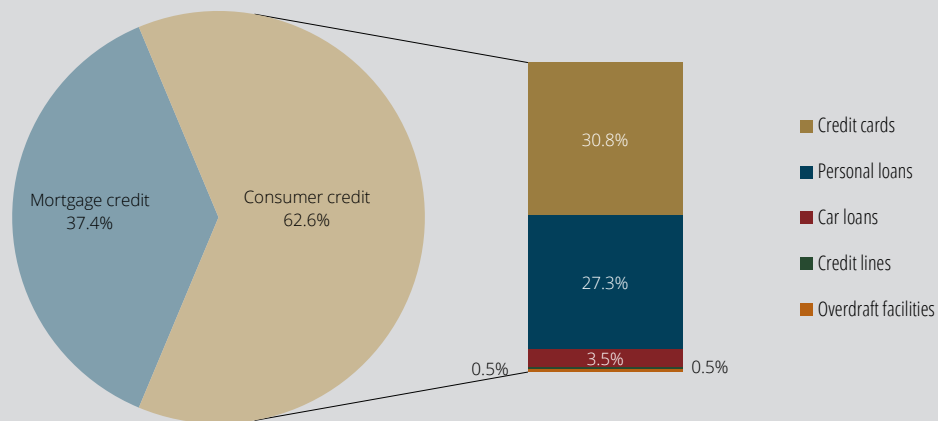
Most complaints relating to the implementation of the general arrears regime were related to consumer credit agreements (62.6%), with emphasis on credit cards (30.8%) and personal loans (27.3%). The remaining complaints (37.4%) focused on matters related to mortgage credit.

The way in which credit institutions conducted the negotiations under the PRAP or OASP was the main aspect of bank customers' complaints regarding the general arrears regime (30.9% of complaints). In this context, for example, emphasis is placed on situations where

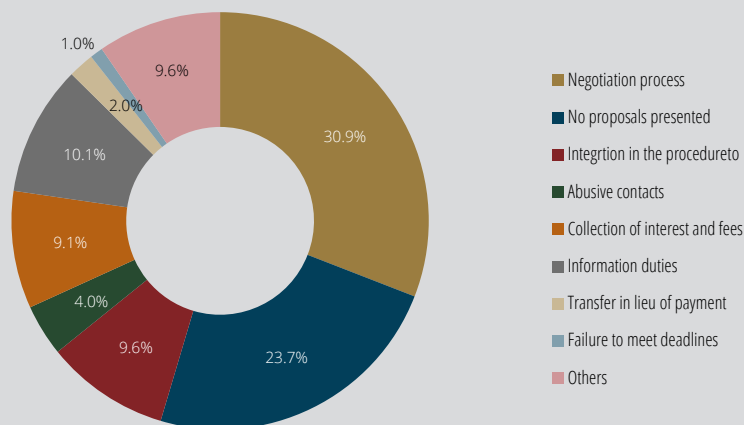
customers reported difficulties in negotiating with credit institutions the content of the proposals submitted or challenged the delay in the implementation of the settlement solutions agreed between the parties. The non-submission of proposals under the PRAP or OASP was also frequently addressed by bank customers in their complaints (23.7%).

Among the other issues raised by complainants with regard to the general arrears regime, is the non-adoption by credit institutions procedures related to the PRAP or OASP (9.6%).

**Graph C.6.3 • Complaints | General arrears regime, by credit type | 1<sup>st</sup> semester of 2017**



**Graph C.6.4 • Complaints | Reason for complaints on the general regime | 1<sup>st</sup> semester of 2017**



The two complaints relating to the implementation of the extraordinary regime concerned the rejection by credit institutions of the access requirements submitted by complainants. In one case, the basis for the refusal was that the application was submitted after 31 December 2015, i.e. after the expiry of the extraordinary regime. In the other case, the refusal had taken place during the period of duration of the extraordinary regime.

### Result of closed complaints

In the first half of 2017, 68% of the complaints relating to the arrears regimes that were closed showed no evidence of infringement, in line with that recorded in 2016 (67%).

In 32% of cases, complaints were closed with resolution by the credit institution, either on its own initiative or following Banco de Portugal's intervention (33% in 2016).

## Box 7 | Methodological notes

### Universe of complaints

The data considered in the statistical analysis refer to complaints filed with Banco de Portugal in 2016 and in the first half of 2017. The thematic content of these complaints falls within the scope of Banco de Portugal's action, whether submitted through the Complaints book provided in credit institutions or sent directly to Banco de Portugal by bank customers.

This analysis excludes complaints filed with Banco de Portugal whose subject matter is not within its scope of action, as well as complaints made by customers directly to the institutions without using the Complaints book. The latter are not sent to Banco de Portugal and are treated bilaterally between customers and institutions.

### Matters complained about

The classification of complaints in terms of the matter complained about is made from the point of view of the product or banking service that is being complained about. Complaints are allocated to a particular product or banking service when they concern any fact relating to the banking conduct standards regarding

that product or service. Complaints are thus classified by complaint matter as follows:

- Payment cards – complaints associated with the issuance and use of debit and credit cards as a means of payment.
- Cheques – complaints associated with the issuance and use of cheques.
- Mortgage credit – complaints related to the access, execution and contractual conditions of mortgage credit agreements and related loans covered by Decree-Law No. 51/2007, of 7 March.
- Consumer credit – complaints related to the access, execution and contractual conditions of credit agreements, other than mortgage credit agreements and related loans covered by Decree-Law No. 51/2007, of 7 March. Thus, these complaints are related to consumer credit or other loans granted to individuals, whether or not through credit cards.
- Loans to companies – complaints about credit agreements granted to companies, including agreements entered into with individual entrepreneurs in the course of their professional activity.

- Deposit accounts – complaints associated with the opening, handling or management of deposit accounts, as well as their contractual conditions. Included in this thematic content are the complaints that fall on all types of deposits, namely demand deposits, term deposits, under a special regime or others defined in Decree-Law No. 430/91, of 2 November.
  - Direct debits – complaints related to the processing of direct debit instructions in the demand deposit account.
  - ATMs – complaints associated with ATM operations.
  - Cash operations – complaints relating to transactions with notes and currencies, namely Euro banknote and coin exchange and currency differences in withdrawal and deposit operations.
  - Credit transfers – complaints related to the processing transfers.
  - Other matters – combines all thematic contents representing a volume of complaints of less than 1% of the total, which includes, for example, Automatic Payment Terminals, exchange operations, the Account Database, bank guarantees, the non-availability of the Complaints book, as well as complaints of undifferentiated transactions and conduct that are not included in the usual thematic classification.
- 2016 and in the first half of 2017 (average of cheques and withdrawn). Source: information regularly reported by SIBS.
- Mortgage credit – number of mortgage credit agreements and related loans covered by Decree-Law No. 51/2007, of 7 March, in force in 2016 and in the first half of 2017 (average between the start and end of each period). Source: information reported by credit institutions under the scope of Instruction No. 8/2010.
  - Consumer credit – number of agreements in force in 2016 and the first half of 2017 (average between the start and end values of each period) for consumer credit, including credit cards. Source: information reported by credit institutions under Instruction No. 8/2010.
  - Loans to companies – number of agreements in force in 2016 and the first half of 2017 (average between the start and end values of each period) relative to loans to companies and entrepreneurs. Source: information reported by credit institutions under Instruction No. 8/2010.
  - Deposit accounts – number of demand deposit accounts in 2016 and the first half of 2017 (average between the start and end values of each period). Source: information reported by credit institutions under Instruction No. 8/2010.
  - Direct debits – number of direct debit instructions effectively processed through the SICOI and carried out under the SEPA (Single European Payments Area) in 2016 and in the first half of 2017. Source: information regularly reported by SIBS.

### Units of Reference

For the main matters complained about, the number of complaints is evaluated and analysed in relative terms through the use of reference units. The following were used:

- Payment cards – number of debit and credit cards in circulation in 2016 and in the first half of 2017 (average between the beginning and end of each period). Source: information reported by credit institutions under the scope of Instruction No. 8/2010.
- Cheques – number of cheques processed in the Interbank Clearing System (SICOI) in 2016 and in the first half of 2017 (average between the start and end of each period). Source: information regularly reported by SIBS and credit institutions.
- Cash operations – number of deposit and withdrawal operations in the Multibanco network in 2016 and in the first half of 2017

(excludes international deposit and withdrawal operations). Source: information regularly reported by SIBS.

- Credit transfers – number of transfers processed in the SICOI in 2016 and in the first half of 2017. Source: information regularly reported by SIBS.

### Credit institutions

In order to calculate the relative number of complaints by credit institution, the respective reference units described above were also used for complaint matters related to deposit accounts, consumer credit and mortgage credit.

O número relativo de reclamações foi calculado para as instituições de crédito que tiveram atividade ao longo de todo o semestre e em relação às quais o Banco de Portugal recebeu, no primeiro semestre de 2017, uma média superior a duas reclamações por trimestre em cada matéria reclamada, por se considerar que valores inferiores não são representativos das reclamações apresentadas pelos clientes bancários.

The relative number of complaints was calculated for credit institutions that were active throughout the semester and for which Banco

de Portugal received, in the first half of 2017, an average of more than two complaints per quarter in each complaint matter as it was considered that lower figures are not as representative of the complaints filed by bank customers.

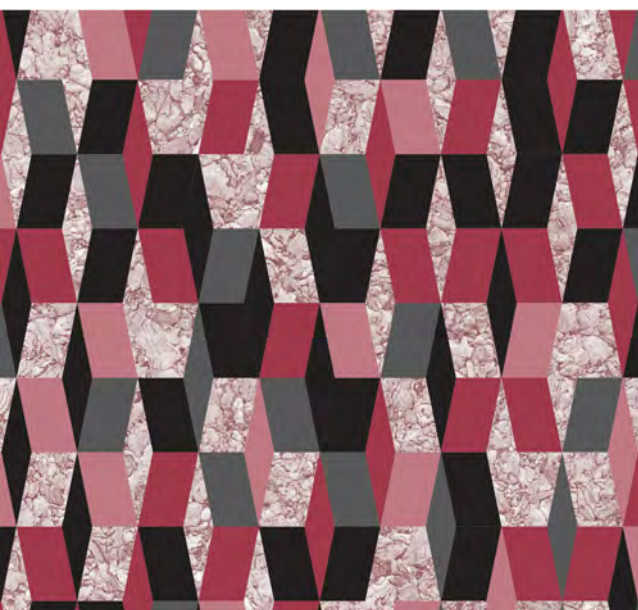
Credit institutions in relation to which no complaints were received at Banco de Portugal relating to the matters referred to above, and which are expressly mentioned in the report, are those that have a bearing on the activity in question, in accordance with criteria defined by the Banco de Portugal and with the information reported by the credit institutions themselves.

A Caixa Central de Crédito Agrícola Mútuo e as Caixas de Crédito Agrícola Mútuo, belonging to the Sistema Integrado de Crédito Agrícola Mútuo (SICAM), were considered in conjunction as a single institution. Not integrated in the SICAM are Caixas de Crédito Agrícola Mútuo de Bombarral, Chamusca, Leiria, Mafra and Torres Vedras.

### Notes

1. Most of these complaints relate to Munditransfers – Instituição de Pagamento e Câmbios, Lda., which suspended its activity during the first half of 2017.
2. Due to their reduced weight on complaints about deposit accounts, in Graph C.2.1 complaints about contractual clauses have been included under the heading 'Other matters'.
3. The type of results described apply to complaints that fall within Banco de Portugal's scope. In relation to complaints that do not within the Banco de Portugal's, the results can be of two types: forwarding the complaint to another regulatory entity (CMVM or ASF) or outside the scope of the powers of the financial supervisors.
4. According to Circular Letter No. 25/2008, of 26 March.
5. According to Circular Letter No. 6/2008, of 24 January.





## V Correction of irregularities and sanctioning

1. Specific orders
2. Administrative proceedings





# 1. Specific orders

In the course of its banking conduct supervisory role, during the first half of 2017 Banco de Portugal issued 230 specific orders, which were addressed to 46 institutions. Of these orders, 60.9% were issued after the inspection,

26.1% following the analysis of complaints and 13% after the inspection of advertising materials. The specific orders focused mainly on issues related to consumer credit.

**Table V.1 • Specific orders | By material | 1<sup>st</sup> semester of 2017**

|                                 | 1 <sup>st</sup> sem. 2017 | Institutions covered |
|---------------------------------|---------------------------|----------------------|
| Advertising                     | 30                        | 22                   |
| Price lists                     | 2                         | 2                    |
| Bank deposits                   | 33                        | 26                   |
| of which: Basic bank accounts   | 21                        | 20                   |
| Mortgage credit                 | 5                         | 3                    |
| of which: Credit liabilities    | 4                         | 2                    |
| Consumer credit and other loans | 156                       | 22                   |
| of which: Information duties    | 52                        | 10                   |
| Credit liabilities              | 41                        | 2                    |
| Interest rates and APR          | 17                        | 7                    |
| Default regime                  | 15                        | 13                   |
| Payment instruments             | 4                         | 4                    |
| <b>Total specific orders</b>    | <b>230</b>                | <b>-</b>             |

Note: Specific orders were issued to 46 institutions. Banco de Portugal also issued 17 recommendations on good practices, 15 following inspections and 2 arising from the analysis of bank customer complaints.

## 1.1. Advertising

In the scope of advertising supervision, 30 specific orders were issued in the first half of 2017, representing a year-on-year reduction of 38.8%. These specific orders were directed at 22 institutions, aiming at correcting a total of 75 advertising materials, 4 of which were institutional.

Most of the specific orders were issued in the context of consumer credit advertising and focused on the fact that the access conditions and restrictions were not as prominent as the prominent characteristics of these products. Compared to the same period of the previous year, this type of default increased from 10.9% to 17.5%. The distortion of facts in advertising

messages, combined with the presentation of incorrect or incomplete designations and inconsistent information (notably in the representative example of the APR), continued to be frequent, with a slight increase versus the first half of 2016. The lack of prominence of the APR comes in third place in the most frequently observed set of defaults, despite the year-on-year decline.

Also highlighted is the non-compliance with the presentation of the APRC in advertising for mortgage credit, which should be as prominent as the characteristics of the product being advertised, or omission of the corresponding representative example, which increased sharply in comparison to the first half of 2016.

## 1.2. Deposits

During the first half of 2017, Banco de Portugal issued 33 specific orders directed at 26 institutions to correct the irregularities detected in the commercialisation of bank deposits. Around 81.1% of these specific orders resulted from inspections.

Particularly noteworthy are the specific orders regarding the provision of information in the current account statement on the possibility for bank customers to access the basic bank account<sup>1</sup>, as well as the fulfillment of information duties regarding pre-contractual information, with special focus on the provision to customers of a standardised information sheet prior to the opening of current accounts<sup>2</sup>.

## 1.3. Mortgage credit

During the first half of 2017, Banco de Portugal issued five specific orders, addressed to three institutions, to correct irregularities detected in mortgage credit. These specific orders resulted from the analysis of complaints from bank customers since the inspections were focused on the supervision of consumer credit.

Specific orders were issued regarding non-compliance by the supervised institutions with the duties to which they are subject in terms of reporting to the Central Credit Register<sup>3</sup>, with highlight for those cases of omission to report<sup>4</sup> or failure to comply with the duty to rectify unduly reported liabilities<sup>5</sup>.

## 1.4. Consumer credit and other loans

During the first half of 2017, Banco de Portugal issued 156 specific orders, directed at 22 institutions, to correct irregularities detected in consumer credit and other loans. Approximately 71.2% of these specific orders resulted from inspections.

Particular mention should be made of the specific orders relating to compliance with information duties regarding pre-contractual information and customer service obligations<sup>6</sup>, compliance with the duties related to the

reporting of information to the Central Credit Register<sup>7</sup>, namely, following the detection of situations of failure to report<sup>8</sup> or failure to comply with the obligation to rectify liabilities unduly reported<sup>9</sup>, as well as to comply with the obligations laid down in the context of the prevention and out-of-court settlement of cases of non-compliance. Specific orders for compliance with the assumptions for the calculation of the APR<sup>10</sup> and compliance with the ceilings for the APR<sup>11</sup> are also noted.

## 1.5. Payment instruments

During the first half of 2017, Banco de Portugal issued four specific orders, addressed to four institutions, to correct irregularities detected in the commercialisation of payment instruments. All of these specific orders resulted from the analysis of complaints from bank customers.

Particular reference should be made to compliance with the legal rules applicable to the blocking of payment instruments<sup>12</sup> and the notice period applicable in the event of the termination of a credit card use agreement<sup>13</sup>.

## 2. Administrative proceedings

In the first semester of 2017, in the context of its banking conduct supervision, Banco de Portugal initiated 37 administrative proceedings against 17 institutions.

The proceedings initiated were mostly (94.5%) the result of the supervision carried out by Banco de Portugal through the analysis of bank customers' complaints, involving 89 complaints.

**Table V.2 • Administrative proceedings | Matters covered | 1<sup>st</sup> semester of 2017**

|  | 1 <sup>st</sup> sem. 2017 | Institutions covered |
|--|---------------------------|----------------------|
| Deposits                                 | 11                        | 7                    |
| Mortgage credit                          | 5                         | 4                    |
| of which: General arrears regime         | 4                         | 3                    |
| Consumer credit and other loans          | 11                        | 10                   |
| of which: General arrears regime         | 4                         | 4                    |
| Maximum rates                            | 1                         | 1                    |
| Reporting to the Central Credit Register | 9                         | 7                    |
| Payment instruments                      | 6                         | 5                    |
| Complaints Book                          | 2                         | 2                    |
| Other situations                         | 2                         | 2                    |
| <b>Total administrative proceedings</b>  | <b>37</b>                 | <b>-</b>             |

Note: 37 administrative proceedings were initiated against 17 institutions. Each administrative proceeding can involve more than one matter.

In relation to the matters covered, the focus falls on the administrative proceedings concerning non-compliance with the duties associated with the communication of information to the Central Credit Register<sup>14</sup>, particularly in cases of failure to communicate<sup>15</sup> or failure to comply with the duty to rectify liabilities improperly communicated<sup>16</sup>.

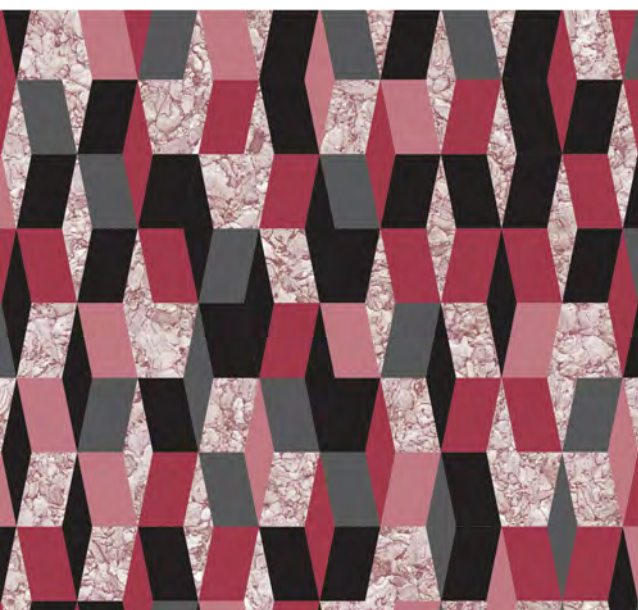
In the context of deposits, the administrative proceedings concerning (i) the undue blocking of current accounts, in particular in situations of unreasonable delay in terminating attachment orders<sup>17</sup> and (ii) breach of the applicable reporting obligations prior to the conclusion of the agreement to open a term deposit account<sup>18</sup>.

In the context of consumer credit and mortgage credit, the focus falls on the administrative proceedings concerning the breach of the general arrears regime<sup>19</sup> and non-compliance with the information duties applicable prior to the conclusion and term of these agreements<sup>20</sup>.

In relation to matters concerning payment instruments, in particular with regard to the duties applicable to institutions, the following administrative proceedings are highlighted: (i) delays in the closure of accounts by institutions<sup>21</sup>; (ii) unauthorised payment operations<sup>22</sup>; (iii) delay in making available the amount of the payment operations<sup>23</sup>; and (iv) blocking of payment instruments<sup>24</sup>.

## Notes

1. Article 3 of Banco de Portugal's Notice No. 2/2015.
2. Article 4 of Banco de Portugal's Notice No. 4/2009.
3. Decree-Law No. 204/2008, of 14 October, and Instruction No. 21/2008 of Banco de Portugal.
4. Article 3 of Decree-Law No. 204/2008, of 14 October.
5. Point 10 of Instruction No. 21/2008 of Banco de Portugal.
6. Articles 6 and 7 of Decree-Law No. 133/2009, of 2 June.
7. Decree-Law No. 204/2008, of 14 October, and Instruction No. 21/2008 of Banco de Portugal.
8. Article 3 of Decree-Law No. 204/2008, of 14 October.
9. Point 10 of Instruction No. 21/2008 of Banco de Portugal.
10. Article 24 of Decree-Law No. 133/2009, of 2 June, and Instruction No. 13/2013 of Banco de Portugal.
11. Article 28 of Decree-Law No. 133/2009, of 2 June.
12. Article 66 of the *RJSPME*.
13. Article 56 of the *RJSPME*.
14. Decree-Law No. 204/2008, of 14 October and Instruction No. 21/2008 of Banco de Portugal.
15. Article 3 of Decree-Law No. 204/2008, of 14 October.
16. Point 10 of Instruction No. 21/2008 of Banco de Portugal.
17. Article 74 of the *RGICSF*.
18. Articles 4 e 5 do Aviso do Banco de Portugal No. 4/2009.
19. Decree-Law No. 227/2012.
20. Notice No. 2/2010 of Banco de Portugal (mortgage credit) and Notice No. 10/2014 of Banco de Portugal (consumer credit).
21. Article 56 of the *RJSPME*.
22. Articles 65 and 71 of the *RJSPME*.
23. Article 80 of the *RJSPME*.
24. Article 66 of the *RJSPME*.



# Annex

## 1. Legislative and regulatory initiatives



# 1. Legislative and regulatory initiatives

| Date     | Identification of the instrument                              | Object  |
|----------|---|---|
| 9 March  | Instruction No. 3/2017  | Discloses the maximum rates applicable to consumer credit agreements in the 2 <sup>nd</sup> quarter of 2017.  |
| 12 April | Delegated regulation (EU) 2017/653 of the European Commission | Establishes regulatory technical standards for the presentation, content, review and revision of key information documents, as well as the conditions for meeting the requirement to provide Packaged Retail and Insurance-based Investment Products (PRIIP).   |
| 7 June   | Instruction No. 8/2017  | Discloses the maximum rates applicable to consumer credit agreements in the 3 <sup>rd</sup> quarter of 2017.  |
| 23 June  | Decree-Law No. 74-A/2017                                      | Establishes the credit agreements system relating to immovable property, specifying, in particular, the rules applicable to consumer credit guaranteed by mortgage or other property rights. This law partially transposes Directive 2014/17/EU of the European Parliament and of the Council on consumer credit agreements for residential property. |

