

BANKING CONDUCT SUPERVISION ACTIVITIES

1.ST HALF 2021



BANCO DE
PORTUGAL
EUROSYSTEM

BANKING CONDUCT SUPERVISION ACTIVITIES

1.st half 2021



BANCO DE PORTUGAL
EUROSISTEMA

Lisbon, 2021 • www.bportugal.pt

Contents

1 Executive summary | 11

I Banking conduct supervision in the context of the COVID-19 pandemic | 21

1 Credit moratoria | 23

2 Supervision of financial institutions | 28

2.1 Duty to inform customers | 28

2.2 Bank customer complaints | 30

2.3 Correction of irregularities and sanctioning | 32

3 New rules on arrears prevention and management | 33

4 Information to bank customers | 35

II Supervision of financial institutions | 39

1 Basic bank accounts | 41

1.1 Developments in the number of basic bank accounts | 41

1.2 Inspections | 44

2 Advertising | 45

2.1 Advertisements analysed | 45

2.2 Corrected advertisements | 48

3 Structured deposits | 51

3.1 Inspection on the Key Information Document (KID) | 51

3.2 Yield monitoring | 51

4 Consumer credit | 52

4.1 Developments in new agreements | 52

4.2 Inspections | 53

4.3 Developments in agreements incorporated under OASP | 55

5 Home loans and mortgage credit | 58

5.1 Inspections | 58

5.2 Developments in agreements incorporated under OASP | 58

6 Bank fees | 61

6.1 Price lists | 61

6.2 Fees comparator | 62

7 Bank customer complaints | 63

- 7.1 Recent developments | **63**
- 7.2 Developments by product and service | **64**
- 7.3 Matters subject to the most complaints | **66**
- 7.4 Most complained about institutions | **73**
- 7.5 Results of closed complaints and closing date | **78**
- 8 Correction of irregularities and sanctions | **78**
- 8.1 Specific orders and recommendations | **78**
- 8.2 Administrative offence proceedings | **85**

III Supervision of credit intermediaries | **91**

- 1 Authorisation and registration | **93**
- 1.1 Requests for authorisation | **93**
- 1.2 Registration | **94**
- 1.3 Communications on cross-border activity | **95**
- 1.4 Communications from financial institutions acting as credit intermediaries | **95**
- 2 Supervision of the activity | **96**
- 2.1 Advertising | **96**
- 2.2 Inspections | **97**
- 2.3 Bank customer complaints | **98**
- 3 Requests for information | **100**
- 4 Correction of irregularities and sanctions | **100**
- 4.1 Specific orders | **100**
- 4.2 Administrative offence proceedings | **102**

Annexes | **105**

- 1 Legislative and regulatory initiatives | **107**
- 2 Methodological notes for calculating which institutions received most complaints | **108**

Charts

Chart I.1.1 • Credit moratoria | Credit agreements covered, by type of beneficiary | As at the end of the period | December 2020 to July 2021 | **25**

Chart I.1.2 • Credit moratoria | Loans to private individuals covered, by type of moratorium | As at the end of the period | December 2020 to July 2021 | **25**

Chart I.1.3 • Public moratorium | Support measures applied to loans to private individuals | July 2021 | **26**

Chart I.1.4 • Home loans and consumer credit | Ratio of overdue loans (amount) | 2019 – July 2021 | **26**

Chart I.1.5 • Number of OASP proceedings commenced in home loans and mortgage credit | January 2019 – July 2021 | **27**

Chart I.1.6 • Number of OASP proceedings commenced in consumer credit | January 2019 – July 2021 | **28**

Chart I.2.1 • Complaints on COVID-19 matters | Monthly developments | 2021 (until July) | **30**

Chart I.2.2 • Complaints on COVID-19 matters | Distribution by matter | 2021 (until July) | **30**

Chart I.2.3 • Credit moratoria | Complaints by matter | 2021 (until July) | **31**

Chart I.4.1 • Requests for information on matters linked to COVID-19 | January to July 2021 | **36**

Chart I.4.2 • Requests for information on COVID-19 matters, per matter | January to July 2021 | **37**

Chart I.4.3 • Credit moratoria | Requests for information, by matter | January to July 2021 | **37**

Chart II.1.1 • BBAs | Developments in the number of accounts | 2018 – 1st half of 2021 (end-of-period figures) | **41**

Chart II.1.2 • BBAs | Accounts opened and closed | 1st half of 2021 | **42**

Chart II.1.3 • BBAs | Breakdown of accounts, by gender and age | 1st half of 2021 | **43**

Chart II.1.4 • BBAs | Breakdown of accounts | 1st half of 2021 | **43**

Chart II.2.1 • Advertising | Number of advertising materials monitored | 1st half of 2020 – 1st half of 2021 | **46**

Chart II.2.2 • Advertising | Types of advertising materials monitored | 1st half of 2021 | **47**

Chart II.2.3 • Advertising | Percentage of advertisements with irregularities | 1st half 2020 – 1st half 2021 | **48**

Chart II.2.4 • Advertising | Percentage of advertising advertisements with irregularities by type of product | 1st half of 2021 | **49**

Chart II.2.5 • Advertising | Non-compliance with Notice No. 10/2008 | 1st half of 2020 – 1st half of 2021 | **50**

Chart II.4.1 • Consumer credit | Number of agreements reported | 1st half of 2020
- 1st half of 2021 | **52**

Chart II.4.2 • OASP | Consumer credit | Distribution of agreements integrated in the OASP,
by type of agreement | 1st half of 2021 | **56**

Chart II.4.3 • OASP | Consumer credit | Reasons for termination | 1st half of 2020
- 1st half of 2021 | **57**

Chart II.5.1 • OASP | Home loans and mortgage credit | Reasons for termination
| 1st half of 2020 - 1st half of 2021 | **59**

Chart II.6.1 • Fees and expenses leaflets | Subject matters changed | 1st half of 2021 | **61**

Chart II.7.1 • Complaints | Developments in the monthly average number of complaints
lodged | 2011 – 1st half of 2021 | **63**

Chart II.7.2 • Complaints | Product and service subject to complaint (as a percentage)
| 2020 – 1st half of 2021 | **65**

Chart II.7.3 • Complaints | Consumer credit products | 1st half of 2021 | **66**

Chart II.7.4 • Complaints | Credit cards, personal loans and car loans^(a) | 1st half of 2021 | **67**

Chart II.7.5 • Complaints | Bank deposits | 1st half of 2021 | **68**

Chart II.7.6 • Complaints | Home loans and mortgage credit | 1st half of 2021 | **69**

Chart II.7.7 • Complaints | Credit cards | 1st half of 2021 | **70**

Chart II.7.8 • – Complaints | Credit transfers | 1st half of 2021 | **71**

Chart II.7.9 • Complaints | Loans to firms | 1st half of 2021 | **72**

Chart II.7.10 • Complaints | Cheques | 1st half of 2021 | **73**

Chart II.7.11 • Complaints | Per 1,000 Consumer credit agreements | 1st half of 2021 | **75**

Chart II.7.12 • Complaints | Per 1,000 current accounts | 1st half of 2021 | **76**

Chart II.7.13 • Complaints | Per 1,000 home loan and mortgage credit agreements
| 1st half of 2021 | **77**

Chart III.1.1 • Credit intermediaries | Status of applications for authorisation
| 2018 – 1st half of 2021 | **93**

Chart III.1.2 • Credit intermediaries | Status of requests to amend registrations
| 2018 – 1st half of 2021 | **94**

Chart III.2.1 • Credit intermediaries | Advertising materials monitored, by subject matter
| 1st half of 2021 | **97**

Chart III.2.2 • Credit intermediaries | Complaints received, by origin | 1st half 2021 | **99**

Chart III.3.1 • Credit intermediaries | Requests for information, by subject matter
| 1st half of 2021 | **100**

Tables

Table I.1.1 • Credit moratoria | As at the end of the period | December 2020 to July 2021 | **24**

Table I.2.1 • Special Redemption Conditions for Retirement, Education and Retirement/ Education Savings Plans | Specific Orders and Recommendations | January to July 2021 | **32**

Table I.2.2 • Credit moratoria | Administrative proceedings instituted | January to July 2021 | **33**

Table II.1.1 • BBAs | Number of accounts, by institution | 1st half of 2021 | **44**

Table II.2.1 • Advertising | Advertising materials monitored, by type of product | 1st half 2020– 1st half 2021 | **47**

Table II.3.1 • Structured deposits | Monitoring of pre-contractual information documents | 1st half of 2020 – 1st half of 2021 | **51**

Table II.3.2 • Structured deposits | Yields monitored | 1st half of 2020 – 1st half of 2021 | **51**

Table II.4.1 • PERSI | OASP | Consumer credit | Proceedings commenced, under analysis and concluded | 1st half of 2020 – 1st half of 2021 | **55**

Table II.4.2 • OASP | Consumer credit | Solutions agreed in proceedings concluded | 1st half of 2020 – 1st half of 2021 | **57**

Table II.4.3 • OASP | Consumer credit | Solutions agreed in concluded proceedings | 1st half of 2020 – 1st half of 2021 | **57**

Table II.5.1 • OASP | Home loans and mortgage credit | Proceedings initiated, under analysis and concluded | 1st half of 2020 – 1st half of 2021 | **59**

Table II.5.2 • OASP | Home loans and mortgage credit | Solutions agreed in proceedings concluded | 1st half of 2020 – 1st half of 2021 | **60**

Table II.5.3 • OASP | Home loans and mortgage credit | Conditions renegotiated in proceedings concluded | 1st half of 2020 – 1st half of 2021 | **60**

Table II.6.1 • Fees | Fees for the most representative services linked to payment accounts on the Fees Comparator (annual figures) | 1st half of 2021 | **62**

Table II.7.1 • Complaints | Number of entries, by origin | 2020 – 1st half of 2021 | **64**

Table II.7.2 • Complaints | Number of complaints by banking product and service | 2020 – 1st half of 2021 | **65**

Table II.7.3 • Complaints | Per 1,000 Consumer credit agreements | 1st half of 2021 | **74**

Table II.7.4 • Complaints | Per 1,000 current accounts | 1st half of 2021 | **75**

Table II.7.5 • Complaints | Per 1,000 home loan and mortgage credit agreements | 1st half of 2021 | **77**

Table II.8.1 • Specific orders and recommendations | By subject matter | 1st half of 2021 | **79**

Table II.8.2 • Specific orders | BBA | 1st half of 2021 | **79**

Table II.8.3 • Specific orders and recommendations | Advertising | 1st half of 2021 | **81**

Table II.8.4 • Specific orders and recommendations | Consumer credit
| 1st half of 2021 | **82**

Table II.8.5 • Specific orders and recommendations | Home loans and mortgage credit 2021
| 1st half of 2021 | **83**

Table II.8.6 • Specific orders and recommendations | Payment services
| 1st half of 2021 | **84**

Table II.8.7 • Administrative offence proceedings | By subject matter | 1st half of 2021 | **85**

Table III.4.1 • Credit intermediaries | Specific Orders | 1st half of 2021 | **101**

Table III.4.2 • Credit intermediaries | Administrative offence proceedings commenced
| 1st half of 2021 | **102**

Table III.1.1 • Legislative and regulatory initiatives | **107**

Figures

Figure I.3.1 • Bank Customer Website | Decoder: End of moratoria. How banks must act to prevent defaults. | **34**

Figure I.4.1 • Bank Customer Website | New rules on arrears prevention and management | **36**

Acronyms and abbreviations

APR	Annual percentage rate
APRC	Annual percentage rate of charge
ASF	Portuguese Insurance and Pension Funds Supervisory Authority (<i>Autoridade de Supervisão de Seguros e Fundos de Pensões</i>)
ATM	Automated Teller Machine
ATS	Automated Teller Stations
BBA	Basic Bank Accounts
BCW	Bank Customer Website (<i>Portal do Cliente Bancário</i>)
CCR	Central Credit Register (<i>Central de Responsabilidades de Crédito</i>)
CMVM	Portuguese Securities Market Commission (<i>Comissão do Mercado de Valores Mobiliários</i>)
ESIS	European standardised information sheet
IAS	Social Support Index (<i>Indexante dos apoios sociais</i>)
KID	Key Information Document
OASP	Out-of-court arrears settlement procedure
PRIIP	Packaged retail and insurance-based investment products
RCL	Complaint from the official complaints book (<i>Reclamação proveniente do Livro de Reclamações</i>)
RCO	Complaint received from other means (<i>Reclamação proveniente de outros meios</i>)
RGICSF	Legal Framework of Credit Institutions and Financial Companies (<i>Regime Geral das Instituições de Crédito e Sociedades Financeiras</i>)
RJSPME	Legal Framework of Payment Institutions and Payment Services (<i>Regime Jurídico dos Serviços de Pagamento e Moeda Eletrónica</i>)
SEPA	Single Euro Payments Area
SICAM	Integrated System of Mutual Agricultural Credit
SICOI	Interbank Clearing System (<i>Sistema de Compensação Interbancária</i>)
SIS	Standardised information sheet

1 Executive summary

In this *Summary Report on Banking Conduct Supervision*, the Banco de Portugal discloses the supervisory activities it undertook in retail banking markets during the first half of 2021.

Chapter I describes initiatives adopted to mitigate the impact of the pandemic on bank customers and the banking conduct supervision activities carried out in this field. It also presents the changes introduced to the regime applied to the prevention and management of arrears.

Chapter II details the activities carried out in supervising the conduct of institutions in the marketing of retail banking products and services. Mention is made of the main matters reviewed in inspections conducted and in complaints analysed, of non-compliances identified and corrective steps taken.

Chapter III describes the activities carried out in the authorisation and registration of credit intermediaries and the supervision of their activities.

... The Banco de Portugal continued to monitor the implementation of the extraordinary measures put in place to support households and firms in the context of the COVID-19 pandemic.

To mitigate the effects of the pandemic, the national legislator (i) extended the possibility of applying to the public moratorium until 31 March 2021 and for a maximum period of nine months; (ii) established the possibility of redemption, without any penalty, of retirement, education and retirement/education savings plans and (iii) approved amendments to the general arrears regime, specifying the procedures to be adopted by credit institutions in preventing and managing defaults and extending the Assistance Network for Indebted Consumers. In the context of the revision of the general arrears regime, specific measures were adopted to protect bank customers under moratoria. The Banco de Portugal monitored the implementation of these measures and promoted the public disclosure of the new rights for bank customers under moratoria on loan repayments and the prevention and management of arrears.

As a result of private moratoria expiring during the first half of the year, pursuant to data reported to the Banco de Portugal, the number of agreements under credit moratoria have decreased since the beginning of the year. At the end of July 2021, 381.4 thousand credit agreements benefited from support measures provided for in the public moratorium, covering 292.6 thousand debtors and an overall credit amount of €36,801 billion, of which 38.7% corresponded to loans to private individuals. The weight of loans under moratorium in the stock of credit granted to private individuals was 11.3%.

Although private moratoria have expired, the default ratio in home loans remained at 0.5% by the end of July 2021; in consumer credit, it decreased from 4.5% at the end of 2020 to 3.9%. The number of new agreements integrated in the out-of-court arrears settlement procedure (OASP) also dropped in the same period.

The legislator entrusted the Banco de Portugal with the supervision of supervised institutions' compliance with their duty to disclose information on the possibility of redemption, without any penalty, of retirement, education, retirement/education savings plans, products that are not subject to its conduct supervision. In fulfilling its mandate, the Banco de Portugal conducted inspections on the 98 institutions under its supervision that sell these products. There were 286 specific orders addressed to 97 institutions following inspections on the disclosure of special redemption conditions for retirement, education, retirement/education savings plans.

Until the end of July 2021, the Banco de Portugal received 388 complaints from bank customers on matters related to the implementation of credit moratoria (94%) and other mitigation measures adopted in the context of the pandemic. Five administrative proceedings were commenced against five institutions following the analysis of complaints on the implementation of credit moratoria.

... The Banco de Portugal conducted inspections on the disclosure of the basic bank account at all the institutions marketing them and continued to monitor the marketing practices of this account.

As at 30 June 2021, there were 141,421 basic bank accounts, up 20.4% from the end of the first half of 2020. In the first half of the year, 14,249 basic bank accounts were opened, 76% of which were converted from an existing demand deposit account at the institution, and 2,414 basic bank accounts were closed, 78% of which at the customer's initiative.

Inspections were conducted to check whether the 100 institutions that market the basic bank account had complied with their obligation to disclose, in the first current account statement sent annually, the possibility of customers converting that account into a basic bank account and whether, together with that statement, they had sent the information document on the basic bank account. Following the supervision programme developed in recent years, an inspection on the marketing practices of an institution's basic bank account was also carried out. Following the inspection on the basic bank account, 20 specific orders were addressed to six institutions to correct the irregularities detected.

... The number of advertising media disseminated by the supervised institutions almost doubled, mainly due to the growth in digital format.

The Banco de Portugal supervised 8,207 advertising media for banking products and services and institutional advertising, which represents an increase of 94% against the same period in 2020. The number of media geared towards products for sale on digital channels quadrupled. Of the media analysed by the Banco de Portugal after their public disclosure, 4.6% showed irregularities and 66 specific orders were issued to 28 institutions requiring the correction of non-compliances identified. Multiproduct campaigns were those with the highest default ratio (21.9%), followed by campaigns for home loans (19.2%) and credit lines (14.6%).

The Banco de Portugal also previously checked the compliance of the key information document of the 30 structured deposits marketed and confirmed the remuneration rates of the 49 matured structured deposits.

... The supervision of consumer credit marketing practices in digital channels remained one of the priorities of the Banco de Portugal's conduct supervision.

The Banco de Portugal assessed the marketing practices of 80 institutions for personal loans and credit cards in digital channels. In this action, compliance with information and customer service duties was checked, as well as the methods used to confirm the customer's intention to take out the credit products and the mechanisms to ensure the right of withdrawal and early repayment.

Following these inspections, 234 specific orders were issued to 78 institutions to correct the irregularities detected.

The Bank also carried out inspections of two institutions to evaluate the marketing practices for personal loans, credit cards, credit lines and overdraft facilities. In this action, the procedures adopted to assess the customer's creditworthiness, the fulfilment of information duties, the process of formation of loan agreements and the compliance with the obligations to report information to the Banco de Portugal were analysed. Following these inspections, 24 specific orders were issued to two institutions to correct irregularities detected.

As regards home loans, the Banco de Portugal supervised the practice of charging interest and other charges on overdue payments.

The inspection on the practice of charging interest and other charges in the event of default on home loans covered 99 institutions. The Banco de Portugal noted that 80 credit institutions unduly included in their loan agreements clauses that provided for the possibility of, as a result of a borrower's default, no longer applying the interest rate subsidy associated with the purchase of other products or services. Following these inspections, 160 specific orders were issued to 80 institutions for correction of irregularities detected.

In consumer credit and home loans, fewer OASP proceedings were commenced than in the second half of 2020.

In consumer credit, institutions reported to the Banco de Portugal the institution of 274,748 OASP proceedings, which represents a 6.2% decrease compared to the previous semester. These proceedings encompassed 232,527 loan agreements and a total outstanding amount of €611.6 million. In the same period, institutions concluded 266,224 OASP proceedings related to 215,769 consumer credit agreements, corresponding to a total outstanding amount of €534.4 million. Arrears were settled in 43.5% of the proceedings closed (43.9% in the previous half-year).

In home loans and mortgage credit, institutions reported the commencement of 16,581 OASP proceedings, which corresponds to a 5.8% drop on the previous half-year. These proceedings involved 13,654 loan agreements and a total outstanding amount of €626.8 million. In the same period, 15,363 OASP proceedings were closed, involving 11,544 loan agreements and a total outstanding amount of €526.1 million. Arrears were settled in 73.2% of the proceedings closed (66.8% in the second half of 2020).

The Banco de Portugal received 9,646 complaints from bank customers in the context of its banking conduct supervision duties.

In the first half of 2021, an average of about 1,608 complaints per month were received, which corresponds to a 1.9% decrease against the monthly average of 2020. This decrease is explained by the drop in the number of complaints regarding the implementation of pandemic mitigation measures; without these matters, the number of complaints would have been 3.3% higher, mainly as a result of the increase in complaints about consumer credit matters.

The Electronic Complaints Book was the channel most used by bank customers to lodge complaints

(corresponding to 39.6% of complaints received), followed by the Bank Customer Website (25.2%) and the complaints book in physical format available at any branch of the institutions (24.8%).

Consumer credit, bank deposits and home loans and mortgage credit accounted for 68.9% of complaints, which is explained by their preponderance in the set of products and services marketed. Comparing the figures obtained for 2020 with those for the first half of 2021, complaints about consumer credit increased from 20 to 23 per 100,000 agreements. On the contrary, the number of complaints per 100 thousand agreements dropped in bank deposits - from 17 to 14 - and in home loans and mortgage credit - from 59 to 58.

No signs of infringement were detected in 59.8% of complaints closed in the first half of 2021 (61.1% in 2020); in all other cases, the matter subject to complaint was solved by the institution on its own initiative or following the Banco de Portugal's intervention. As a result of the analysis of complaints closed in this period, the Banco de Portugal commenced 54 administrative proceedings against 23 institutions, involving the analysis of 230 complaints, and issued 17 specific orders to seven institutions.

Following the inspections and the analysis of complaints, 822 specific orders and recommendations were issued to 117 institutions.

The specific orders and recommendations were addressed to 97 institutions), including in the marketing of consumer credit (273 specific orders and recommendations, addressed to 82 institutions) and home loans and mortgage credit (162 specific orders and recommendations, also covering 82 institutions).

In the performance of its banking conduct supervisory authority, the Banco de Portugal opened 57 proceedings against 23 institutions. Most of these proceedings (95%) resulted from the analysis of complaints from bank customers (204 complaints). The matters most targeted in the proceedings were bank deposits (14 proceedings against eight institutions), payment services (13 proceedings against 12 institutions) and consumer credit (11 proceedings against 10 institutions).

The Banco de Portugal approved 220 requests for authorisation to exercise the credit intermediary activity.

At the end of the first half of 2021, 5,257 credit intermediaries were registered, 3.5% more than at the end of the previous year.

In the period under review, no requests for certification of training entities were received, and the analysis of two requests submitted in 2020 was completed. The requests for certification in question were refused, as the interested parties have failed to prove their compliance with applicable requirements. At the end of the first half of 2021, there were eight training entities certified by the Banco de Portugal to provide training in home and mortgage loans, consumer credit and credit intermediation.

The Banco de Portugal has intensified its supervision of credit intermediaries of credit intermediaries, with an emphasis on advertising.

In supervising the activity of credit intermediaries, the Banco de Portugal analysed 40 advertising materials. 14 administrative offence proceedings were opened against 14 credit intermediaries for non-compliance with the applicable rules on advertising.

The Banco de Portugal carried out inspections of 43 entities. In these actions, it assessed whether credit intermediaries had a website and provided adequate means for consumers to be attended (in case they operated exclusively at a distance) and also verified compliance with the ban on the production of advertising for credit products by non-linked intermediaries. It also verified whether they were engaged in activities that are forbidden to them and whether they were unduly resorting to third parties to provide credit intermediation services. Following these inspections 135 specific orders were issued to 43 intermediaries.

The Banco de Portugal received 38 complaints from bank customers regarding the performance of these entities and closed 46 complaints. As a result of this analysis, a specific order was issued to one credit intermediary and four administrative proceedings were initiated against four credit intermediaries.

In the same period, six administrative proceedings were also instituted for failure to comply with the rules on amendments to the registration.

The Banco de Portugal has issued 150 specific orders and instituted 24 administrative proceedings against 69 and 24 credit intermediaries, respectively.

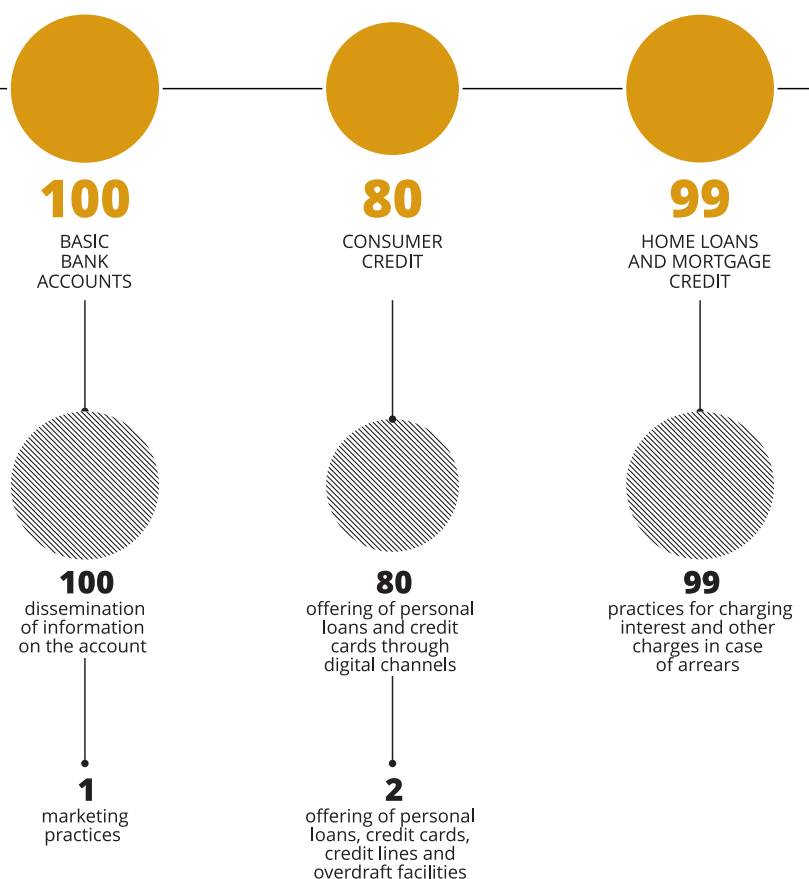
Banking conduct supervision in numbers **1st half of 2021**

The Banco de Portugal is responsible for supervising the banking conduct of credit institutions, financial companies, payment institutions and electronic money institutions. The Bank is also responsible for authorising, registering and supervising credit intermediaries.

Inspections

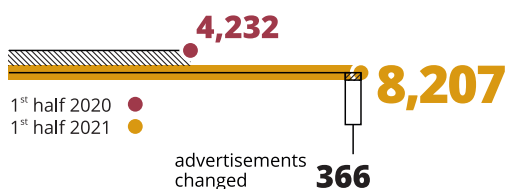
Institutions covered

1st half 2021 ●



Monitoring of advertising

ADVERTISEMENTS

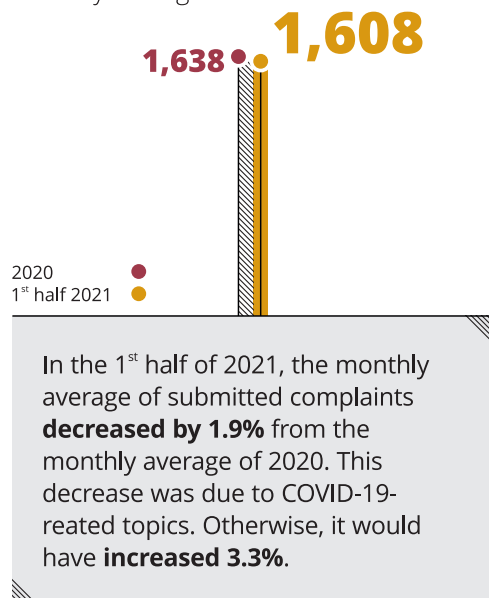


The default ratio was higher in **multi-product campaigns**: irregularities were found in 21.9% of the advertisements analysed.

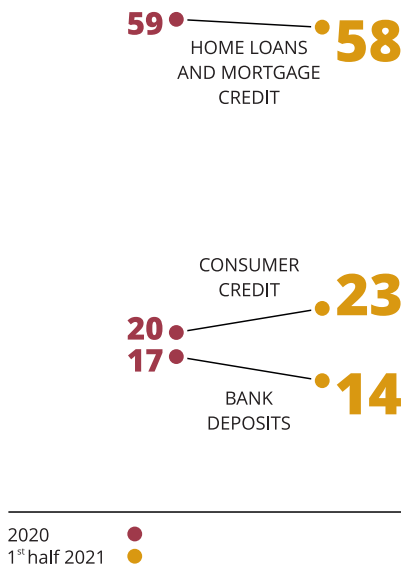
Complaints about institutions

FROM BANK CUSTOMERS

monthly average

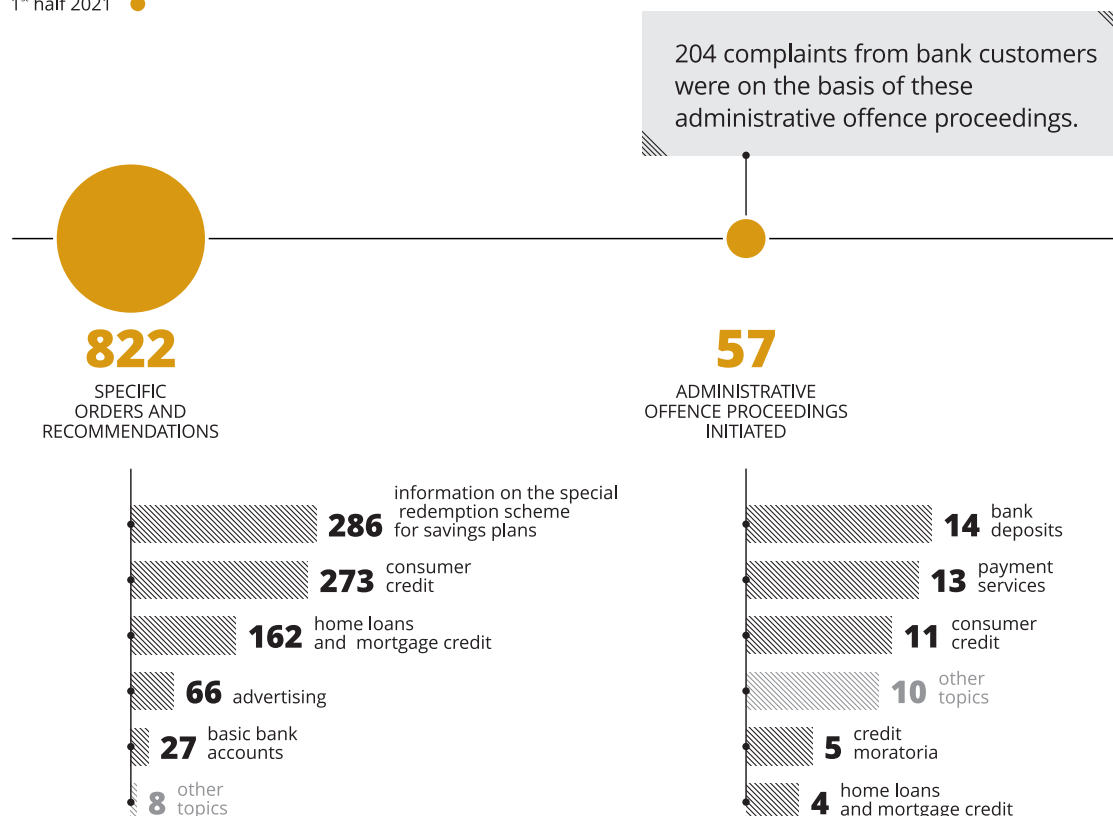


complaints per 100,000 agreements/accounts



Correction of irregularities and sanctions

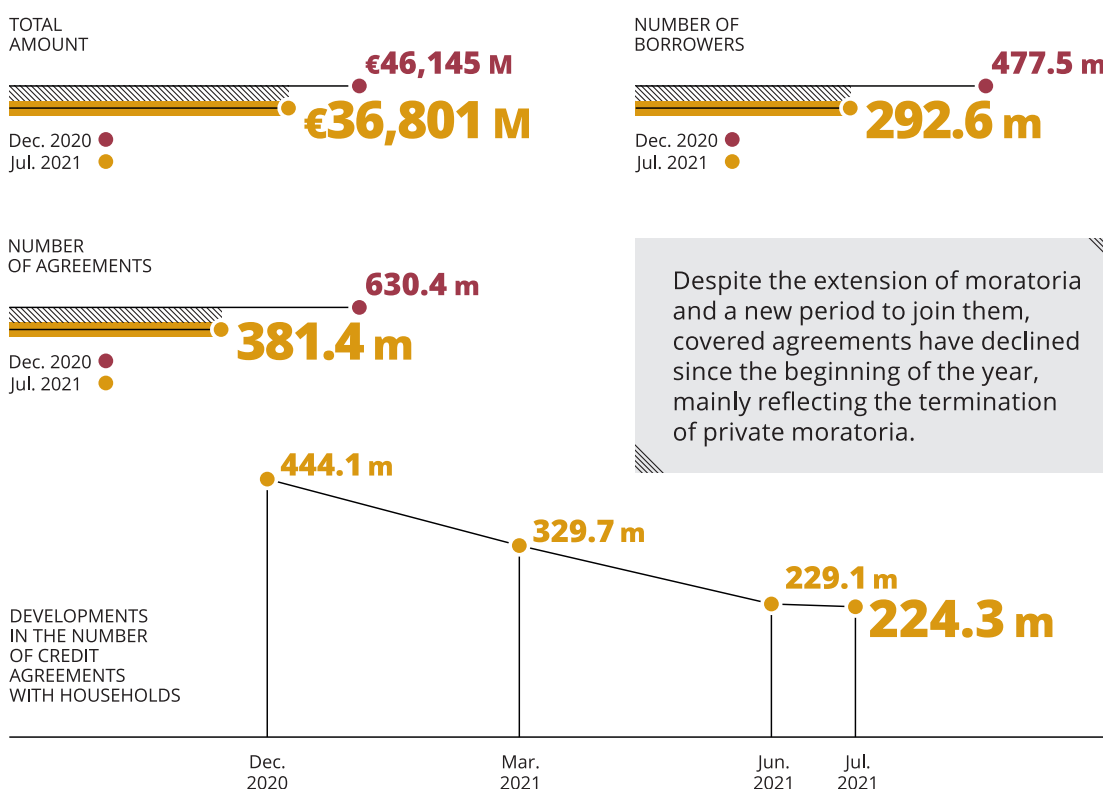
1st half 2021 •



Credit moratoria **Jan. to Jul. 2021**

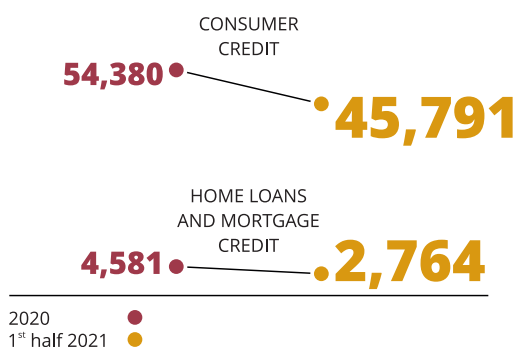
The Banco de Portugal monitors the evolution of credit moratoria via the reporting by institutions. At the end of July 2021, a total of 381,400 credit agreements benefited from moratoria.

Amounts, agreements and borrowers covered



Households' default

NEW AGREEMENTS INTEGRATED IN THE OASP*
monthly average



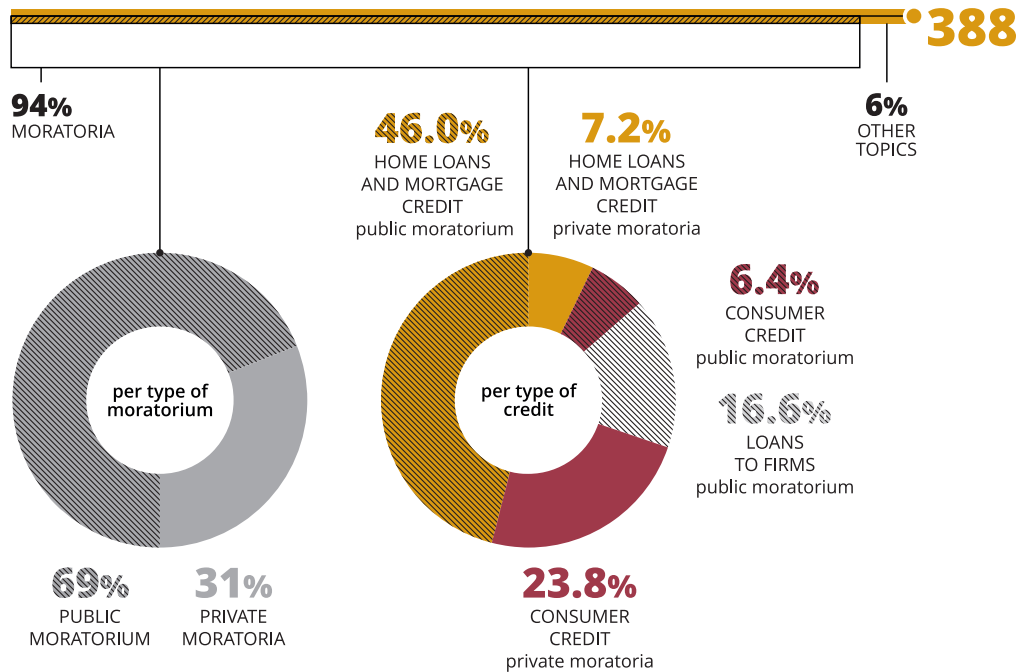
*Out-of-court Arrears Settlement Procedure

Complaints about institutions

FROM BANK CUSTOMERS

Jan. to Jul. 2021 ●

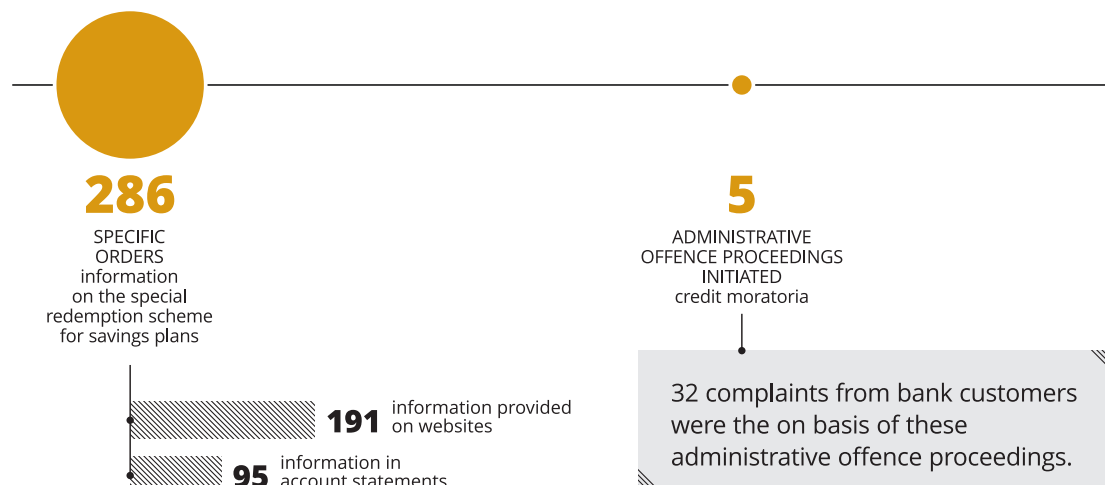
COVID-19-RELATED TOPICS



COVID-19-related complaints accounted for 3% of total complaints submitted until July 2021.

Correction of irregularities and sanctions

Jan. to Jul. 2021 ●



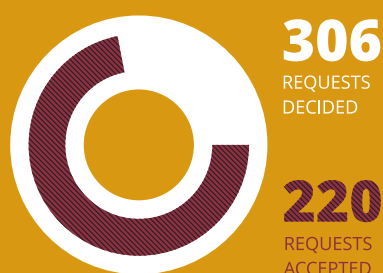
Authorisation, registration and supervision of credit intermediaries

1st half of 2021

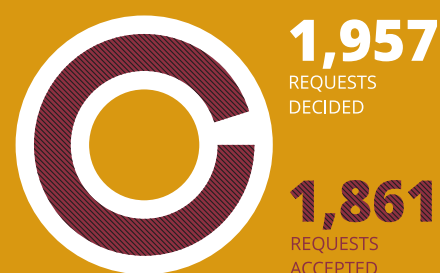
In the 1st half of 2021, the Banco de Portugal received 279 applications for authorisation to pursue the activity of credit intermediary. At the end of the 1st half of 2021, a total of 5,257 credit intermediaries were registered.

Authorisation and registration

REQUESTS FOR AUTHORISATION



REQUESTS FOR CHANGE OF REGISTRATION

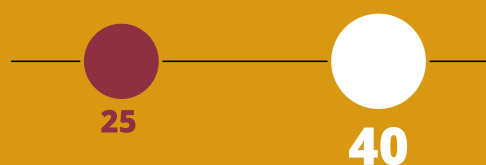


Monitoring and correction of irregularities

MONITORING

1st half 2020 ● 1st half 2021 ●

ADVERTISEMENTS ANALYSED

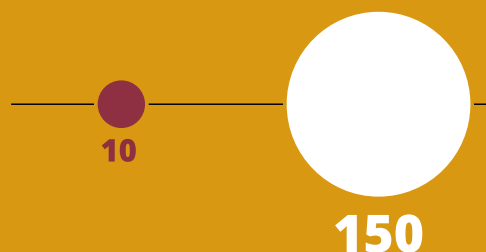


COMPLAINTS RECEIVED FROM BANK CUSTOMERS

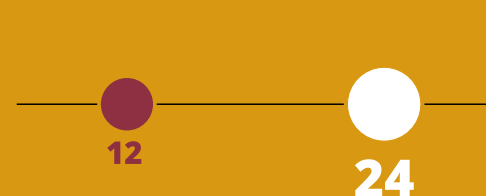


CORRECTION OF IRREGULARITIES AND SANCTIONS

SPECIFIC ORDERS AND RECOMMENDATIONS ISSUED



ADMINISTRATIVE OFFENCE PROCEEDINGS INITIATED



I Banking conduct supervision in the context of the COVID-19 pandemic

1 Credit moratoria

2 Supervision of financial institutions

3 New rules on arrears prevention and management

4 Information to bank customers

1 Credit moratoria

... The development of the COVID-19 pandemic has justified the
... extension of support measures for households and firms.

The expiry date of the public moratorium introduced by Decree-Law No10-J/2020 of 23 March 2020 was extended until 30 September 2021¹. In addition, new applications for public moratorium were allowed between 1 January and 31 March 2021².

Against this backdrop, bank customers who had not previously benefited from any moratorium (public or private) could apply for public moratorium for a maximum period of 9 months. Customers who had benefited from a public or private moratorium for a period of less than nine months were also allowed to apply for public moratorium by complying with applicable access criteria. However, it was established that the application of this moratorium would end when nine months of support measures for the agreements concerned had elapsed.

Applications for public moratorium between January and March 2021 were subject to the remaining access requirements resulting from legislative amendments introduced throughout 2020.

As of 1 April 2021, only the interest-only period will apply to agreements covered by the public moratorium scheme for firms in sectors not particularly affected by the pandemic. Consumer credit agreements are also excluded from this amendment.

Bank customers who have not made use of the support measures for a period of nine months or more could also apply for private moratoria promoted by the Portuguese Banking Association (APB) between 1 January and 31 March 2021.

However, these support measures were only in force until 31 March 2021 for mortgage credit agreements and until 30 June 2021 for consumer credit agreements. Bank customers who benefited from the APB's private moratoria for home loans or consumer credit agreements resumed their payments from April and July 2021 respectively.

... Despite the extension of the moratoria and a new application
... period, the number of agreements covered dropped since the
... beginning of the year, reflecting the end of private moratoria

By the end of July 2021, 381.4 thousand credit agreements were benefiting from credit moratoria. These agreements covered 292.6 thousand debtors and an overall credit amount of €36,801 million, of which 38.7% related to loans to private individuals, corresponding to 11.3% of their credit stock^{3,4}.

1. Decree-Law No 78-A/2020 of 29 September 2020.

2. Decree-Law No 107/2020 of 31 December 2020.

3. See chapter 2 of the *Banking Conduct Supervision Report of 2020*.

4. Due to its particular relevance, it was decided to present in this chapter the latest information, not limited to the first half of 2021. Data presented is based on information reported by institutions under Instructions No 13/2020 and No 23/2020, as well as on information reported to the Central Credit Register of the Banco de Portugal.

Table I.1.1 • Credit moratoria | As at the end of the period | December 2020 to July 2021

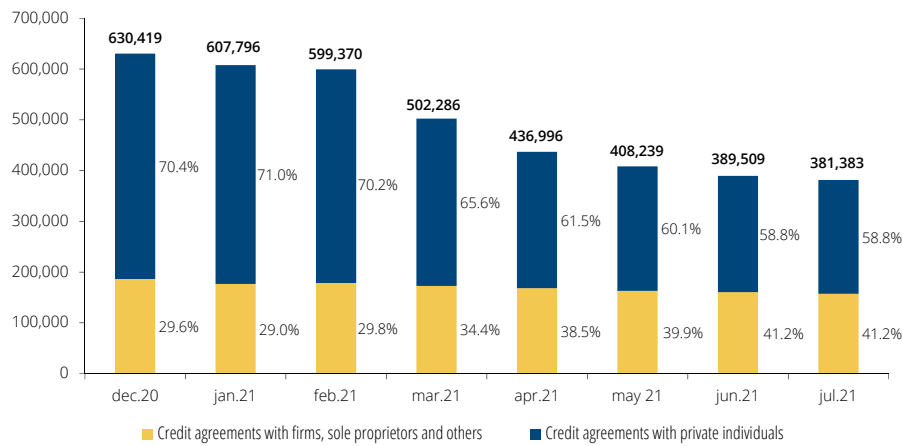
	dec. 20	jan. 21	feb. 21	mar. 21	apr. 21	may 21	jun. 21	jul. 21
Amount of credit under moratoria (EUR millions)	46,145	45,671	45,577	42,493	39,653	38,474	37,475	36,801
of which:								
Individuals	20,066	19,993	19,638	17,087	15,193	14,723	14,422	14,247
Non-financial corporations	24,766	24,399	24,679	24,305	23,587	22,935	22,300	21,816
Others	1,313	1,279	1,260	1,101	873	816	753	738
Amount of loans under moratoria as a percentage of the total								
Loans to private individuals	16.2	16.1	15.8	13.7	12.2	11.7	11.5	11.3
Loans to firms	33.6	33.2	33.3	32.6	31.5	30.4	29.5	28.8
Debtors with loans subject to moratorium (thousands of debtors)	477.5	471.5	454.8	386.2	340.5	313.8	298.0	292.6
of which private customers	413,2	407,7	391,0	325,5	283,2	258,1	243,4	238,6
Agreements subject to credit moratoria (thousands of agreements)	630.4	607.8	599.4	502.3	437.0	408.2	389.5	381.4
of which								
Public moratorium	417.3	409.1	413.0	406.7	399.7	392.0	386.9	381.4
Credit for permanent residential property and other mortgage credits	230.7	232.4	234.3	233.8	231.1	228.8	226.3	224.1
Personal loans for education	0.2	0.2	0.2	0.3	0.3	0.3	0.2	0.2
Loans to firms, sole proprietors and others	186.3	176.5	178.5	172.6	168.4	163.0	160.3	157.1
Private moratoria	213.2	198.7	186.3	95.6	37.3	16.3	2.7	0.0
Consumer credit	141.9	128.3	119.7	69.8	37.2	16.3	2.6	0.0
Mortgage credit	71.3	70.4	66.7	25.8	0,0	0,0	0,0	0,0

Source: Banco de Portugal.

Private moratoria having expired⁵, agreements benefiting from public moratorium were at stake, namely credit agreements for permanent residential property and other mortgage credits (59%) and loans to firms (41%).

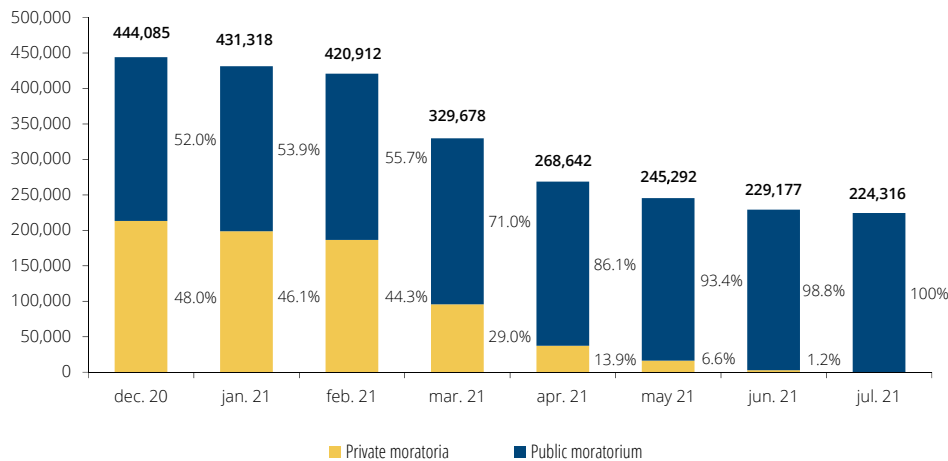
5. Loans granted to private customers, including sole proprietorships and non-profit organisations serving households.

Chart I.1.1 • Credit moratoria | Credit agreements covered, by type of beneficiary | As at the end of the period | December 2020 to July 2021



Source: Banco de Portugal.

Chart I.1.2 • Credit moratoria | Loans to private individuals covered, by type of moratorium | As at the end of the period | December 2020 to July 2021

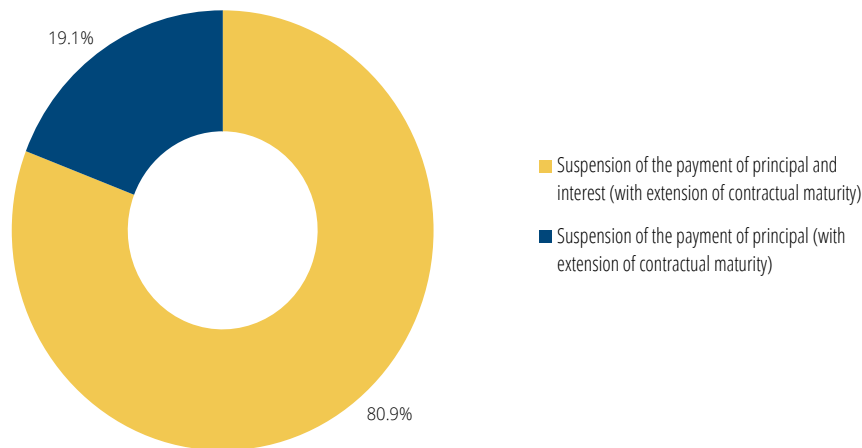


Source: Banco de Portugal.

By the end of July 2021, 58.8% of the agreements under moratorium had households as their beneficiaries.

In credit agreements concluded with individuals benefiting in July 2021 from the public moratorium, the most frequently applied support measure was the suspension of principal and interest payments with extension of the contractual term (80.9%), followed by the suspension of principal payments (19.1%).

Chart I.1.3 • Public moratorium | Support measures applied to loans to private individuals | July 2021



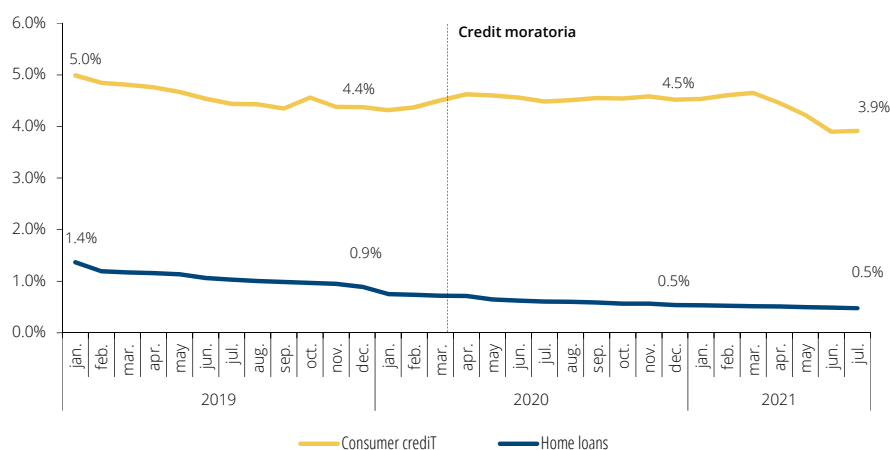
Source: Banco de Portugal.

... In consumer credit and home loans, fewer OASP proceedings were opened than in the second half of 2020.

In the first half of 2021, the ratio between the amount in default and the amount outstanding on home loans remained unchanged at 0.5%, following a decline over 2020.

In consumer credit, the default ratio rose in the first quarter of 2021, from 4.5% at end-2020 to 4.7% in March, but dropped in the second quarter of 2021, standing at 3.9% in June 2021. This trend arises after a relative stability in 2020, in the period that followed the implementation of moratoria, where the ratio ranged between 4.5% and 4.6%.

Chart I.1.4 • Home loans and consumer credit | Ratio of overdue loans (amount) | 2019 – July 2021



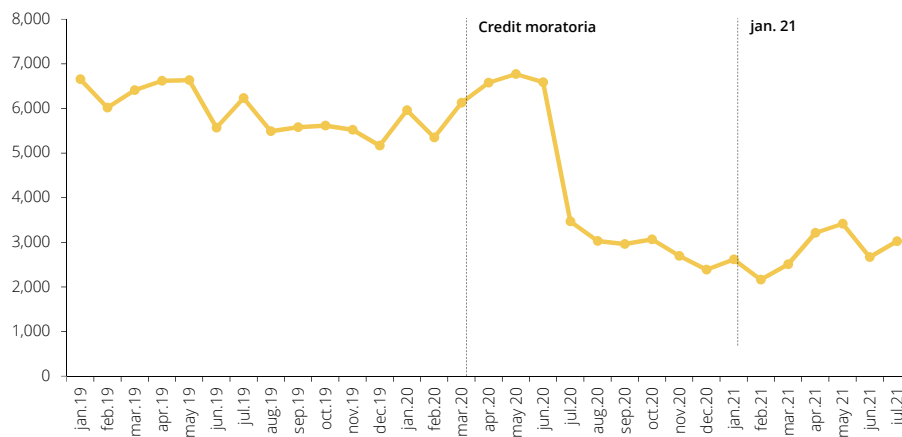
Source: Central Credit Register of the Banco de Portugal.

Bank customers struggling to meet their home loan and consumer credit obligations have access to measures for the prevention and settlement of defaults⁶. Lenders are required to put in place procedures and measures to monitor bank customers at risk of default, under a Pre-Arrears Action Plan (PRAP), and to negotiate settlement solutions with those who have already failed to comply with their contractual obligations, under the Out-of-court Arrears Settlement Procedure (OASP).

The number of mortgage and home loan proceedings integrated in the OASP fell in the first half of 2021, a period with a monthly average of 2,764 OASP proceedings commenced, against 2,934 in the second half of 2020. This development is deemed to be associated with the implementation of the public moratorium, which, since its inception, covered permanent residential property loan agreements and, from June 2020, covers other mortgage loans concluded by consumers⁷.

The number of consumer credit agreements covered by the OASP⁸ also decreased in the first half of 2021, when a monthly average of 45,791 OASP proceedings commenced was recorded, against 48,808 commenced in the second half of 2020.

Chart I.1.5 • Number of OASP proceedings commenced in home loans and mortgage credit | January 2019 – July 2021



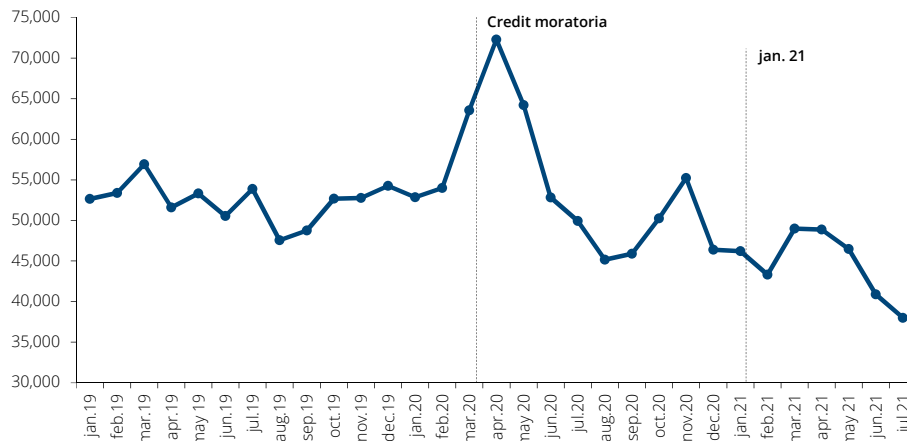
Source: Banco de Portugal.

6. As mentioned above, the private moratoria fostered by the Portuguese Banking Association (APB) ended on 31 March in the case of the moratorium on mortgage credit agreements, and on 30 June 2021 in the case of moratorium on consumer credit agreements. In turn, the private moratorium promoted by the Portuguese Association of Institutions Specialised in Consumer Lending (ASFAC), which covered consumer credit agreements, ended in September 2020, although the majority of the institutions that signed the protocol establishing this moratorium agreed to extend it until 31 December 2020.

7. Decree-Law No 227/2012 of 25 October 2012.

8. OASP proceedings concerning home loans and mortgage credit commenced in the first half of 2021 are detailed in section III.6.2 of this report.

Chart I.1.6 • Number of OASP proceedings commenced in consumer credit | January 2019 – July 2021 2021



Source: Banco de Portugal.

2 Supervision of financial institutions

2.1 Duty to inform customers

In the context of extraordinary measures to support households whose income was affected by the COVID-19 pandemic, the national legislator established the possibility of redemption of retirement, education and retirement/education savings plans, without any penalty, under exceptional situations⁹.

Until 30 September 2021, the participants in these savings plans could request their redemption, up to the monthly limit of the value of IAS¹⁰, provided that one of the members of their household is in preventive isolation or sick, taking care of children or grandchildren, has been placed in a situation of reduction of normal working hours or suspension of employment, due to a business crisis, or is unemployed.

If one of the household members is a tenant on a tenancy agreement entered into until 31 March 2021, the participants in the savings plans may request their redemption to settle rentals subject to moratorium, within a monthly threshold of 1.5 of the IAS value.

Entities marketing savings plans were required to disclose information about this right on their websites and in account statements sent to customers. This information should be made visibly available and include a description of the conditions to be met by customers so to benefit from this exceptional measure, as well as the contacts to be used to clear up any doubts and obtain further information.

The legislator entrusted the Banco de Portugal with the task of supervising the compliance with this reporting duty by entities subject to its supervision, although the activities of these entities in the marketing of the aforementioned products do not fall within the scope of the Banco de Portugal's intervention in the exercise of its role as conduct supervisor.

9. Article 362 of Law No 75-B/2020 of 31 December 2020, which approved the State Budget for 2021..

10. The IAS value set for 2021 is €438.81.

... The Banco de Portugal has inspected the disclosure of special redemption conditions for retirement, education and retirement/education savings plans in current account statements and on the websites of 98 credit institutions selling these products.

When inspecting the disclosure of special redemption conditions for retirement, education and retirement/education savings plans in current account statements, assessment was made in 98 institutions of:

- The provision of information on the possibility to redeem, under special conditions, retirement, education and retirement/education savings plans in current account statements.

A total of 90 institutions were identified as having failed in providing this information.

- The content of the information provided, and also the compliance with the requirements laid down by law, including the reference to the availability of more detailed information on the institution's website, as well as the availability of contacts to settle any doubts and obtain further information.

Five institutions were identified as not reporting this information in a complete manner.

Following this inspection, 95 specific orders and recommendations were issued to 95 institutions¹¹.

When inspecting the disclosure of special redemption conditions for retirement, education and retirement/education savings plans on websites, assessment was made in 98 institutions of:

- The provision of information on the possibility to redeem, under special conditions, retirement, education and retirement/education savings plans in a visible place on websites.

A total of 90 institutions provided no information on the possibility of redemption of retirement, education and retirement/education savings plans in a prominent place on their websites and displayed no information on this possibility.

- The content of the information provided, having assessed: (i) the disclosure of conditions of access to the exceptional redemption regime for retirement, education and retirement/education savings plans, (ii) the possibility of early repayment without any penalty or loss of tax benefits, provided that the retirement, education and retirement/education savings plans have been subscribed for until 31/03/2020, (iii) the display of monthly redemption thresholds per beneficiary and insurer and (iv) the provision of contacts to be used to settle any doubts and obtain further information;

A total of 11 institutions were identified as not complying on their websites with legal requirements on information to be provided to customers on redemption conditions for retirement, education and retirement/education savings plans, and 84 showed some shortcomings in this respect.

Following this inspection, 191 specific orders and recommendations were issued to 97 institutions¹².

11. See point 2.3 below.

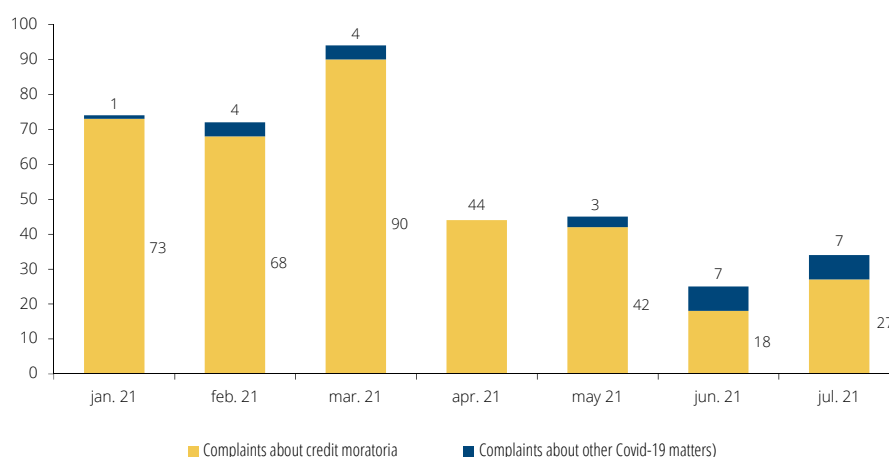
12. See point 2.3 below.

2.2 Bank customer complaints

Between January and July 2021, the Banco de Portugal received 388 complaints from bank customers on matters related to measures to mitigate the effects of the COVID-19 pandemic on retail banking markets (COVID-19 matters).

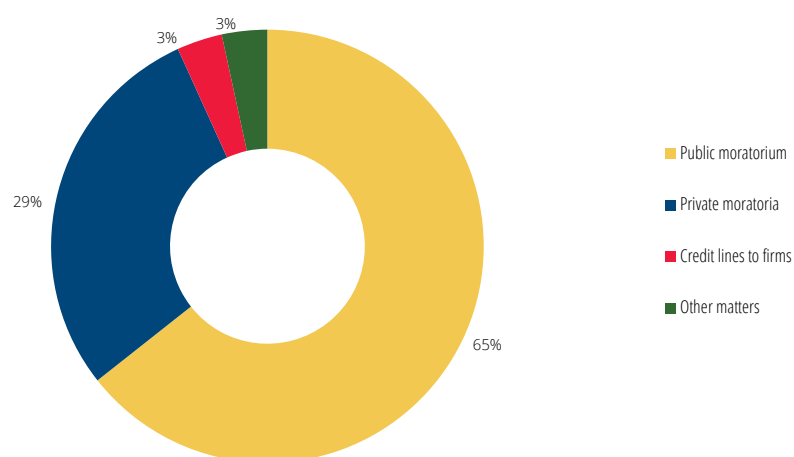
Complaints about COVID-19 matters represented about 3% of total complaints received up to July 2021, most of them (94%) concerning the application of moratoria.

Chart I.2.1 • Complaints on COVID-19 matters | Monthly developments | 2021 (until July)



Source: Banco de Portugal.

Chart I.2.2 • Complaints on COVID-19 matters | Distribution by matter | 2021 (until July)



Source: Banco de Portugal.

Complaints about the public moratorium on home loan agreements, which represented 46% of complaints about credit moratoria received until July 2021, focused, in particular, on:

- i)** Credit institutions' failure to comply with the deadline for the implementation of the moratorium,
- ii)** The refusal of access to the moratorium, between January and March 2021, regarding loan agreements that had previously benefited from moratoria for more than nine months, and
- iii)** The collection of instalments during the moratorium, and
- iv)** The end of the effects of the moratorium.

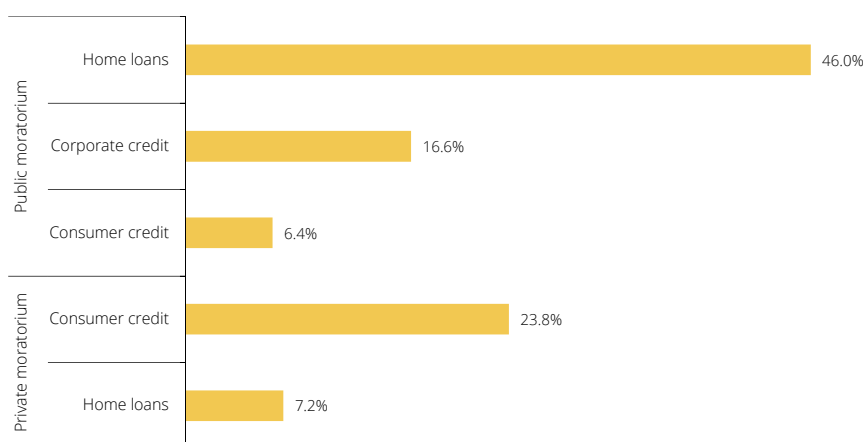
In complaints about the public moratorium on loans to firms agreements, which represented 16.6% of complaints about credit moratoria, concerns were raised, among other aspects, about:

- i)** The requirements for accessing the public moratorium, in particular the application of this support measure to credit agreements concluded after 26 March 2020 (i.e., the entry into force of the public moratorium scheme),
- ii)** The delay in the implementation of the moratorium,
- iii)** The effects of the moratorium on the repayment schedule of the credit agreement, in particular during the extended period (between 31 March 2021 and 30 September 2021), and
- iv)** The collection of instalments during the moratorium.

In the context of private moratoria in consumer credit agreements, which represented 23.8% of complaints about moratoria, matters related, in particular, to

- i)** Conditions of access to private moratoria,
- ii)** The period of implementation and duration of said moratoria,
- iii)** The refusal to apply private moratoria, and
- iv)** Upon expiry of private moratoria, the procedures adopted by credit institutions in the event of risk of default or actual default.

Chart I.2.3 • Credit moratoria | Complaints by matter | 2021 (until July)



Source: Banco de Portugal.

In complaints about credit lines supporting the business activity in the context of the COVID-19 pandemic, which accounted for 3% of complaints about COVID-19 pandemic mitigation measures in retail banking markets, concerns were raised, namely about:

- i) The conditions of access to these credit lines, in particular documents required and the deadline for submitting an application,
- ii) The delay in processing applications for access and
- iii) The refusal of the credit, in particular on the basis of the risk analysis of the operation.

Of the 460 complaints closed until the end of July on these matters, around 48% were remedied by the institution, either on its own initiative or through the Banco de Portugal's intervention, and in 52% of the cases there was no evidence of infringement by the complainant. The analysis of these complaints led to the opening of five administrative proceedings against five institutions, entailing 32 complaints¹³.

2.3 Correction of irregularities and sanctioning

By the end of July 2021, 200 specific orders and 86 recommendations were addressed to 97 institutions, following inspections which focused on information to bank customers regarding the special redemption conditions for retirement, education and retirement/education savings plans¹⁴, as a measure to mitigate the effects of the COVID-19 pandemic.

Table I.2.1 • Special Redemption Conditions for Retirement, Education and Retirement/Education Savings Plans | Specific Orders and Recommendations | January to July 2021

Matter	Number	Institutions covered
Information on websites	191	97
Information on account statements	95	95
Total	286	–

Source: Banco de Portugal. | Notes: In the first half of 2021, specific orders and recommendations were addressed to 97 institutions. The Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L. (Central Mutual Agricultural Credit Bank) – and the mutual agricultural credit banks that are members of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM, Integrated Mutual Agricultural Credit Scheme) were assessed separately.

The specific orders issued required institutions to comply with the following obligations:

- The provision of information on the websites about the possibility to redeem retirement, education and retirement/education savings plans under special conditions, with 94 institutions being required to ensure the disclosure of this information in a prominent place on their websites¹⁵ and 10 institutions being required to ensure that the content of the information complies with legislation in force. It was also recommended to 84 institutions to specify the amounts corresponding to the monthly reimbursement thresholds per beneficiary and insurer and to two institutions to disclose contacts to be used by customers to obtain explanations or additional information;
- The provision of information in account statements about the possibility of redemption of retirement, education and retirement/education savings plans under special conditions. A total of 90

13. See point 2.3 below.

14. Law No 75-B/2020 of 31 December 2020.

15. Article 362(4) of Law No 75-B/2020 of 31 December 2020.

institutions were required to disclose this information. Five institutions were also required to include a reference in the information provided on the website where the customer could obtain information on the applicable conditions and the contacts that the customer could use to settle any doubt and obtain further information¹⁶.

Between January and July, administrative proceedings were opened against five institutions regarding the application of the moratoria, based on irregularities detected in 32 complaints.

Table I.2.2 • Credit moratoria | Administrative proceedings instituted | January to July 2021

Matter	Number	Institutions covered
Public moratorium implementation	5	5

Source: Banco de Portugal

The administrative proceedings were based on failure to implement the public moratorium within five working days at the latest, upon receipt of the application form and the documents proving that the access conditions were met, effective on the date the declaration¹⁷ is delivered, and the refusal to apply the support measure despite beneficiary entities meeting the legal requirements.

3 New rules on arrears prevention and management

The legislator approved, in early August 2021, amendments to the regulatory framework applicable to the prevention and management of arrears (the so-called “general default regime”)¹⁸.

As a result of these amendments, from 7 August 2021 onwards, institutions will have new obligations to monitor bank customers at risk of default or in arrears with their obligations under loan agreements.

The scope of application of the general default regime was amended to cover, in addition to credit institutions, financial corporations, payment institutions and electronic money institutions. Its rules now also apply to financial leases.

In the context of the PRAP, applicable prior to arrears, the duties of systematic and regular monitoring of credit agreements, in order to identify early signs of deterioration in customers’ financial capability.

16. Article 362(4) of Law No 75-B/2020 of 31 December 2020.

17. Article 5(3) of Decree-Law No 10/2020 of 26 March 2020.

18. Decree-Law No 227/2012 of 25 October 2012, as amended by Decree-Law No 70-B/2021 of 6 August 2021, which entered into force on 7 August.

In this context, institutions must take into account, for example, the registration in the Central Credit Register of defaults on other contracts, unemployment, loss of income or the fact that the customer is working in an ailing sector. Within 15 days after providing the requested information to the customer, the institution must make adequate offers for the prevention of default on credit agreements, which are listed, by way of example, in the law.

New requirements for reporting information to the Banco de Portugal on credit agreements at risk of default (PRAP) were also established.

Figure I.3.1 • Bank Customer Website | Decoder: End of moratoria. How banks must act to prevent defaults.



Source: Banco de Portugal (<https://cliente.bancario.bportugal.pt/pt-pt/material/fim-das-moratorias-como-os-bancos-tem-de-atuar-para-prevenir-incumprimentos>).

Institutions are now also prohibited from increasing the interest rate contractually agreed under agreements with bank customers aimed at preventing or settling arrears. They should also monitor the effectiveness of the solutions agreed with customers under the PRAP and OASP and, where appropriate, offer fresh solutions to customers.

The Assistance Network for Indebted Consumers, the network of entities that provide, free of charge, information, advice and support to bank customers struggling to pay back their loans has been extended to information and arbitration centres for consumer disputes. It is also envisaged that the Directorate-General for Consumers and the Banco de Portugal will organise training initiatives for the Assistant Network for Indebted Consumers' (RACE) entities.

The Directorate-General for Consumers was expressly given the possibility of establishing a cooperation agreement with the Banco de Portugal.

- ... The legislator also established a set of specific protection measures for bank customers with credit agreements subject to moratoria, in order to mitigate the effects of their termination.

As for bank customers with credit agreements under public moratorium, the institutions are bound to adopt the measures associated with PRAP at least 30 days before the end of the measure, by contacting these customers and assessing their financial standing. Institutions are also required to offer their customers, at least 15 days before the end of the moratorium, adequate solutions to their current financial status upon confirmation that the customer is at risk of defaulting on the obligations arising from the credit agreement but has the financial capability to avoid this default by, for example, renegotiating the agreement or restructuring the debt.

Should the bank customer fail to pay the instalments of the credit agreement and be included in the PRAP within 90 days following the end of the public moratorium, institutions shall not terminate this procedure and put an end to the collateral associated on the grounds of lack of cooperation from the bank customer or the fact that the customer has no financial capacity to settle its default during the 90 days the PRAP is in force.

4 Information to bank customers

- ... The Banco de Portugal disclosed the measures to mitigate the effects of the COVID-19 pandemic which granted new rights to bank customers, in the context of credit moratoria and arrears prevention and management.

The Bank Customer Website (BCW) was the main tool used to disseminate information on public and private credit moratoria, through which the rights and duties of bank customers, the conditions of access and the types of credit covered by the moratoria were explained. Answers to frequently asked questions (FAQ) were also published to settle the main doubts raised in requests for information sent by bank customers to the Banco de Portugal.

Also disclosed on the BCW were the amendments to the general arrears regime¹⁹, in particular the measures to protect bank customers having agreements subject to moratorium. Through the BCW, requests for information were received from bank customers.

19. See point 2 of this chapter.

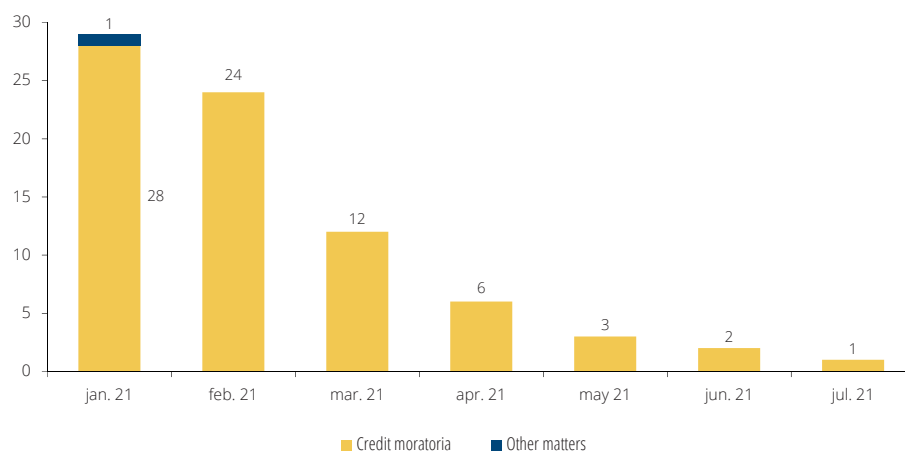
Figure I.4.1 • Bank Customer Website | New rules on arrears prevention and management



Source: Banco de Portugal (<https://cliente bancario.bportugal.pt/pt-pt/noticias/novas-regras-na-prevencao-e-na-gestao-do-incumprimento-de-contratos-de-credito>).

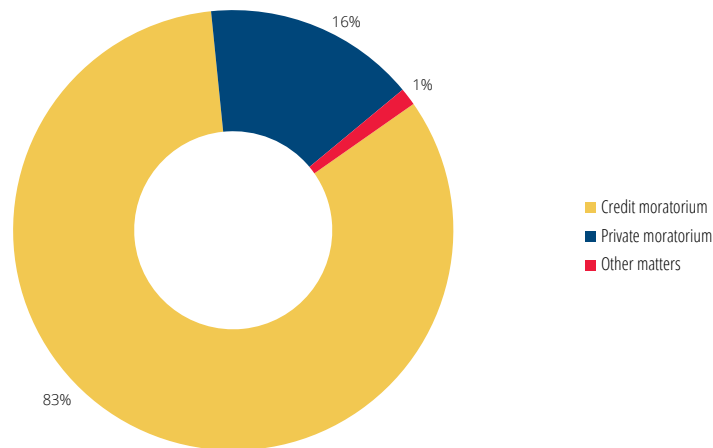
By July 2021, 77 requests for information were received from bank customers on matters associated with the COVID-19 pandemic mitigation measures, representing 3% of total requests for information received in this period. Almost all these requests were about credit moratoria. Most of them were received in January and February 2021. Requests for information on these matters gradually decreased in the following months.

Chart I.4.1 • Requests for information on matters linked to COVID-19 | January to July 2021



Source: Banco de Portugal's Central Credit Register.

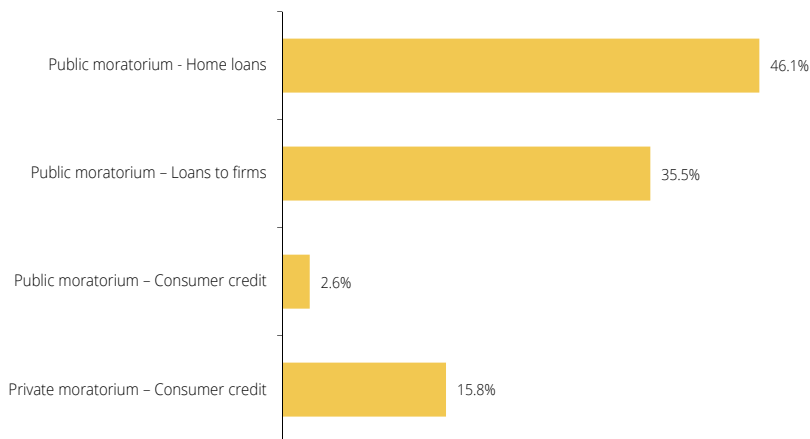
Chart I.4.2 • Requests for information on COVID-19 matters, per matter | January to July 2021



Source: Banco de Portugal

During this period, in the requests for information on the public moratorium, the most noteworthy were queries on home loans and loans to firms, which respectively accounted for 46.1% and 35.5% of total requests for information received on credit moratoria. Requests for information on consumer credit under the private moratorium accounted for 15.8% of total moratorium enquiries.

Chart I.4.3 • Credit moratoria | Requests for information, by matter | January to July 2021



Source: Banco de Portugal

In the requests for information regarding the application of the public moratorium to home loan agreements, reference is made to the presentations regarding (i) access to the public moratorium after 1 January 2021, (ii) the application of the public moratorium to credit agreements concluded after 26 March 2020 (i.e. the entry into force of the public moratorium scheme), (iii) the duration of the public moratorium, in particular the possible further extension until 31 December 2021, and (iv) the refusal of access to the public moratorium, in particular on the grounds of non-compliance with access conditions.

Requests for information on the application of the public moratorium to loans to firms' agreements focused, inter alia, on (i) requirements to access this support measure, (ii) the credit agreements covered by the public moratorium regime, (iii) the impact of the application of this support measure on credit agreements, in particular on the extended duration (between 31 March 2021 and 30 September 2021), and (iv) the duration of the public moratorium.

In the requests for information on the application of private moratoria to consumer credit agreements, questions were raised about (i) the duration of the private moratoria, and (ii) access to the public moratorium after 1 January 2021 for agreements that previously benefited from the private moratorium.

II Supervision of financial institutions

- 1 Basic bank accounts
- 2 Advertising
- 3 Structured deposits
- 4 Consumer credit
- 5 Home loans and mortgage credit
- 6 Bank fees
- 7 Complaints from bank customers
- 8 Correction of irregularities and sanctions

1 Basic bank accounts

1.1 Developments in the number of basic bank accounts

As of 30 June 2021, there were 141,421 BBAs¹, 14,249 more accounts than at the end of 2020.

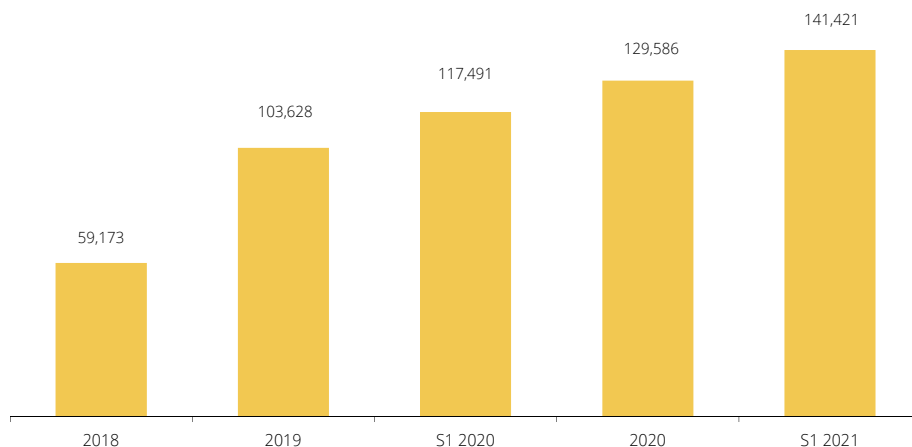
∴ The number of BBAs rose by 9.1% compared to end-2020.

Of the BBAs opened, 10,868 were the result of switching from an existing current account to a BBA, and 3,381 from opening a new BBA.

∴ Around 76% of BBAs were the result of switching from a current account.

2,414 BBAs were closed. Of these accounts, 1,883 (78%) were closed at the customer's initiative and 531 at the credit institution's own initiative (22%). The reasons for the institution to close a BBA were mainly due to the holding of other current accounts by the account holder, there being no account activity in the preceding 24 months or the fact that the account holder no longer being a legal resident in the European Union².

Chart II.1.1 • BBAs | Developments in the number of accounts | 2018 – 1st half of 2021 (end-of-period figures)

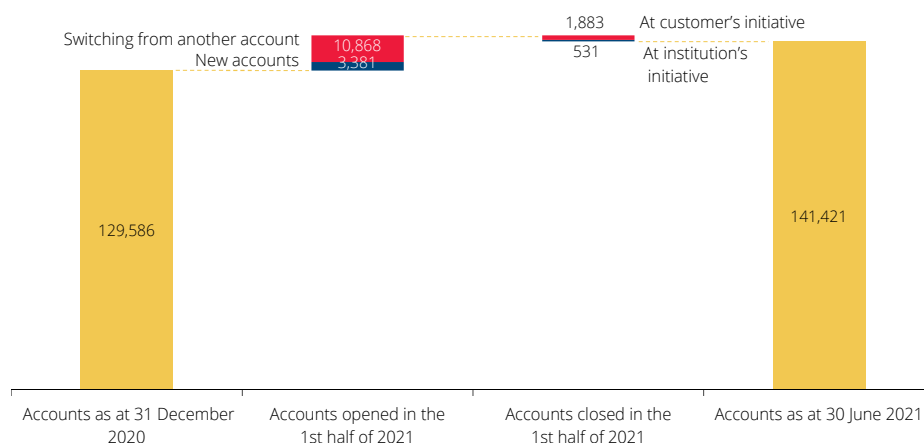


Source: Banco de Portugal.

1. Equivalent to around 1% of the total number of active current accounts in institutions, held by natural and legal persons.

2. The reasons for closing the account are listed in Article 5(1) (b, d and e) of Decree-Law No 27-C/2000.

Chart II.1.2 • BBAs | Accounts opened and closed | 1st half of 2021



Source: Banco de Portugal.

Any natural person may access a BBA should they not hold any other current account. There are, however, exceptions:

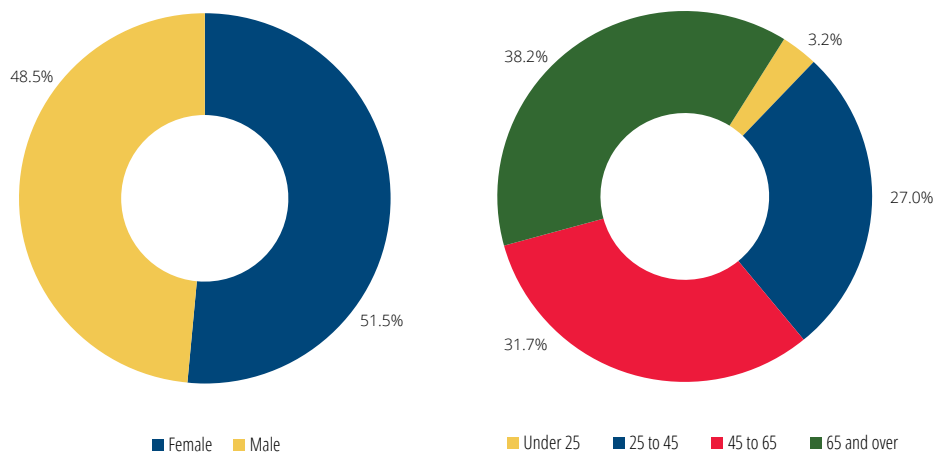
- i) Natural persons holding other current accounts may be co-holders of a BBA with a person over 65 years old or disabled to a degree of 60% or more not holding other accounts.
983 BBAs (6.9%) with these features were opened and, as at the end of the half, there were 6,554 BBAs co-held by persons holding other current accounts (4.6% of the total);
- ii) Persons already holding a BBA with another person over 65 years of age or disabled to a degree of 60% or more may have individual access to a BBA, provided they do not hold any other current account.

A total of 137 (1%) BBAs with these characteristics were set up and, by the end of the half-year, there were 1,836 BBAs in which customers held another BBA (1.3% of the total).

In the 14,249 BBAs opened in the first half of the year, there was a slight predominance of female customers (51.5%).

In the first half of 2021, 38.1% of the accounts were opened by persons over 65 years old and 31.7% by persons aged 45 to 65. In 27% of cases, the main account holders were aged 25 and over and under 45, while BBAs opened by young people aged under 25 accounted for 3.2% of total accounts opened.

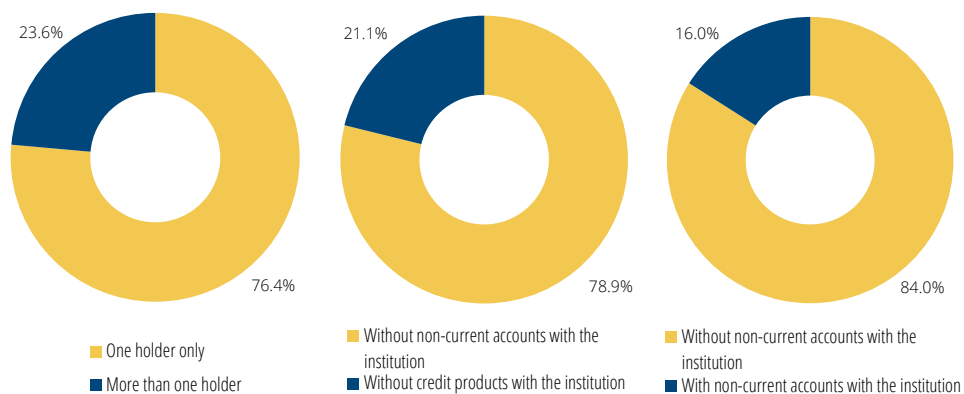
Chart II.1.3 • BBAs | Breakdown of accounts, by gender and age | 1st half of 2021



Source: Banco de Portugal.

Of the 141,421 BBAs existing at the end of the 1st half of 2021, 76.4% had only one holder (77.6% in 2020). At the end the first half of the year, 78.9% of BBAs were held by account holders with no time deposits with the same institution (79.8% in 2020) and 84% by customers with no credit products with the institution (84.5% in 2020).

Chart II.1.4 • BBAs | Breakdown of accounts | 1st half of 2021



Source: Banco de Portugal.

Around 90% of the existing BBAs at the end of the 1st half of 2021 were held with five institutions.

Table II.1.1 • BBAs | Number of accounts, by institution | 1st half of 2021

Institution	Percentage
A	41.1%
B	20.4%
C	10.9%
D	10.3%
E	7.3%
Remaining institutions	10.0%
Total	100.0%

Source: Banco de Portugal.

At the end of the first half of 2021, the customers of three institutions were exempt from paying fees and other charges on BBAs: Banco Activobank, S.A., Banco Atlântico Europa, S. A. and Banco CTT, S.A. The remaining institutions charged below the maximum fee of €4.38, which corresponds to 1% of the Social Support Index in 2021.

1.2 Inspections

The Bank's inspection activity focused on credit institutions' compliance with their obligations to disclose information and on how they make BBAs available.

1.2.1 Provision of information on BBAs

Institutions must include a reference to the possibility of switching from a current account to a BBA in the first statement issued each calendar year and, together with that first statement, provide their customers with an information document on BBAs.

Inspections on the provision of information on BBAs covered the 100 institutions that offer them.

This inspection of 100 institutions assessed:

- Information in current account statements on the possibility of switching to BBAs, having required institutions to send copies of account statements sent to customers and information on the channel used to send the statement: post, e-mail, home banking or through apps.

Five institutions were identified as not having provided information using the minimum font size required or the appropriate prominence.

- Sending the BBA information document, having requested the institutions to submit proof that the document was sent together with the first statement of the current account.

The information document provided by three institutions did not comply with the template set forth in a regulation of the Banco de Portugal.

Following these inspections, 18 specific orders were issued to seven institutions for correction of irregularities detected³.

3. See section II.8 below for more detailed information.

1.2.2 Offering of BBAs

Inspections on practices in place for the offering of BBAs were pursued.

The inspection carried out on the performance of an institution assessed:

- The conditions of access to the BBA, the institution's internal procedures having been analysed.
- Fees and charges cap, detecting undue charging of fees for the use of services linked to the BBA maintenance fee, such as the provision of a debit card, the replacement of the debit card after 18 months of use or the carrying out of interbank transfers via homebanking.
- The debit card characteristics, analysing the parameters of the debit card linked to the BBA, particularly the possibility of using this card abroad and for off-line transactions.

No irregular situations were detected.

- Overrunning, checking inspected institutions' adherence to the legal rule that forbids credit overrunning in BBAs, unless originated by the use of a debit card.

Overrunning was detected in BBAs originating from account activity not resulting from the use of a debit card.

- Closing the account on the institution's initiative, analysing the grounds provided by the institution for closing the BBA and the effectiveness of such closure 60 days after the customer is notified and how the closing of the BBA is communicated to the customer.

The Bank detected BBAs that were terminated for reasons not set out in law, as well as other accounts that were closed before a 60-day period had elapsed following the communication to the customer of such closing. Irregularities were also detected in the information provided to customers regarding the BBA closing.

- The reporting and availability of information to the Banco de Portugal to check the reliability of the information submitted in accordance with Instruction of the Banco de Portugal No 15/2018.

Incorrect reporting to the Banco de Portugal, namely regarding BBAs whose holders hold other products, account closing and requests for access to BBAs refused by the institution were detected.

Following this inspection, nine specific orders were issued to an institution for correction of irregularities detected⁴.

2 Advertising

2.1 Advertisements analysed

The Bank inspected 8,207 advertising materials on banking and institutional products and services of 48 institutions. Of these materials, 8,023 (98%) were analysed after their public disclosure (ex post), 104 were requests for ex ante opinions made by credit institutions and 80 corresponded to advertising materials for structured deposits, subject by law to prior approval.

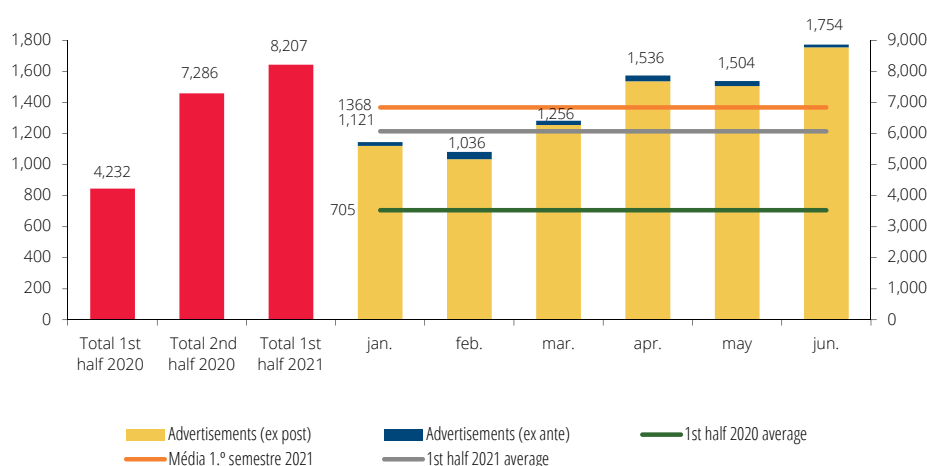
4. Ver a secção II.8 seguinte para informação mais detalhada.

... The number of advertisements released by institutions rose by 94% compared to the first half of 2020.

The number of advertisements released by institutions rose by 13% compared to the second half of 2020, already after a 72% significant growth in this period versus the previous half.

This development is essentially explained by the strong increase in the second half of 2020 in digital format advertising materials, disseminated mainly through websites, social networks and mailings, which, in the first half of 2021, already represented, altogether, more than half of the advertising materials analysed.

Chart II.2.1 • Advertising | Number of advertising materials monitored | 1st half of 2020 – 1st half of 2021



Source: Banco de Portugal. | Note: Total figures per half year should be read on the right-hand scale and monthly figures on the left-hand scale.

... Advertising for car and personal loans were the ones that increased the most in consumer credit.

Most advertising materials analysed refer to consumer credit products (73%), with particular emphasis on credit cards (43%) and personal loans (19%). As regards the first half of 2020, the increase in advertising for credit cards (up 87%) and personal loans (up 123%) in consumer credit is noteworthy, as well as the significant growth in car loans (up 153%). Car and personal loans were also the consumer credit products that showed the highest growth compared to the second half of 2020 (140% and 76% respectively).

Institutional advertising accounted for about 10% of total materials analysed, having increased by 46% from the first half of 2020 and by 18% from the second half of 2020.

Also noteworthy is the increase in multi-product advertising materials (which quadrupled compared to the first half of 2020 and increased 73% compared to the second half of 2020), to represent almost 6% of the advertising materials.

... The number of advertising materials for products offered through digital channels quadrupled.

Of the advertisements analysed 1,153 (14%) were related to products and services offered via digital channels, disclosed by 19 institutions, mostly referring to personal loans (52%) and car loans (20%).

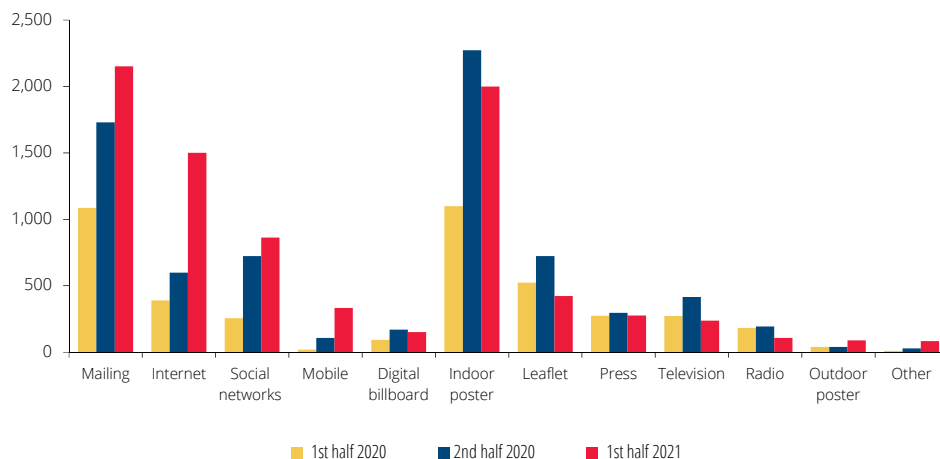
Table II.2.1 • Advertising | Advertising materials monitored, by type of product | 1st half 2020 – 1st half 2021

Scope	Number			Weight S1 2021	Δ S1 2021 vs. S2 2020	Δ S1 2021 vs. S1 2020
	S1 2020	S2 2020	S1 2021			
Products and services	3,700	6,626	7,431	90.5%	12%	101%
Consumer credit	2,984	5,559	5,980	72.9%	8%	100%
Credit card	1,899	4,240	3,543	43.2%	-16%	87%
Personal loans	709	902	1,584	19.3%	76%	123%
Car loans	308	324	778	9.5%	140%	153%
Credit line	52	50	48	0.6%	-4%	-8%
Overdrafts and credit facilities	16	43	27	0.3%	-37%	69%
Payment services	157	326	343	4.2%	5%	118%
Multi-product ^(a)	114	269	466	5.7%	73%	309%
Bank deposits	186	152	355	4.3%	134%	91%
Simple deposits	125	96	275	3.4%	186%	120%
Structured deposits	61	56	80	1.0%	43%	31%
Loans to firms	190	190	196	2.4%	3%	3%
Home loan	69	130	91	1.1%	-30%	32%
Institutional	532	660	776	9.5%	18%	46%
Total	4,232	7,286	8,207	100%	13%	94%
Memo item						
Products offered through digital channels	279	318	1,153	14%	263%	313%

Source: Banco de Portugal. | Note: (a) Includes advertising materials for one or more banking products and services, particularly those regarding package accounts.

The most commonly used types of advertising materials continued to be mailings (26%) and indoor posters (24%). There was a significant increase in digital media, namely in mailings, the internet, social networks and mobile. As regards traditional channels, there was also a significant increase in indoor posters (up 82%), but the use of radio and television dropped.

Chart II.2.2 • Advertising | Types of advertising materials monitored | 1st half of 2021



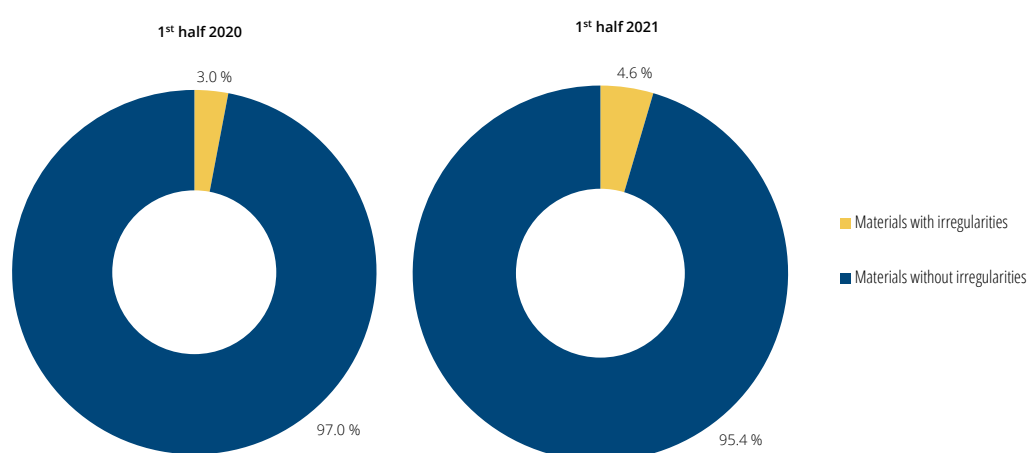
Source: Banco de Portugal.

2.2 Corrected advertisements

The analysis of the advertising materials following their public disclosure (ex post) identified irregularities and non-compliance in 366 materials from 28 institutions. Of these materials, 105 involved products and services offered through digital channels, for which five institutions are responsible. Advertisements with irregularities represented 4.6% of materials analysed ex post, compared to 3% in the first half of 2020. Advertising materials for personal and multi-product loans contributed the most to this trend.

Following the analysis of these products, 66 specific orders were issued to 28 institutions to correct irregularities detected⁵.

Chart II.2.3 • Advertising | Percentage of advertisements with irregularities | 1st half 2020 – 1st half 2021



Source: Banco de Portugal.

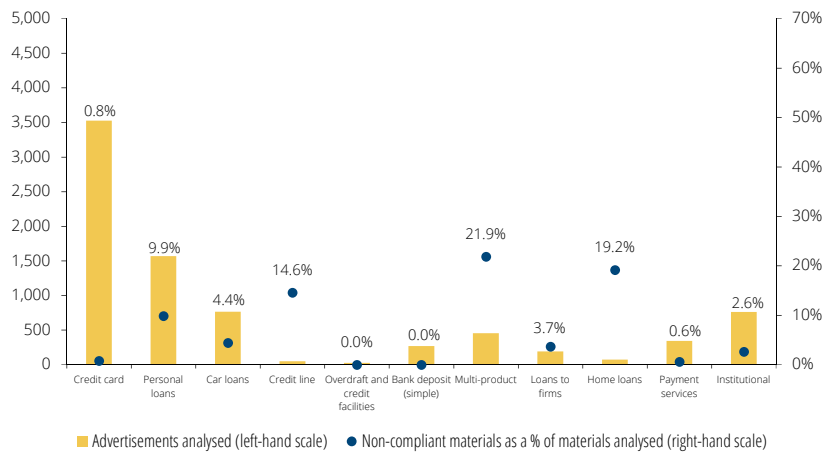
Multi-product campaigns recorded an above average default ratio (21.9%). The same happened with campaigns for home loan products (19.2%) and campaigns related to credit lines (14.6%), products where the number of advertising materials was reduced. This was followed by campaigns for personal loans, where the percentage of advertisements with irregularities stood at 9.9%. The most frequently identified breaches in this type of advertising materials were the distortion of the facts in the message due to incorrect or incomplete information, in the case of multi-product and credit line campaigns, and the presentation of the APRC without similar prominence to highlighted characteristics of the product or service, in the case of campaigns for home and personal loans.

⋮ There were irregularities in 21.9% of advertising materials for
⋮ multi-product campaigns.

The level of non-compliance in advertising campaigns for credit cards was 0.8%. In institutional campaigns, there were irregularities in 2.6% of the cases. In car loan campaigns, there were irregularities in 4.4% of advertising materials.

5. See section II.8 below for more detailed information.

Chart II.2.4 • Advertising | Percentage of advertising advertisements with irregularities by type of product | 1st half of 2021



Source: Banco de Portugal.

In the first half of 2021 the irregularities most frequently detected in all materials analysed ex post were the provision of inaccurate information on products and their characteristics, giving rise to distortion of facts in the advertising message, and the presentation of the cost measure (APRC) of consumer credit products without similar prominence to the highlighted characteristics of these products and the indication of the repayment period and the amount of financing without similar emphasis placed on the instalment.

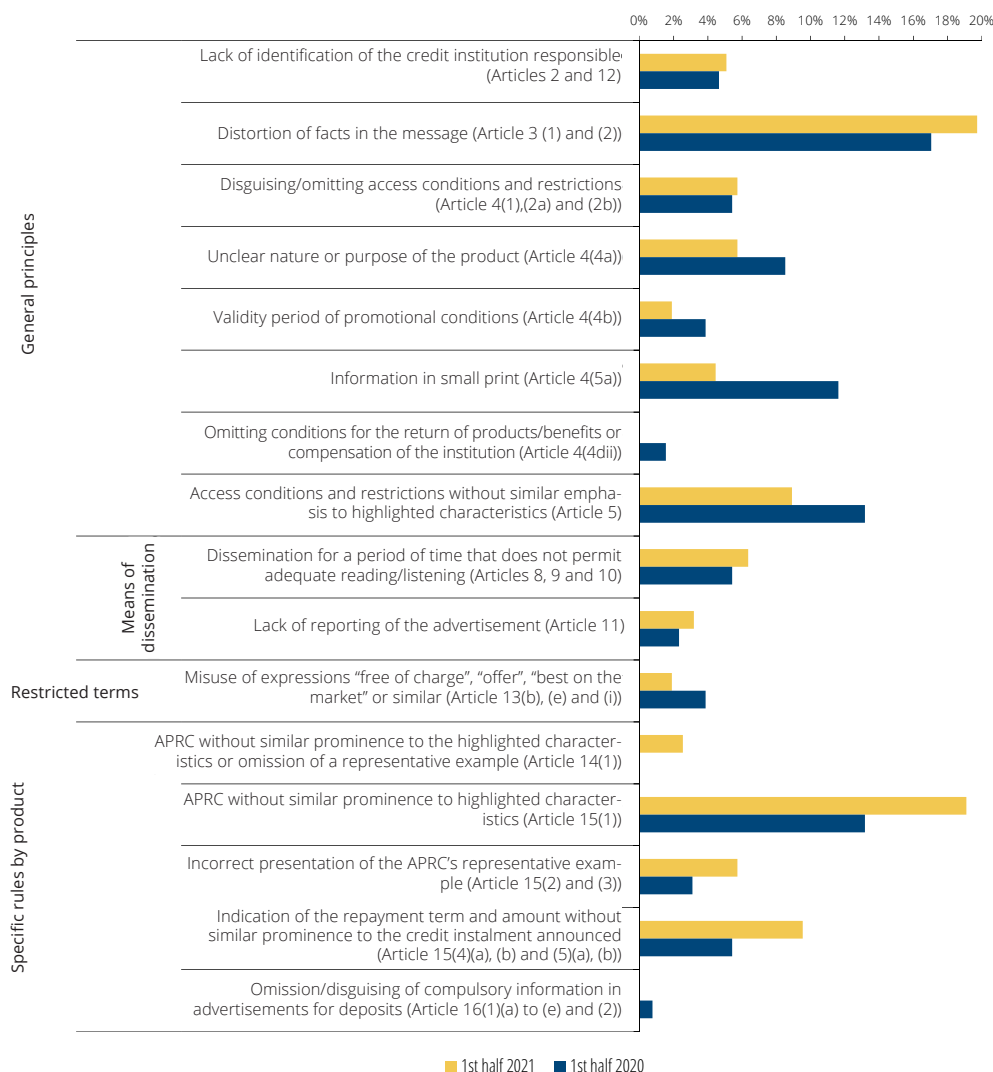
The presentation of the APRC for consumer credit products, without similar prominence to the highlighted feature of those products was the default, the prominence of which having increased the most.

In turn, there was a decrease in non-compliance related to mandatory information in small print and the offer of access conditions and restrictions without similar emphasis given to the highlighted characteristics of the products.

The presentation of the APRC for consumer credit products, without similar prominence to the highlighted feature of those products was the default, the prominence of which having increased the most.

In turn, there was a decrease in non-compliance related to mandatory information in small print and the offer of access conditions and restrictions without similar emphasis given to the highlighted characteristics of the products.

Chart II.2.5 • Advertising | Non-compliance with Notice No. 10/2008 | 1st half of 2020 – 1st half of 2021



Source: Banco de Portugal.

3 Structured deposits

3.1 Inspection on the Key Information Document (KID)

The Bank assessed the compliance of the KIDs of 30 structured deposits offered in the first half of 2021, assessing the accuracy of the quantitative information presented (risk and cost indicators and the performance scenarios). The institutions that offer structured deposits are bound to notify the Banco de Portugal of the corresponding KID at least two working days prior to the date they start offering them to the public. The KIDs that comply with applicable legal and regulatory requirements are published on the Bank Customer Website.

The total number of deposits in this market offered during the first half of 2021 amounted to 30, one more than in the first half of 2020, with the number of issuing institutions remaining at six.

Table II.3.1 • Structured deposits | Monitoring of pre-contractual information documents
| 1st half of 2020 – 1st half of 2021

	S1 2020		S1 2021	
	Submitted	Entities covered	Submitted	Entities covered
1 st Quarter	19	6	15	6
2 nd Quarter	10	4	15	5
Total	29	6	30	6

Source: Banco de Portugal.

3.2 Yield monitoring

The yields of 49 deposits maturing in the first half of 2021 were monitored, analysing the market values calculated by the institutions for the underlying assets associated with each deposit and their application, pursuant to the yield calculation method described in the corresponding pre-contractual information document.

As a result of the monitoring of the yields on the 49 matured deposits, they were disclosed on the Bank Customer Website, as usual.

Table II.3.2 • Structured deposits | Yields monitored | 1st half of 2020 – 1st half of 2021

Deposit type	S1 2020		S1 2021	
	Matured	Entities covered	Matured	Entities covered
Structured	51	10	49	7
Dual				
Fixed component				
Index-linked component	6	2		
Total	57	10	49	7

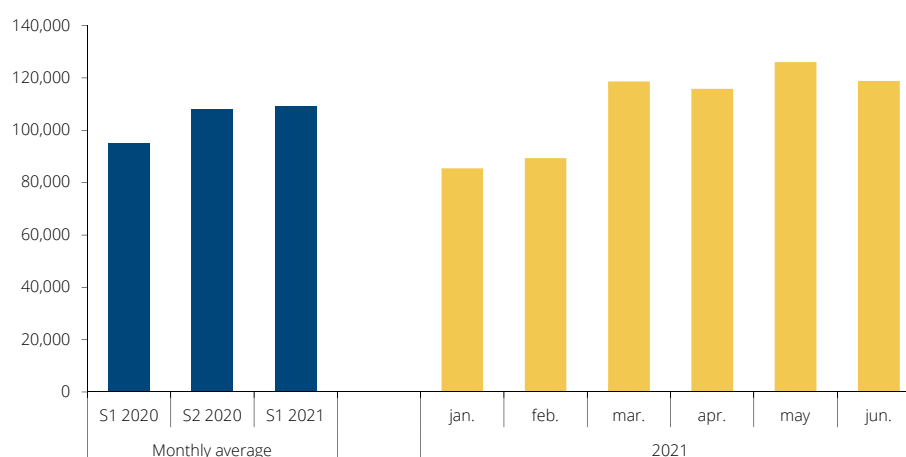
Source: Banco de Portugal

4 Consumer credit

4.1 Developments in new agreements

The Bank assessed compliance by credit institutions with the APRC cap⁶ at the time of the monthly report of information to the Banco de Portugal on consumer credit agreements (i.e. personal loans, car loans and revolving credit) entered into the previous month.

Chart II.4.1 • Consumer credit | Number of agreements reported | 1st half of 2020 - 1st half of 2021



Source: Banco de Portugal

In the first half of 2021, this assessment covered 654,391 consumer credit agreements reported by 54 institutions, about 109,000 agreements per month⁷. An additional 15% more consumer credit agreements were reported over the same period in 2020, reflecting an upturn in the context of the COVID-19 pandemic.

Fifteen agreements were detected in three institutions showing signs of non-compliance with the APRC cap, and information was immediately requested from the institutions for assessment of these signs, which are currently under analysis at the Banco de Portugal.

6. The information reported by the institutions is also used every quarter by the Banco de Portugal to calculate the upper limits of the APRC applicable to each segment of consumer credit.

7. This analysis excludes credit agreements in the form of an overdraft facility with a repayment period of up to one month, which are also subject by law to the APRC cap.

4.2 Inspections

... The inspection on the marketing practices for personal loans, credit cards, credit lines and overdraft facilities involved two institutions.

This inspection of two institutions assessed:

- The procedures laid down for assessing the customer's creditworthiness, monitoring whether this assessment takes place before the conclusion of the credit agreement.

In one of the institutions analysed, situations were detected where the bank customer's creditworthiness was not assessed before the conclusion of the credit agreement. It was also detected that the institution in question, where credit granting was refused on the grounds of information contained in databases on credit liabilities, had not informed the customer of this fact and had not provided the information contained in databases searched.

- Compliance with the pre-contractual and contractual information obligations set out in the applicable regulations.

One of the institutions had not provided pre-contractual information to customers. The two institutions provided inaccurate information on the characteristics of the credit operation, such as the type of credit, ANR and APRC.

- Compliance with the credit agreement formation and the information provided in the agreement about the signing-up process and date for conclusion of the agreement.

The credit agreements of the two inspected institutions did not describe the contracting process in a complete manner, in particular as regards the date of conclusion and the documents that form part of them. Moreover, in one of the institutions analysed, the date of entering into the credit agreement was different from that on which the customer or the institution (whichever occurred last) agreed with all contractual terms.

- **The reporting of information to the Banco de Portugal, verifying the timely fulfilment of the reporting duties and the quality of the data provided on new credit agreements.**

There were omissions, as well as inaccuracies in the information reported to the Banco de Portugal by one of the inspected institutions.

Following this inspection, 24 specific orders were issued to two institutions to correct the irregularities detected⁸.

... The inspection on the marketing of personal loans and credit cards in digital channels covered 80 institutions..

This inspection analysed four personal loan products and six credit cards of 80 institutions and assessed:

- Compliance with pre-contractual and contractual information obligations, analysing when and how the information is provided to the customer and whether the SIS includes the preferences expressed by the customer. It was also verified whether the marketing process allows for the

8. See section II.8 below for more detailed information.

adequate visualisation and reading of the pre-contractual and contractual documents, whether the mandatory scroll down of all information provided is ensured and whether the customer has the possibility of requesting a copy of the draft agreement free of charge.

In two institutions, procedures had a mandatory scroll down mechanism but the pre-contractual and contractual information and the documentation for other optional products (such as insurances) were not presented separately.

Irregularities were identified in the information provided in the SIS made available by 76 institutions, in particular as regards information on charges due in the event of default and the collection of undue additional charges in case of arrears.

- Compliance with the obligation to provide assistance, by analysing the materials made available for handling bank customers' queries and the information provided on the signing-up process.

The information provided by one institution did not allow the customer to assess whether the credit offer was suitable for its needs and financial situation.

- **Compliance with the obligation to inform the customer of the reason for credit refusal, in situations where it is based on information obtained from databases, namely on credit liabilities.**

In 79 credit institutions, the customer was not informed why credit was refused when this was based on information available on credit liabilities databases.

- How bank customers are offered the options available as regards the conditions of the credit product, ensuring that these are not selected by default or that no techniques are used to induce the customer to favour one option over another.

The credit simulator of one institution was found to have presented the credit agreement maturity selected by default.

- Bank customers' exercise of their right of withdrawal from the agreement and their right of early repayment through digital channels, ensuring that withdrawal and early repayment are as accessible and convenient as the conclusion of the agreement.

One institution did not provide mechanisms that would allow the customer to exercise its right to freely terminate the agreement and to early repayment. In another institution, the draft credit agreements did not reflect all the procedures and mechanisms available to the customer to exercise its right of freely terminate the agreement and to early repayment.

- **The use of strong customer authentication methods (for instance, qualified electronic signature, digital mobile key or requiring the use of two or more elements, mutually independent, and categorised as knowledge, ownership and inherence).**

All institutions adopted mechanisms that guaranteed strong confirmation of the customer's wish to enter into the agreement.

- The identification of the institution responsible for the banking product or service offered, notably where a different brand name is used in the offering of this product or service.

One institution was found to use a brand name for the marketing of credit products on all information materials and on the screens of digital marketing channels, and the use of this brand name was not accompanied by the identification, with similar prominence, of the institution responsible for the product.

Following this inspection, 234 specific orders were issued to 78 institutions for correction of irregularities detected⁹.

9. See section II.8 below for more detailed information.

4.3 Developments in agreements incorporated under OASP¹⁰

Credit institutions reported the commencement of 274,748 OASP (out-of-court arrears settlement procedures) on consumer credit, involving a total of 232,527 credit agreements and an outstanding amount of €611.6 million. These agreements had a 9.1% default ratio, the same as in 2020.

... The number of OASP dropped by 6.2% compared with
... the previous half of the year.

The evolution in the number of OASP commenced cannot be dissociated from the exceptional measures to protect household credit (credit moratoria) to prevent default risk, implemented in the wake of the COVID-19 pandemic. (Chapter I of this report for a detailed analysis of default indicators' evolution).

Table II.4.1 • PERSI | OASP | Consumer credit | Proceedings commenced, under analysis and concluded | 1st half of 2020 – 1st half of 2021

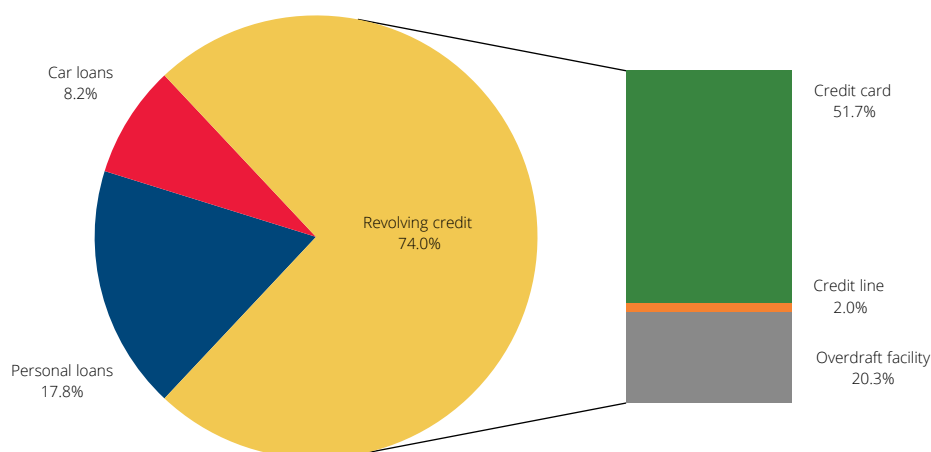
	Proceedings			Agreements ^(a)
	2020		2021	2021
	S1	S2	S1	
OASP proceedings initiated				
Number	359,717	292,848	274,748	232,527
Total amount (EUR millions) ^(b)	–	–	–	611,6
Default ratio ^(c)	–	–	–	9,1%
OASP proceedings under analysis^(d)				
Number	146,463	143,296	151,820	–
POASP proceedings concluded				
Number	340,966	296,015	266,224	215,769
Total amount (EUR millions)	–	–	–	535,2
Default ratio	–	–	–	8,9%
Of which:				
OASP proceedings concluded with settlement of the arrears ^(e)	139,323	129,994	115,846	
Payment of amounts in arrears	128,566	118,533	107,881	
Agreement between the parties ^(f)	10,757	11,461	7,965	
OASP proceedings concluded with settlement of arrears/OASP proceedings concluded	40.9%	43.9%	43.5%	

Source: Banco de Portugal. | Notes: (a) The total number of agreements included in OASP does not reflect the situations where the same credit agreement is included in the OASP more than once. (b) The total amount corresponds to the sum of the outstanding non-defaulting balance and the amount in arrears (overdue). (c) Ratio between the default in arrears (overdue) and the total amount. (d) End-of-period figures. (e) Proceedings concluded for one of the following reasons: payment of the amounts in arrears, renegotiation of the credit agreement, consolidation of loans, credit agreement refinancing, granting of an additional loan for payment of instalments, transfer in lieu of payment. (f) Renegotiation; credit consolidation; refinancing; granting of an additional loan for payment of instalments; transfer in lieu of payment.

10. The information provided is based on information reported by credit institutions to the Banco de Portugal. In this context, the information provided was rectified in the first half of 2020, explaining why the information contained in this report does not fully match the information disclosed in the Summary Report on Banking Conduct Supervision referring to the first half of 2020.

The majority of consumer credit agreements in OASP were revolving credit products (around 74%), most notably debt incurred with credit cards, which accounted for over half the proceedings commenced (51.7%). Personal loans and car loans represented 17.8% and 8.2% of OASP proceedings commenced respectively.

Chart II.4.2 • OASP | Consumer credit | Distribution of agreements integrated in the OASP, by type of agreement | 1st half of 2021



Source: Banco de Portugal.

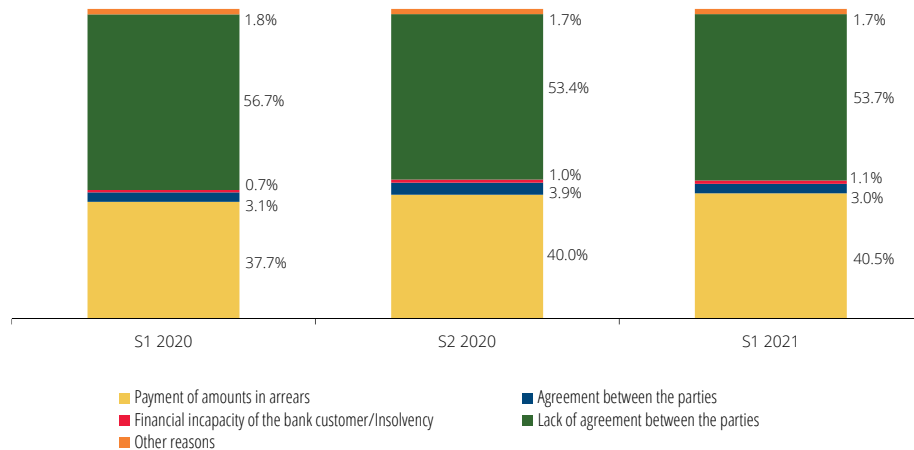
In the first half of 2021, 266,224 OASPs were concluded, relating to 215,769 agreements, totalling €535.2 million. These agreements recorded a default ratio of 8.9%, the lowest since 2013, when the general arrears regime entered into force¹¹. At the end of June, 151,820 OASPs were under analysis or negotiation.

Arrears were settled in 43.5% of the proceedings concluded (43.9% in the preceding half year). In 53.7% of the proceedings concluded, the arrears were not settled because the parties failed to reach an agreement.

In 40.5% of proceedings concluded, the settlement of arrears resulted from the payment by the customer of sums past due, while in 3% the credit institution and the customer entered into an agreement. In the agreements concluded, the solution most frequently agreed was the renegotiation of the agreement (78%) amounting to €13.5 million. The deferral of payment of capital to the last instalment and the extension of the repayment period were the main terms renegotiated.

11. Decree-Law No 227/2012 of 25 October 2012.

Chart II.4.3 • OASP | Consumer credit | Reasons for termination | 1st half of 2020 - 1st half of 2021



Source: Banco de Portugal.

Table II.4.2 • OASP | Consumer credit | Solutions agreed in proceedings concluded | 1st half of 2020 – 1st half of 2021^{(a),(b)}

	2020				2021	
	S1		S2		S1	
	Number	Amount (EUR millions)	Number	Amount (EUR millions))	Number	Amount (EUR millions)
Renegotiation of the credit agreement	9,085	11.0	9,540	13.6	6,305	13.5
Credit consolidation	477	2.0	958	4.3	766	3.6
Refinancing	783	5.4	933	7.9	762	6.1
Additional loan for payment of instalments	394	1.9	197	0.7	227	1.8
Transfer in lieu of payment	19	–	18	–	28	–

Source: Banco de Portugal. | Notes: (a) This table presents the number of solutions agreed, with more than one solution per loan agreement. (b) In OASP proceedings concluded with settlement of arrears in the first half of 2021, 7,648 consumer credit agreements were covered.

Table II.4.3 • OASP | Consumer credit | Solutions agreed in concluded proceedings | 1st half of 2020 – 1st half of 2021^{(a),(b)}

	2020		2021
	S1	S2	S1
Deferral of principal payment to the last instalment	6,602	6,595	3,616
Maturity	2,469	2,392	1,645
Spread/interest rate	565	723	401
Principal grace period (and/or interest grace period)	416	577	228
Other terms ^(c)	1,458	1,455	1,519

Source: Banco de Portugal. | Notes: (a) Renegotiations occasionally bring together more than one of the solutions indicated in this table. (b) OASP proceedings concluded in the first half of 2021 with renegotiation solutions adopted, involved 4,328 consumer credit agreements. (c) This category encompasses, inter alia, payment schedules for the settlement of overdue payments, changes to the interest rate regime and changes in ownership. The options are reported in an aggregated manner, meaning it is not possible to disaggregate the renegotiated terms included in this category.

5 Home loans and mortgage credit

5.1 Inspections

... The inspection on practices of charging interest and other charges
... in the event of default involved 99 institutions.

This inspection, which covered most of the credit institutions that offer home loans and mortgage credit, assessed the following:

- **Default interest and other charges applied in the event of borrower's default.**

A total of 80 of credit institutions inspected included in their credit agreements clauses that provide for the possibility of not applying the interest rate subsidy linked to the acquisition of other products or services in case borrowers fail to fulfil their obligations.

5.2 Developments in agreements incorporated under OASP¹²

Institutions reported 16,581 OASP proceedings initiated, involving 13,654 home loan and mortgage credit agreements and a total outstanding amount of €626.8 million. These agreements had a 1.5% default ratio, the same as in 2020.

... The number of OASP proceedings was down 5.8% on the previous
... half year.

The decline in the number of proceedings included in the OASP cannot be dissociated from the exceptional measures to protect household loans (credit moratoria) to prevent the risk of default (Chapter I of this report for a detailed analysis of the evolution of default indicators).

12. The information provided is based on information reported by credit institutions to the Banco de Portugal. In this context, the information provided was rectified in the first half of 2020, explaining why the information contained in this report does not fully match the information disclosed in the Summary Report on Banking Conduct Supervision referring to the first half of 2020.

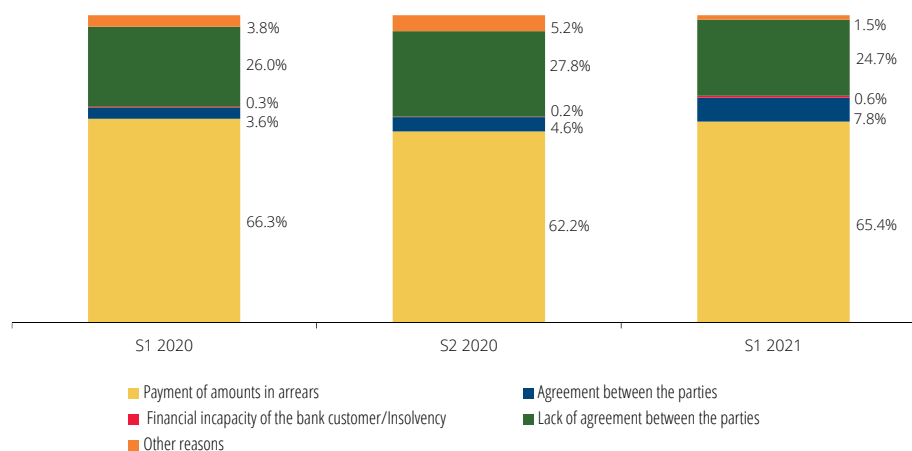
Table II.5.1 • OASP | Home loans and mortgage credit | Proceedings initiated, under analysis and concluded | 1st half of 2020 – 1st half of 2021

	Proceedings			Agreements ^(a)
	2020		2021	2021
	S1	S2	S1	
OASP proceedings initiated				
Number	37,366	17,604	16,581	13,654
Total amount (EUR millions) ^(b)	–	–	–	626,8
Default ratio ^(c)	–	–	–	1.5%
OASP proceedings under analysis^(d)				
Number	23,353	20,053	21,271	–
OASP proceedings concluded				
Number	35,489	20,904	15,363	11,544
Total amount (EUR millions)	–	–	–	526,1
Default ratio	–	–	–	1.5%
Of which:				
OASP proceedings concluded with settlement of arrears ^(e)	24,789	13,959	11,241	–
Payment of amounts in arrears	23,524	12,993	10,040	–
Agreement between the parties ^(f)	1,265	966	1,201	–
OASP proceedings concluded with settlement of arrears/OASP proceedings concluded	69.8%	66.8%	73.2%	–

Source: Banco de Portugal | Notes: (a) The total number of agreements included in OASP does not reflect the situations where the same credit agreement is included in OASP more than once. (b) The total amount corresponds to the sum of the outstanding non-defaulting balance and the default amount (overdue). (c) Ratio between the default amount (overdue) and the total amount. (d) End-of-period figures. (e) Proceedings concluded for one of the following reasons: payment of the amounts in arrears, renegotiation of the credit agreement, consolidation of loans, credit agreement refinancing, granting of an additional loan for payment of instalments, transfer in lieu of payment. (f) Renegotiation; credit consolidation; refinancing; granting of an additional loan for payment of instalments; transfer in lieu of payment.

15,363 OASP proceedings were concluded, involving 11,544 home loan and mortgage credit agreements and a total outstanding amount of €526.1 million. At the end of June 2021, 21,271 OASPs were under analysis or negotiation, 6.1% more than at the end of 2020.

Chart II.5.1 • OASP | Home loans and mortgage credit | Reasons for termination | 1st half of 2020 – 1st half of 2021



Source: Banco de Portugal.

Most OASP proceedings concluded led to the settlement of arrears (73.2%), a higher share than in the previous half (66.8%).

The reason most frequently given by credit institutions for closing OASP proceedings continued to be the payment of amounts in arrears¹³ by bank customers (65.4%). In 7.8% of proceedings concluded, an agreement was reached between the institution and the customer, the most frequent solution being the renegotiation of the terms and conditions of the agreements, with a renegotiated amount of €16.1 million.

Table II.5.2 • OASP | Home loans and mortgage credit | Solutions agreed in proceedings concluded | 1st half of 2020 – 1st half of 2021^{(a),(b)}

	2020				2021	
	S1		S2		S1	
	Number	Amount (EUR millions)	Number	Amount (EUR millions)	Number	Amount (EUR millions)
Renegotiation of the credit agreement	1,138	13.8	957	9.9	1,187	16.1
Transfer in lieu of payment	4	–	1	–	6	–
Refinancing	3	0.1	2	0.1	5	0.2
Additional loan for payment of instalments	118	0.2	4	0.0	3	0.0
Credit consolidation	4	0.0	3	0.0	0	0.0

Source: Banco de Portugal. | Notes: (a) This table presents the number of solutions agreed, with more than one solution per loan agreement. (b) The OASP proceedings concluded with settlement of arrears in 2021 covered 939 home loan and mortgage credit agreements.

Table II.5.3 • OASP | Home loans and mortgage credit | Conditions renegotiated in proceedings concluded | 1st half of 2020 – 1st half of 2021^{(a),(b)}

	2020		2021
	S1	S2	S1
Principal grace period (and/or interest grace period)	106	120	232
Maturity	49	88	144
Deferral of principal payment to the last instalment	15	3	31
Spread/interest rate	38	18	18
Other terms ^(c)	998	818	973

Source: Banco de Portugal. | Notes: (a) Renegotiations occasionally combine more than one of the solutions indicated in this table. (b) The OASPs concluded in the first half of 2021, with renegotiation solutions adopted, involved 924 home loan and mortgage credit agreements. (c) This category encompasses, inter alia, payment schedules for the settlement of overdue payments, changes to the interest rate regime and changes in ownership. The options are reported in an aggregated manner, meaning it is not possible to disaggregate the renegotiated terms included in this category.

13. This reason for termination also includes situations where the payment of amounts in arrears is made in several monthly instalments over time..

6 Bank fees

6.1 Price lists

The fees and expenses leaflets of the 178¹⁴ institutions, in force at the end the first half of the year of 2021, may be viewed on the Bank Customer Website, as well as the history of these leaflets since January 2017. These leaflets include the maximum amount of all the fees charged by institutions for banking products and services offered by them.

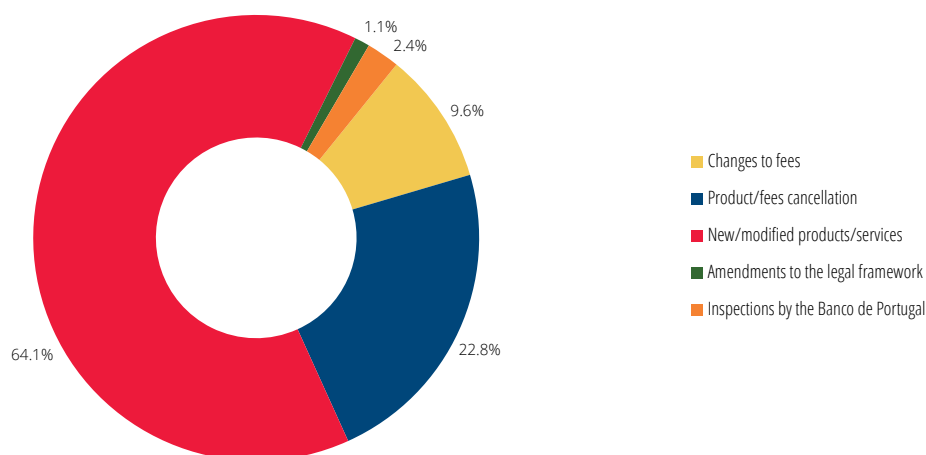
In the first half of 2021, 141 institutions reported 898 amended fees and expenses leaflets¹⁵, which represents a drop against the first half of 2020 (996). Institutions must report a new fees and expenses leaflet every time they wish to change a fee.

Most of the changes resulted from the offering of new products and services or changes in the characteristics of products and services offered (64.1%). The cancellation of previously marketed products and services accounted for 22.8% of the changes.

Changes to the information included in the fees and expenses leaflet also result from the entry into force of amendments to the applicable legal framework that have impact on the price list of institutions. The inspecting activity of the Banco de Portugal may also require changes to the information included in the fees and expenses leaflet with a view to correct irregularities in the information provided. These two causes accounted for 2.4% and 1.1% respectively, of changes made to the institutions' fees and expenses leaflets in the period under review.

Changes in fees charged by institutions prompted 9.6% of the changes made to fees and expenses leaflets.

Chart II.6.1 • Fees and expenses leaflets | Subject matters changed | 1st half of 2021



Source: Banco de Portugal.

14. The Caixa Central de Crédito Agrícola Mútuo, C. R. L. (Central Mutual Agricultural Credit Bank), and the credit banks that are members of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM, Integrated Mutual Agricultural Credit Scheme) were accounted for separately.

15. Institutions are required to inform the Banco de Portugal of any changes to the information included in the fees and expenses leaflet within at least five working days prior to the date on which the change takes effect.

6.2 Fees comparator

The Fees Comparator, available on the Bank Customer Website, recorded 36,605 views between January and June 2021, which corresponds to about 6,100 views per month, 5% less than in the first half of 2020. The Fees Comparator provides information on 93 fees for services provided by 124 institutions.

Fees shown correspond to maximum amounts, including taxes, and take into account the most representative distribution channels: branch, ATM, ATS, online, mobile device, SMS, telephone with operator, telephone without operator and mail. Where there is a wider range of products on offer (package accounts, debit cards, credit cards and private credit cards), customers may compare the fees charged for the services based on the most representative products offered by each institution. For information on the features of the services included in the Fees Comparator, click on the 'i' icon associated with each service.

The fees shown in the Fees Comparator recorded, in the first half of 2021, the evolution shown in the table below. For the most representative services, developments are shown for average and median fees charged for each service in the period under review, considering institutions identified in the Fees Comparator on an individual basis, without weighting their relative share in the market.

Table II.6.1 • Fees | Fees for the most representative services linked to payment accounts on the Fees Comparator (annual figures) | 1st half of 2021

Services	Average	Median	Highest amount	Lowest amount	Δ in the average (Jan.-Jun.21)	Number of reporting institutions
Account maintenance	59.14€	62.40€	208.00€	0.00€	2.67%	108
BBA maintenance	3.58€	3.54€	4.31€	0.00€	0%	100
Maintaining a standard account	63.74€	61.78€	124.80€	56.16€	0.16%	89
Provision of a debit card	17.04€	17.68€	31.20€	0.00€	0%	103
Provision of a credit card	17.30€	19.24€	37.44€	0.00€	-0.92%	101
Cash advance						
ATM	11.92€	11.96€	16.12€	8.49€	0.42%	101
Over the counter	12.15€	12.22€	15.34€	8.65€	0%	97
Cash withdrawal						
Over the counter	4.44€	3.90€	20.00€	0.00€	0.68%	102
SEPA+ credit transfers						
Over the counter	7.14€	5.41€	45.76€	2.60€	1.28%	109
Online	0.62€	0.26€	15.60€	0.00€	1.64%	106
Mobile device	0.85€	1.04€	1.82€	0.00€	3.66%	16

Source: Banco de Portugal. | Note: The Caixa Central de Crédito Agrícola Mútuo, C. R. L. (Central Mutual Agricultural Credit Bank), and the mutual agricultural credit banks that are members of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM, Integrated Mutual Agricultural Credit Scheme) were accounted for separately.

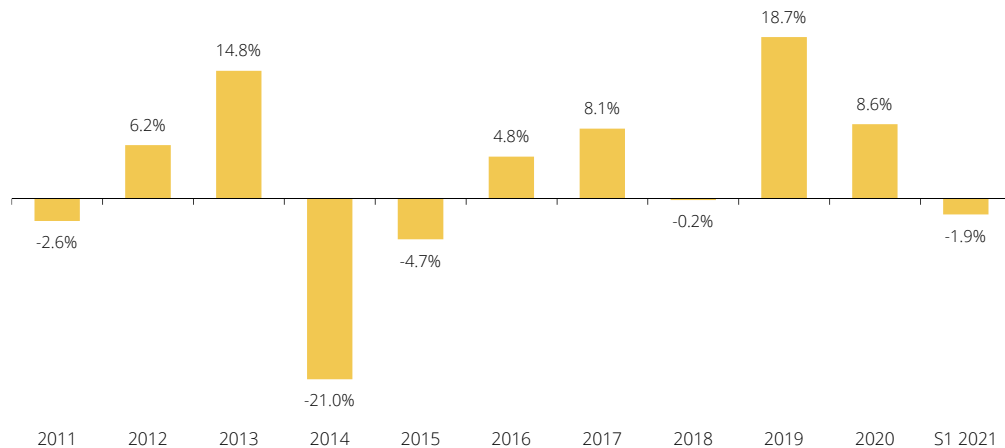
7 Bank customer complaints

7.1 Recent developments

The 9,646 complaints received about matters that fall within the Banco de Portugal's remit, in the first half of 2021, correspond to an average of 1,607.7 complaints per month and a 1.9% decrease compared to the monthly average of 2020. This trend was driven by a drop in the number of complaints associated with the COVID-19 pandemic mitigation measures, including the application of public and private moratoria. Otherwise, the number of incoming complaints would have grown by 3.3%, compared to the 2020 monthly average. Complaints about bank deposits also contributed to the falling number of complaints received. On the contrary, complaints about consumer credit increased.

The electronic complaints book was the channel most used by bank customers (39.6% of complaints filed), followed by the Bank Customer Website (25.2%) and the physical complaints book available at the institution's branch (24.8%). The importance of the electronic complaints book and the Bank Customer Website increased not only due to the increase in the number of complaints filed through these channels (up 7.1% and 4.7% respectively, compared to the monthly average of 2020), but also due to the decrease in the number of complaints received through the physical complaints book (17.3% less). The Banco de Portugal also receives complaints sent through other means (namely by email or letter), which represented 10.4% of total complaints received in the first half of 2021.

Chart II.7.1 • Complaints | Developments in the monthly average number of complaints lodged | 2011 – 1st half of 2021



Source: Banco de Portugal.

Table II.7.1 • Complaints | Number of entries, by origin | 2020 – 1st half of 2021

Year	Month	Entries ^(a)				Total
		RCL ^(b)		RCO ^(c)		
		Over-the counter	Electronic Complaints Book ^(d)	Bank Customer Website ^(e)	Others	
2020	2020	5,775	7,139	4,638	2,108	19,660
2021	January	454	563	355	150	1,522
	February	266	679	409	193	1,547
	March	406	742	518	207	1,873
	April	351	618	398	167	1,534
	May	420	639	407	158	1,624
	June	492	583	342	129	1,546
	2021	2,389	3,824	2,429	1,004	9,646

Source: Banco de Portugal. | Notes: (a) Figures refer to complaints about banking products and services. In 2020 and the first half of 2021, 2,605 and 1,090 complaints respectively were also received which were outside the remit of the Banco de Portugal about situations with no specific applicable regulations such as complaints about customer service and the quality of credit institutions' premises), or because they fall under the authority of the Portuguese Securities Market Commission or Insurance and Pension Funds Supervisory Authority. (b) Complaints recorded in the complaints book. (c) Complaints directly lodged with the Banco de Portugal. (d) Electronic Complaints Book (e) Bank Customer Website

7.2 Developments by product and service

The analysis of developments in complaints by product and service must take into account the size of the underlying market and to put into perspective the number of complaints received.

As in previous periods, consumer credit, bank deposits, home loans and mortgage credit were the products with the highest number of complaints, reflecting the relative importance of these markets.

Consumer credit complaints were the most frequent in the first half of 2021, with their relative number increasing from 20 in 2020 to 23 in the first half of 2021 per 100,000 consumer credit agreements.

Bank deposits were the second most complained about product by bank customers, their relative number dropping from 17 in 2020 to 14 in the first half of 2021, per 100,000 deposit account agreements.

Complaints about home loans and mortgage credit, the third product with the highest number of complaints in the first half of 2021, decreased from 59 to 58 complaints per 100,000 credit agreements.

Payment cards are next, with the relative number of complaints increasing from 43 to 45 complaints per million cards in circulation, and credit transfers, where the relative number of complaints dropped from 52 complaints to 50 per 10 million transfers.

In complaints about loans to firms, the relative figure fell from 32 complaints in 2020 to 25 per 100,000 credit agreements.

In complaints about cash transactions, the relative number of complaints decreased from 126 to 112 complaints per 100 million deposits and withdrawals, while the relative number of complaints on cheques decreased slightly, from 26 in 2020 to 25 complaints per million cheques in the first half of 2021.

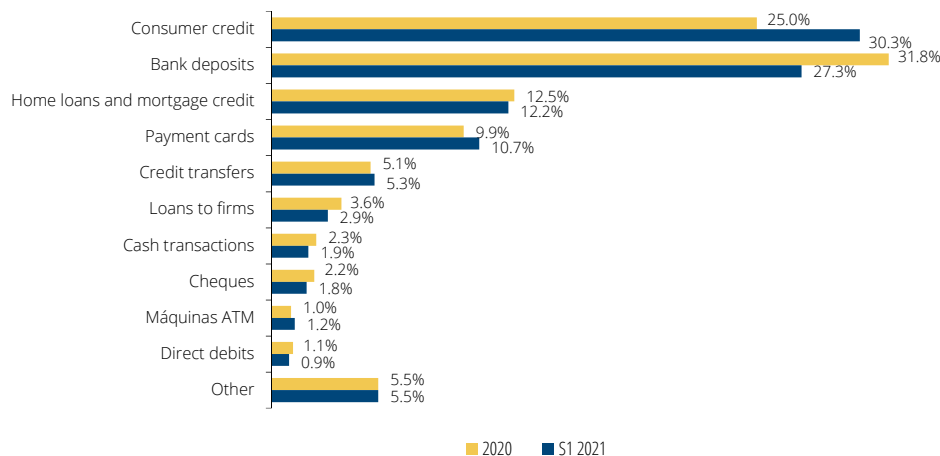
The relative number of complaints about ATMs' operation rose (from 61 to 75 complaints per 10,000 ATMs) and the relative number of complaints about direct debits dropped in 2020 (from 102 to 81 complaints per 100 million transactions).

Table II.7.2 • Complaints | Number of complaints by banking product and service
| 2020 – 1st half of 2021

Products and services subject to complaint ^(a)	Absolute values			Relative values ^(b)			Reference unit
	2020	S1 2021	Δ monthly average	2020	S1 2021	Δ	
Consumer credit*	4,916	2,916	18.6%	20	23	16.3%	100 thousand agreements
Bank deposits	6,242	2,630	-15.7%	17	14	-15.6%	100 thousand agreements
Home loans and mortgage credit*	2,462	1,181	-4.1%	59	58	-2.5%	100 thousand agreements
Payment cards*	1,951	1,030	5.6%	43	45	3.8%	1 million cards
Credit transfers	1,000	512	2.4%	52	50	-3.8%	10 million transfers
Loans to firms*	713	282	-20.9%	32	25	-22.9%	100 thousand agreements
Cash transactions	448	186	-17.0%	126	112	-11.1%	100 million transactions
Cheques	437	170	-22.2%	26	25	-3.6%	million cheques
ATMs*	191	117	22.5%	61	75	24.1%	10 thousand ATMs
Direct debits	222	90	-18.9%	102	81	-20.7%	100 million transactions
Other subject matters	1,078	532	-1.3%	–	–	–	–
Total	19,660	9,646	-1.9%	–	–	–	–

Source: Banco de Portugal. | Notes: (a) The figures presented here refer to matters that fall within the Banco de Portugal's remit. For the materials marked with (*), the relative value presented for 2020 corresponds to the six-month average. This adjustment is necessary so that the relative value presented for 2020 is comparable with that recorded in the first half of 2021, as the reference units used in these matters are stock variables, and the comparison is only possible for time periods of equal size. For the materials not marked with (*), this correction is not necessary, as the reference unit itself is a flow variable. "Other" covers complaints about various matters, as well as issues accounting for less than 1% of total complaints, including, for instance, complaints about the failure to make the complaints book available. (b) The reference units used in the relativisation of each matter are specified in the Annex on "Methodological notes for calculating which institutions received most complaints".

Chart II.7.2 • Complaints | Product and service subject to complaint (as a percentage)
| 2020 – 1st half of 2021



Source: Banco de Portugal.

As regards the three products most subject to complaint – bank deposits, consumer credit, home loans and mortgage credit, accounting overall for 69.8% of total complaints – the number of complaints received by each institution was weighted by their level of services provided or credit agreements signed¹⁶.

7.3 Matters subject to the most complaints

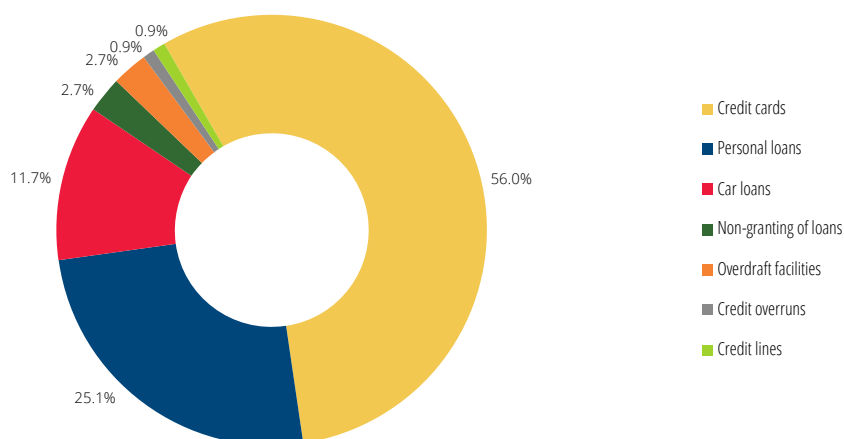
This section focuses on the matters subject to the most complaints in the first half of 2021, regardless of the outcome of their analysis. In the first half of the year, customers complained about the content of the information reported to the Central Credit Register and about the charging of fees and charges.

7.3.1 Consumer credit

The 2,916 complaints received on consumer credit in the first half of 2021 represented an 18.6% increase compared to the monthly average of complaints filed in 2020 on this credit product. This increase is explained by the growth in the number of complaints about credit cards, in particular about the charging of outstanding amounts and about the reporting of information to the Central Credit Register.

Credit card was the consumer credit product with the highest number of complaints, accounting for 56% of the total complaints, followed by personal credit (25.1% of the complaints) and car loans (11.7%).

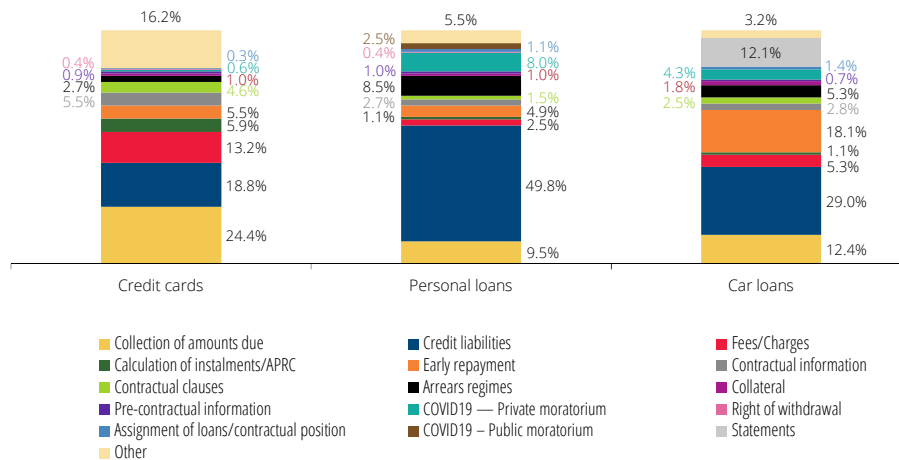
Chart II.7.3 • Complaints | Consumer credit products | 1st half of 2021



Source: Banco de Portugal.

16. Point 7.4 in this chapter.

Chart II.7.4 • Complaints | Credit cards, personal loans and car loans^(a)
| 1st half of 2021



Source: Banco de Portugal | Note: (a) In this chart, complaints about car loans exclude complaints about financial leasing/long-term car rental.

The most frequent consumer credit complaints¹⁷ were about:

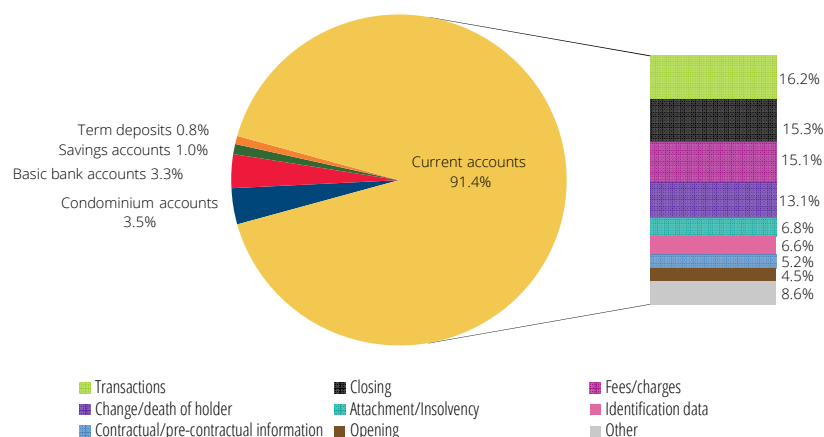
- **Credit liabilities (28.5%)**, involving the reporting of information to the Central Credit Register by the participants, with emphasis on topics relating to (i) the inaccuracy of the information reported by the said participants, and (ii) the delay in rectifying the information reported, namely as a result of the order to discharge remaining liabilities in insolvency proceedings;
- **Collection of outstanding amounts (19%)** mostly complaints about (i) the demand for payment of outstanding amounts and the calculation of these amounts, (ii) the constraints associated with the payment of outstanding amounts; (iii) and (iii) the procedures adopted by the institutions and the entities outsourced by them for the collection of outstanding amounts;
- **Charging of fees or charges (9.4%)**, with complaints relating in particular to (i) the charging of fees within the scope of the credit agreements in question; and (ii) the legitimacy of this charging of fees, namely for recovery of outstanding amounts;

7.3.2 Bank deposits

Complaints on bank deposits decreased by 15.7%, compared to the monthly average of 2020, with a total of 2,630 complaints received on this matter in the first half of 2021. This decrease is explained by the reduction in complaints about savings accounts. Most complaints about bank deposits (91.4%) continued to be about demand deposits.

17. The percentages shown relate to complaints about credit cards, personal loans and car loans, the three most complained about consumer credit products.

Chart II.7.5 • Complaints | Bank deposits | 1st half of 2021



Source: Banco de Portugal.

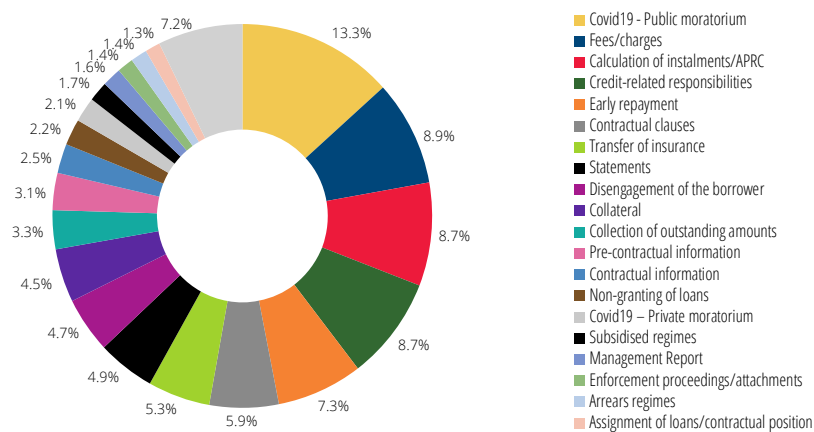
The most frequent complaints about current accounts concerned:

- Transactions on accounts (16.2%), namely in cases concerning (i) the non-execution of transactions, despite instructions given by customers to that effect, (ii) debit transactions carried out by institutions supposedly without the customer's authorisation and (iii) restrictions on access to the account, in particular resulting from unavailability of digital channels;
- Closing of account (15.3%), with special focus on (i) the delay in closing the current account and (ii) the procedures required by the institution with a view to closing the account;
- Charging of fees or charges (15.1%), with emphasis on complaints about (i) the alteration of conditions applicable to the charging of fees associated to current accounts and (ii) the amounts charged by institutions as compensation for services provided, namely the account maintenance service;
- Change in account holder or death of the account holder (13.1%), largely on (i) the delay in the estate file due to the death of the account holder, (ii) the institutions' procedure to change the ownership of current accounts, especially in the removal of account holders, and (iii) the difficulties to operate the account after the death of the account holder;
- Attachment/insolvency (6.8%), particularly situations regarding (i) the delay in lifting the attachment after having been ordered to proceed with such lifting and (ii) failure to comply with limits to the unseizability of bank balances.

7.3.3 Home loans and mortgage credit

The number of complaints about home loans and mortgage credit decreased by 4.1%, compared to the monthly average of 2020, with a total of 1,181 complaints having been received in the first half of 2021. This decline is mainly due to the decrease in complaints about the public moratorium. Despite this decline, the public moratorium continued to be the matter most complained about in this credit product.

Chart II.7.6 • Complaints | Home loans and mortgage credit | 1st half of 2021



Source: Banco de Portugal.

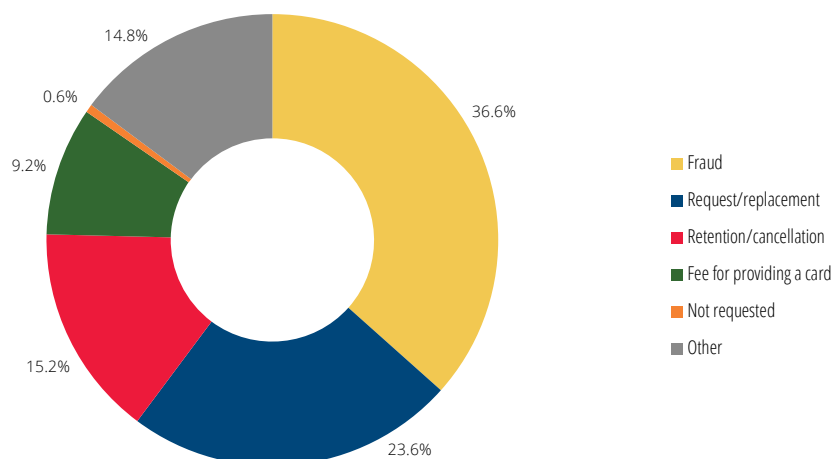
The subject of most complaints about home loans and mortgage credit concerned:

- The public moratorium in the context of the COVID-19 pandemic (13.3%), as detailed in Chapter I entitled “Credit moratoria in the context of the COVID-19 pandemic”;
- Collection of fees or charges (8.9%), related in particular to the amount of fees associated with the credit agreement;
- Calculation of instalments and APRC (8.7%), particularly (i) the determination of the spread applicable by reference to the optional cross selling and (ii) the calculation of the instalment based on the arithmetic average of the benchmark rate at the time of its periodic revision;
- Credit liabilities (8.7%), notably complaints related to (i) incorrect information reported to the Central Credit Liabilities Office, and (ii) the delay in correcting information incorrectly provided to the Central Credit Register, namely the failure to update information as a result of the order to discharge the remaining liabilities under insolvency proceedings.

7.3.4 Payment cards

1,030 complaints were received on payment cards in the first half of 2021, an increase of 5.6% compared to the monthly average of 2020. The contribution of complaints about fraud situations is noteworthy for this growth.

Chart II.7.7 • Complaints | Credit cards | 1st half of 2021



Source: Banco de Portugal.

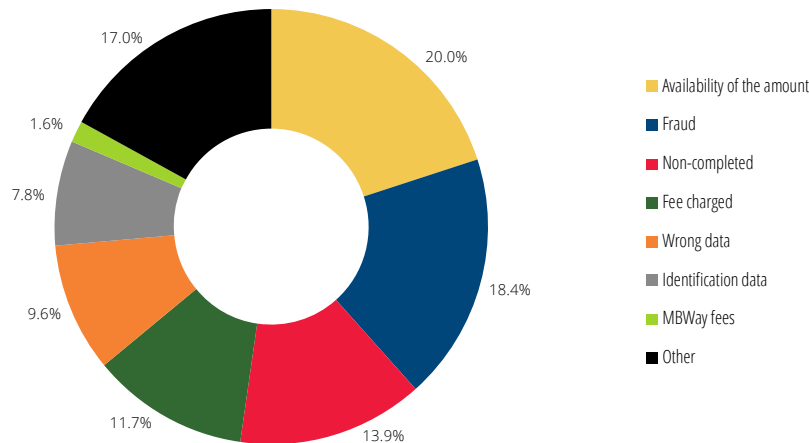
The most frequent complaints about payment cards concerned:

- Fraud (36.6%), generally on (i) the use of this payment instrument by unauthorised third parties and (ii) institutions' responsibility for such transactions being carried out;
- Request or replacement of cards (23.6%), with special focus on (i) the delay associated with the issue or replacement of payment cards and (ii) the fees charged in this context;
- Card retention and cancellation situations (15.2%), with particular emphasis on situations related to (i) card retention in automatic teller machines and (ii) the blocking of cards by their issuing institutions, namely for security reasons.

7.3.5 Credit transfers

Incoming complaints about credit transfers increased by 2.4% in the first half of 2021, compared to the monthly average of 2020, with 512 complaints received on this matter. This increase is mainly due to complaints about the availability of the amount transferred.

Chart II.7.8 • – Complaints | Credit transfers | 1st half of 2021



Source: Banco de Portugal.

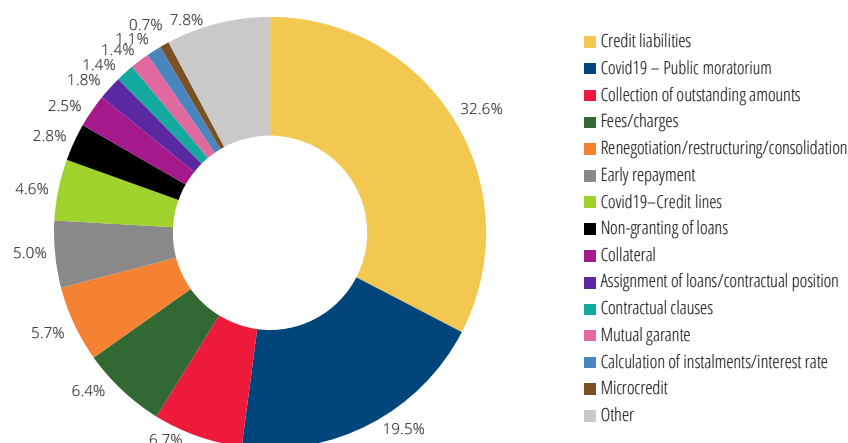
The most frequent complaints about credit transfers concerned:

- Release of the amount transferred (20%), with emphasis on complaints about (i) the delay in making the transfer amount available in the beneficiary's account and (ii) the delay in executing the transfer;
- Fraudulent transactions (18.4%), mainly related to (i) the origin of the instructions transmitted to the credit institution, and (ii) the institutions' responsibility for carrying out such transactions;
- Non-completed operations (13.9%), complaints about the non-completion of transfers ordered by the complainant notably due to outdated personal data or fraud alerts;
- Charging of fees (11.7%), mainly focusing on complaints about the amount of the fee charged by institutions when executing, receiving or returning transfers.

7.3.6 Loans to firms

Complaints about loans to firms amounted to 282 in the first half of 2021, a 20.9% reduction against the monthly average of 2020. This reduction is mainly explained by the decrease in the number of complaints about the application of the public moratorium and about the credit lines supporting business activity.

Chart II.7.9 • Complaints | Loans to firms | 1st half of 2021



Source: Banco de Portugal.

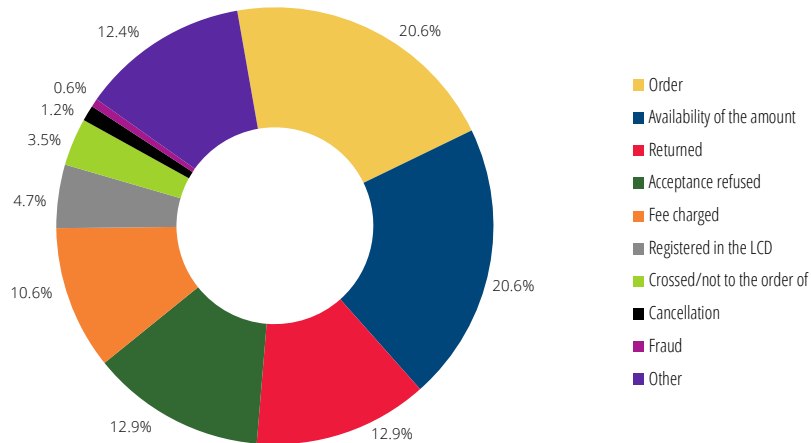
Most complaints regarding loans to firms were about:

- Credit liabilities (32.6%), including complaints about (i) the inaccuracy of the information reported to the Central Credit Register, and (ii) the delay in correcting incorrect or misreported information;
- The public moratorium in the context of the COVID-19 pandemic (19.5%), as detailed in Chapter I entitled “Credit moratoria in the context of the COVID-19 pandemic”;
- Collection of outstanding amounts (6.7%), complaints were identified, namely about (i) the demand for payment of amounts owed and the calculation of these amounts and (ii) the procedures adopted by the institutions for the collection of the amounts owed, in particular by judicial means.

7.3.7 Cheques

Complaints about cheques were received in the first half of 2021 reaching 170 in number, a 22.2% decrease over the monthly average of 2020, with particular emphasis on the reduction in complaints about the charging of fees.

Chart II.7.10 • Complaints | Cheques | 1st half of 2021



Source: Banco de Portugal.

The most frequent complaints about cheques concerned:

- Requesting cheques (20.6%), mainly due to (i) the non-availability of cheques or cheque books by institutions or (ii) delays in processing the request for cheques or cheque books submitted by customers;
- Availability of the amount (20.6%), with complaints about delays in the availability of the amount represented by the cheque being the most significant;
- Returned cheques (12.9%), essentially issues concerning the non-payment of cheques, particularly due to insufficient funds;
- Refusal to accept cheques (12.9%), mainly related to (i) the presentation of a cheque for payment by a person other than its beneficiary, (ii) incorrect completion of cheques.

7.4 Most complained about institutions

7.4.1 Consumer credit

The following table shows, for the first half of 2021, the number of complaints per thousand consumer credit agreements, by institution. Complaints submitted to the Banco de Portugal about this product were considered, irrespective of whether non-compliance or irregularity on the part of the respective institutions was detected by the Bank.

The institutions listed below received, on average, more than one complaint per quarter in 2021¹⁸.

18. Institutions with their head office in another Member State of the European Union and operating in Portugal under the freedom to provide services, such as the CaixaBank Payments, E.F.C. E.P., S.A. have not been considered.

Other institutions were subject to complaint with regard to consumer credit. However, given that the number of complaints received by those institutions was lower than that of the entities in the table, it was decided not to include them in order to be representative. The following institutions are in this situation: Abanca Corporación Bancaria, S.A. – Branch in Portugal, Banco Bilbao Vizcaya Argentaria, S.A. – Branch in Portugal, Banco CTT, S.A., Banco Finantia, S.A., Banco Atlântico Europa, S.A., BMW Bank GMBH, Portuguese Branch, BNI – Banco de Negócios Internacional (Europa), S.A., Novo Banco dos Açores, S.A. and Union de Créditos Imobiliários, S.A., Establecimiento Financiero de Crédito (Sociedad Unipersonal) – Branch in Portugal.

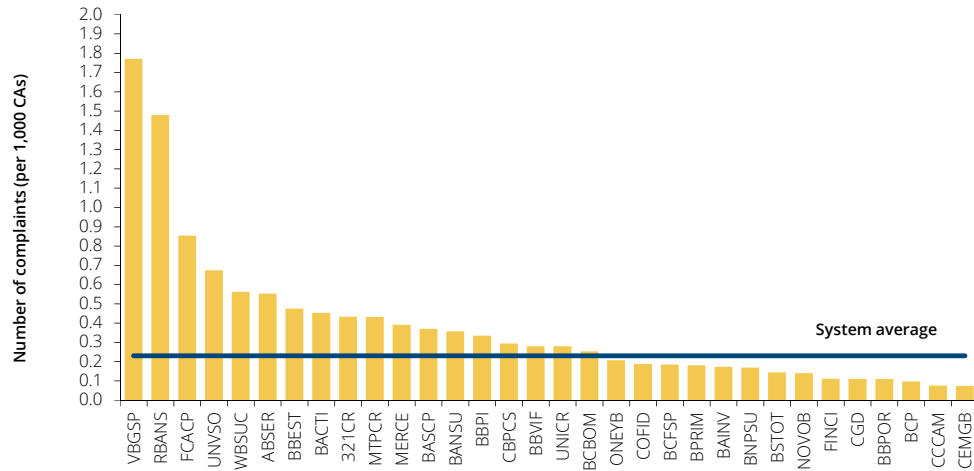
No complaints were received about other institutions that are active in consumer credit, such as Banco de Investimento Global, S.A., Caixa de Crédito Agrícola Mútuo de Leiria, C.R.L., Caixa Económica da Misericórdia de Angra do Heroísmo - Caixa Económica Bancária, S.A., FCE Bank PLC and Toyota Kreditbank GMBH - Branch in Portugal.

Table II.7.3 • Complaints | Per 1,000 Consumer credit agreements | 1st half of 2021

Abbreviation	Instituição de crédito	S1 2021
VBGSP	VOLKSWAGEN BANK GMBH – BRANCH IN PORTUGAL	1.77
RBANS	RCI BANQUE – BRANCH IN PORTUGAL	1.48
FCACP	FCA CAPITAL PORTUGAL, INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S.A.	0.85
UNVSO	UNIVERSO, IME, S.A.	0.67
WBSUC	WIZINK BANK, S.A. U. – BRANCH IN PORTUGAL	0.56
ABSER	ABANCA SERVICIOS FINANCIEROS, E.F.C., S.A. – BRANCH IN PORTUGAL	0.55
BBEST	BEST – BANCO ELECTRÓNICO DE SERVIÇO TOTAL, S.A.	0.48
BACTI	BANCO ACTIVOBANK, S.A.	0.45
321CR	321 CRÉDITO – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S.A.	0.43
MTPCR	MONTEPIO CRÉDITO – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S.A.	0.43
MERCE	MERCEDES-BENZ FINANCIAL SERVICES PORTUGAL – SOCIEDADE FINANCEIRA DE CRÉDITO, S.A.	0.39
BASCP	BANCO SANTANDER CONSUMER PORTUGAL, S.A.	0.37
BANSU	BANKINTER, S.A. – BRANCH IN PORTUGAL	0.36
BBPI	BANCO BPI, S.A.	0.33
CBPCS	CAIXABANK PAYMENTS & CONSUMER, E.F.C., E.P., S.A. – BRANCH IN PORTUGAL	0.29
BBVIF	BBVA, INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S.A.	0.28
UNICR	UNICRE – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S.A.	0.28
BCBOM	BANCO CREDIBOM, S.A.	0.25
	System average	0.23
ONEYB	ONEY BANK – BRANCH IN PORTUGAL	0.21
COFID	COFIDIS	0.19
BCFSP	BANKINTER CONSUMER FINANCE, E.F.C., S.A. – BRANCH IN PORTUGAL	0.18
BPRIM	BANCO PRIMUS, S.A.	0.18
BAINV	BANCO INVEST, S.A.	0.17
BNPSU	BNP PARIBAS PERSONAL FINANCE, S.A. – BRANCH IN PORTUGAL	0.17
BSTOT	BANCO SANTANDER TOTTA, S.A.	0.14
NOVOB	NOVO BANCO, S.A.	0.14
FINCI	FINANCEIRA EL CORTE INGLÉS PORTUGAL, S.F.C., S.A.	0.11
CGD	CAIXA GERAL DE DEPÓSITOS, S.A.	0.11
BBPOR	BANCO BIC PORTUGUÊS, S.A.	0.11
BCP	BANCO COMERCIAL PORTUGUÊS, S.A.	0.10
CCCAM	MUTUAL AGRICULTURAL CREDIT BANKS THAT ARE MEMBERS OF SICAM	0.07
CEMGB	CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, S.A.	0.07

Source: Banco de Portugal. | Note: The system average equates to 23 complaints per 100 thousand consumer credit agreements. Complaints | Per 1,000 Consumer credit agreements

Chart II.7.11 • Complaints | Per 1,000 Consumer credit agreements | 1st half of 2021



Source: Banco de Portugal.

7.4.2 Bank deposits

The following table shows, for the first half of 2021, the number of complaints per thousand current accounts in force, by institution. Complaints submitted to the Banco de Portugal about bank deposits were considered, irrespective of whether non-compliance or irregularity on the part of the respective institutions was detected by the Bank.

The institutions listed below received, on average, more than one complaint per quarter in 2021.

Other institutions were subject to complaint with regard to bank deposits. However, given that the number of complaints received by those institutions was lower than that of the entities in the table, it was decided not to include them in order to be representative. The following institutions are in this situation: Banco Invest, S.A., Banco L.J. Carregosa, S.A., Banco Português de Gestão S. A., BNI – Banco de Negócios Internacional (Europa), S.A., Caixa de Crédito Agrícola Mútuo de Leiria, C.R.L., Caixa de Crédito Agrícola Mútuo de Mafra, C.R.L., Caixa de Crédito Agrícola Mútuo de Torres Vedras, C.R.L., Caixa Económica da Misericórdia de Angra do Heroísmo – Caixa Económica Bancária, S.A. and Novo Banco dos Açores, S.A.

No complaint was received about other institutions operating in the area of current accounts, namely: Banco BAI Europa, S.A., Banco do Brasil AG – Branch in Portugal, Banco Finantia, S.A., BNP Paribas, Caixa – Banco de Investimento, S.A., Caixa de Crédito Agrícola Mútuo do Bombarral, C.R.L., Caixa de Crédito Agrícola Mútuo da Chamusca, C.R.L. and Haitong Bank, S.A.

Table II.7.4 • Complaints | Per 1,000 current accounts | 1st half of 2021

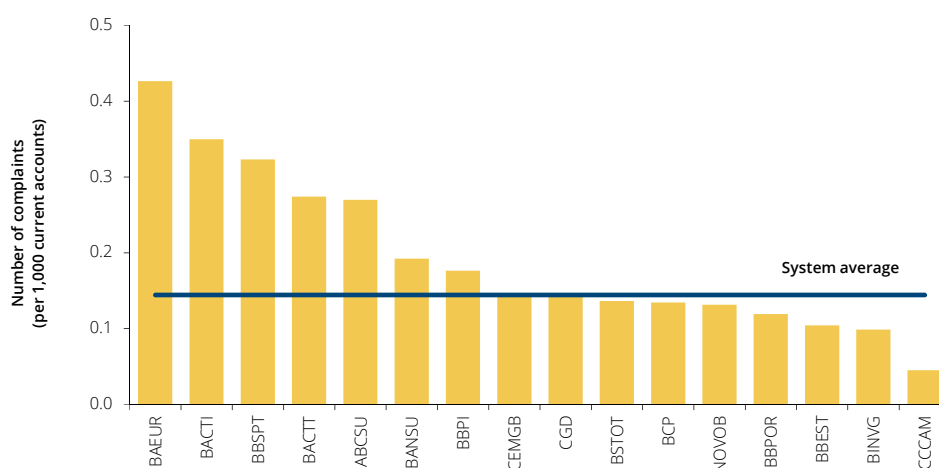
Abbreviation	Credit institution	S1 2021
BAEUR	BANCO ATLÂNTICO EUROPA, S.A.	0.43
BACTI	BANCO ACTIVOBANK, S.A.	0.35
BBSPT	BANCO BILBAO VIZCAYA ARGENTARIA, S.A. – BRANCH IN PORTUGAL	0.32
BACTT	BANCO CTT, S.A.	0.27
ABCSU	ABANCA CORPORACIÓN BANCARIA, S.A., – BRANCH IN PORTUGAL	0.27
BANSU	BANKINTER, S.A. – BRANCH IN PORTUGAL	0.19

Table II.7.4 • Complaints | Per 1,000 current accounts | 1st half of 2021

Abbreviation	Credit institution	S1 2021
BBPI	BANCO BPI S.A.	0.18
CEMGB	CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, S.A.	0.15
CGD	CAIXA GERAL DE DEPÓSITOS, S.A.	0.14
System average		0.14
BSTOT	BANCO SANTANDER TOTTA, S.A.	0.14
BCP	BANCO COMERCIAL PORTUGUÊS, S.A.	0.13
NOVOB	NOVO BANCO, S.A.	0.13
BBPOR	BANCO BIC PORTUGUÊS, S.A.	0.12
BBEST	BEST – BANCO ELECTRÓNICO DE SERVIÇO TOTAL, S.A.	0.10
BINVG	BANCO DE INVESTIMENTO GLOBAL, S.A.	0.10
CCCAM	MUTUAL AGRICULTURAL CREDIT BANKS THAT ARE MEMBERS OF SICAM	0.04

Source: Banco de Portugal. | Note: The system average equates to 14 complaints per 100,000 current accounts.

Chart II.7.12 • Complaints | Per 1,000 current accounts | 1st half of 2021



Source: Banco de Portugal.

7.4.3 Home loans and mortgage credit

The following table shows, for the first half of 2021, the number of complaints per thousand mortgage and home loan agreements, by institution. Complaints submitted to the Banco de Portugal about this product were considered, irrespective of whether non-compliance or irregularity on the part of the respective institutions was detected by the Bank.

The institutions in the table below averaged more than two complaints per quarter in the first half of 2021.

Other institutions were subject to complaint with regard to home loans and mortgage credit. However, given that the number of complaints received by those institutions was lower than that of the entities in the table, it was decided not to include them in order to be representative. The following institutions are in this situation: Novo Banco dos Açores, S.A. and Union de Créditos Imobiliários, S.A., Establecimiento Financiero de Crédito (Sociedad Unipersonal) – Branch in Portugal.

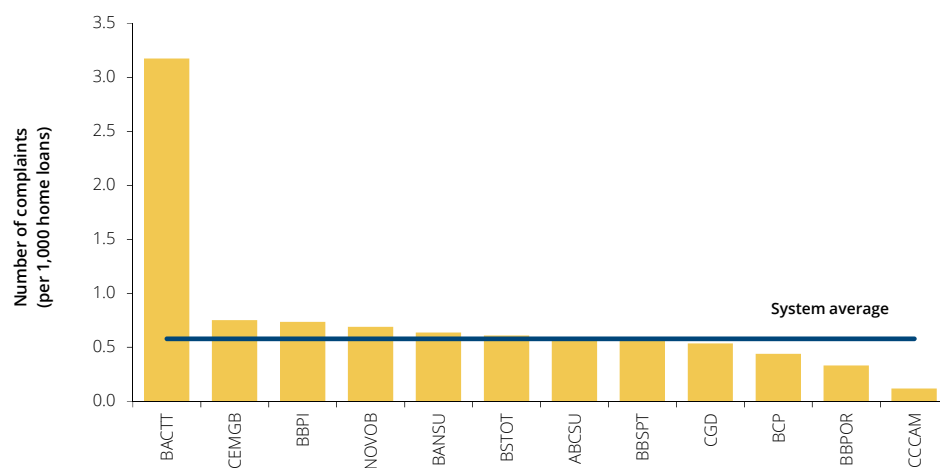
No complaints were received about other institutions operating in mortgage credit, such as Caixa de Crédito Agrícola Mútuo de Leiria, C.R.L.

Table II.7.5 • Complaints | Per 1,000 home loan and mortgage credit agreements
| 1st half of 2021

Abbreviation	Credit institution	S1 2021
BACTT	BANCO CTT, S.A.	3.17
CEMGB	CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, S.A.	0.75
BBPI	BANCO BPI S.A.	0.74
NOVOB	NOVO BANCO, S.A.	0.69
BANSU	BANKINTER, S.A. – BRANCH IN PORTUGAL	0.64
BSTOT	BANCO SANTANDER TOTTA, S.A.	0.61
ABCSU	ABANCA CORPORACIÓN BANCARIA, S.A., – BRANCH IN PORTUGAL	0.59
BBSPT	BANCO BILBAO VIZCAYA ARGENTARIA, S.A. – BRANCH IN PORTUGAL	0.59
System average		0.58
CGD	CAIXA GERAL DE DEPÓSITOS, S.A.	0.54
BCP	BANCO COMERCIAL PORTUGUÊS, S.A.	0.44
BBPOR	BANCO BIC PORTUGUÊS, S.A.	0.33
CCCAM	MUTUAL AGRICULTURAL CREDIT BANKS THAT ARE MEMBERS OF SICAM	0.12

Source: Banco de Portugal. | Note: The system average equates to 58 complaints per 100,000 home loan and mortgage credit agreements.

Chart II.7.13 • Complaints | Per 1,000 home loan and mortgage credit agreements
| 1st half of 2021



Source: Banco de Portugal.

7.5 Results of closed complaints¹⁹ and closing date

No signs of breaches by the targeted institution were detected in 59.8% of the 8,903 complaints closed in the first half of 2021 (61.1% in 2020), while in 40.2% of the cases the complaint was resolved on its own initiative or following the Banco de Portugal's action (38.9% in 2020). As a result of the analysis of complaints closed in this period, the Banco de Portugal commenced 54 administrative offence proceedings against 21 institutions, involving the analysis of 230 complaints, and issued 17 specific orders to seven institutions.

The average period for closing complaints was 50 days in the first half of 2021, compared to 48 days in 2020. The average time for closing complaints directly lodged with the Banco de Portugal was 65 days (68 days in 2020), while for complaints filed via the complaints book at the institution's branch the average was 31 days (36 days in 2020). As regards complaints filed via the electronic complaints book the average was 47 days (38 days in 2020).

The channel used for filing complaints to the Banco de Portugal has different analysis deadlines, arising from different legal frameworks laying down different procedures, depending on whether the complaint is lodged directly with the Banco de Portugal (RCO) or recorded in the physical or electronic complaints book of a credit institution (RCL).

The average analysis period includes the time taken by the Banco de Portugal and the credit institutions themselves to analyse the complaint. The Banco de Portugal must always hear the institution complained against, and the average time taken to analyse the reply depends on the time taken by the Banco de Portugal to answer the questions put to the institution.

8 Correction of irregularities and sanctions

8.1 Specific orders and recommendations

A total of 822 specific orders and recommendations were addressed to 117 institutions²⁰, following supervisory initiatives of the Banco de Portugal, including the analysis of bank customers' complaints.

Most of the specific orders and recommendations focused on irregularities and inadequacies detected in the offering of credit products.

19. The type of results described refers to complaints that fall within the Banco de Portugal's remit. As regards complaints outside that remit, results may be due to: forwarding of the complaint to another supervisory authority of the financial sector (Portuguese Securities Market Commission or Insurance and the Pension Funds Supervisory Authority) or falling outside the scope of financial supervisors' authority.

20. The Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C.R.L. (Central Mutual Agricultural Credit Bank) and the mutual agricultural credit banks that are members of the SICAM (Integrated Mutual Agricultural Credit Scheme) were accounted for separately.

Table II.8.1 • Specific orders and recommendations | By subject matter | 1st half of 2021

Subject matters	Number	Institutions covered
BBAs	27	7
Advertising	66	28
Consumer credit	273	82
Home loans and mortgage credit	162	82
Payment services	6	5
Data reporting	2	2
Information on the special regime for redemption of savings plans ^(a)	286	97
Total	822	–

Source: Banco de Portugal. | Notes: The total number of specific orders and recommendations includes recommendations on consumer credit offering via digital channels. In the first half of 2021, specific orders and recommendations were addressed to 117 institutions. The Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C.R.L. (Central Mutual Agricultural Credit Bank) – and the mutual agricultural credit banks that are members of the SICAM (Integrated Mutual Agricultural Credit Scheme) were assessed separately. (a) Details on the specific orders and recommendations related to the disclosure of information on the special regime for redemption of savings plans are provided in Chapter I.

8.1.1 BBA

A total of 27 specific orders were issued to seven institutions to ensure compliance with obligations imposed on the supervised institutions for disclosure and provision of the BBA.

Table II.8.2 • Specific orders | BBA | 1st half of 2021

Subject matters	Number	Institutions covered
Provision of information on BBAs to current account holders	8	5
Documents required for opening a BBA	1	1
Compliance with the deadline for replying to applications for opening a BBA and for switching from a current account to a BBA	9	2
Contractual information obligations	1	1
Compliance with fees and charges cap	2	1
Prohibition on overrunning in a BBA	1	1
Termination of the agreement governing BBAs	3	1
Reporting to the Banco de Portugal of information on the marketing of BBAs	2	1
Total	27	–

Source: Banco de Portugal. | Note: In the first half of 2021, specific orders were addressed to seven institutions.

The supervisory measures taken concerned:

- **Disclosure of information on the BBA to customers who are holders of current accounts²¹.** Five institutions were asked to comply with the requirements on providing information on the possibility of switching the current account into a BBA, either through the account statement or a specific communication. Two of these institutions were also required to comply with the template information document on basic banking services established in the applicable regulations.

21. Article 7-A of Decree-Law No 27-C/2000 of 10 March 2000 and Article 3 of Notice of the Banco de Portugal No 1/2018.

- **The documents required for opening a BBA²²**, and one institution was required to refrain from requesting customers wishing to open a BBA to produce documents or evidence in addition to those set out in the law.
- **Compliance with the deadline for replying to requests for opening a BBA and for switching from a current account into a BBA²³**, two institutions have been ordered to change procedures to ensure that within 10 working days of receiving a complete application from a customer to open a BBA or to switch an existing current account into a BBA, the customer benefits from the BBA or, if applicable, is informed that its application was declined.
- **Contractual information obligations²⁴**, one institution was required to include in the BBA opening agreement information about the purpose of the BBA, the conditions for termination and the impossibility of contracting overdraft facilities and excess of overdraft limit.
- **Compliance with fees and charges cap for maintaining the BBA²⁵**, one institution was found to be charging fees in addition to the BBA maintenance fee for the provision of financial services legally associated with that account, in particular by providing a debit card and by executing debit orders.
- **Prohibition on overrunning in a BBA²⁶**, one institution was ordered to change its internal practices and procedures in force, to prevent credit overrunning in BBAs, except when caused by the use of a debit card.
- **Termination of the BBA agreement on the initiative of the deposit-taking institution²⁷**, an institution was ordered to take the necessary measures to ensure that, in the event of termination of a deposit agreement concluded under the BBA regime, customers are informed of the termination of the contractual relationship, free of charge, through a statement, on paper or on any other durable medium, specifying the reasons and grounds for the termination. It was further required that this communication contain information on complaint procedures and alternative dispute resolution means available to the customer, providing the necessary contact details.
- **Reporting of information on the offering of BBAs to the Banco de Portugal²⁸**, one institution being asked to correct the information reported, to ensure that the information provided to the Banco de Portugal is correct, reliable and covers all data concerning the provision of basic banking services required by the rules in force.

8.1.2 Advertising

Sixty-six specific orders and recommendations were addressed to 28 institutions within the scope of advertising inspections, involving a total of 366 advertisements.

22. Article 4-D of Decree-Law No 27-C/2000 of 10 March 2000.

23. Among others, see Articles 4-C and 4-D of Decree-Law No 27-C/2000 of 10 March 2000.

24. Article 3 of Decree-Law No 27-C/2000 of 10 March 2000.

25. Article 3 of Decree-Law No 27-C/2000 of 10 March 2000.

26. Article 4-D of Decree-Law No 27-C/2000 of 10 March 2000.

27. Article 5 of Decree-Law No 27-C/2000 of 10 March 2000.

28. Instruction of the Banco de Portugal No 15/2018.

Table II.8.3 • Specific orders and recommendations | Advertising | 1st half of 2021

Subject matters	Number	Advertisements with irregularities	Institutions covered
Produtos eProducts and servicesserviços	60	346	26
Consumer credit	43	224	21
Multi-product	10	99	7
Mortgage credit	3	14	3
Payment services	2	2	2
Loans to firms	2	7	2
Institutional	6	20	6
Total	66	366	-

Source: Banco de Portugal. | Note: In the first half of 2021, specific orders and recommendations were addressed to 28 institutions.

The specific orders and recommendation issued mainly concerned advertising for consumer credit products, involving 224 advertisements. The following changes were required of these advertisements:

- A reference to the APRC with similar prominence to the highlighted characteristics of the credit products advertised²⁹ (15 institutions);
- The presentation of consistent and complete information on credit products or the designation of fees in line with their price list, particularly in the APRC's representative example³⁰ (15 institutions);
- The presentation of the conditions of access and restrictions, and the indication of the repayment period and the loan amount, with similar emphasis to the characteristics of the product highlighted in the advertising message³¹ (8 institutions);
- The dissemination of information of a mandatory nature over a period of time sufficient to permit adequate reading and listening³² (7 institutions);
- The correct presentation³³ of the illustrative example of the APRC (6 institutions);
- The presentation of the nature or purpose of the product in a clear manner³⁴ (6 institutions);

Following the analysis of multi-product advertising, ten specific orders were issued in respect of 99 advertising materials³⁵, requiring:

- The accuracy and timeliness of the information provided, in particular as regards market conditions with an impact on the characteristics of products or services, including interest rates, prices or the performance of a financial product³⁶ (6 institutions);
- Reference to the APRC with similar prominence to the highlighted characteristics of the credit products advertised³⁷ (6 institutions);

29. Article 5 of Decree-Law No 133/2009 of 2 June 2009 and Article 15 of Notice of the Banco de Portugal No 10/2008.

30. Article 3 of Notice of the Banco de Portugal No 10/2008.

31. Articles 4, 5 and 15 of Notice of the Banco de Portugal No 10/2008.

32. Articles 8, 9 and 10 of Notice of the Banco de Portugal No 10/2008.

33. Article 5 of Decree-Law No 133/2009 of 2 June 2009 and Article 15 of Notice of the Banco de Portugal No 10/2008.

34. Article 4 of Notice of the Banco de Portugal No 10/2008.

35. Includes advertising materials for one or more banking products and services, particularly those regarding package accounts.

36. Article 3 of Notice of the Banco de Portugal No 10/2008.

37. Article 5 of Decree-Law No 133/2009 of 2 June 2009 and Article 15 of Notice of the Banco de Portugal No 10/2008.

- The correct presentation³⁸ of the representative example of the APRC (two institutions);
- The unequivocal identification of the institution responsible for the products advertised³⁹ (two institutions).

In the context of advertising home loans and mortgage credit, three specific orders were issued, involving 14 advertisements. These orders required indication of a reference to the APRC with similar prominence to the highlighted characteristics of the credit products advertised⁴⁰, no distortion of the facts in the message the broadcast of the message over a period of time allowing it to be read and heard properly⁴¹ and, finally, the expiry date of the advertised promotional conditions to be shown⁴².

8.1.3 Consumer credit

A total of 273 specific orders and recommendations were issued to 82 institutions in the consumer credit segment.

Table II.8.4 • Specific orders and recommendations | Consumer credit | 1st half of 2021

Subject matters	Number	Institutions covered
Pre-contractual information obligations	88	79
Creditworthiness assessment	81	79
Contractual information obligations	89	80
Right of withdrawal	3	2
Obligations concerning arrears management	1	1
Reporting to the Banco de Portugal	7	3
Other obligations	4	2
Total	273	–

Source: Banco de Portugal. | Note: In the first half of 2021, specific orders and recommendations were addressed to 82 institutions.

The supervisory measures taken concerned:

- Provision of pre-contractual information to customers, with 77 institutions being required to change procedures in order to ensure that the SIS is provided on the date a credit offer is presented or prior to concluding a credit agreement⁴³.

One institution was asked to ensure that simulators present the selected maturity information at the minimum available limit, so that the indication of a different maturity is the result of an express and conscious choice by the customer⁴⁴.

Two institutions were advised that the pre-contractual and contractual documentation relating to the credit agreement must be presented separately from documents relating to optional products in the context of the mandatory navigation mechanism (scroll down).

33. Article 5 of Decree-Law No 133/2009 of 2 June 2009 and Article 15 of Notice of the Banco de Portugal No 10/2008.

39. Article 2 of Notice of the Banco de Portugal No 10/2008.

40. Article 10 of Decree-Law No 74-A/2017 of 23 June 2017 and Article 4 of Notice of Banco de Portugal No 10/2008.

41. Articles 8, 9 and 10 of Notice of the Banco de Portugal No 10/2008.

42. Article 3 of Notice of the Banco de Portugal No 10/2008.

43. Article 4 of Notice of the Banco de Portugal No 10/2008.

44. Article 6 of Decree-Law No 133/2009 of 2 June 2009.

In addition, one institution was required to correct the information on the APRC that is presented in the credit simulators provided in the digital channels and in the SIS⁴⁵.

- **Assessment of consumers' creditworthiness, with three institutions being required to make such an assessment prior to entering into consumer credit agreements⁴⁶.**

Seventy-nine institutions were ordered, in the event of a rejection of an application for the granting of credit on the basis of consultation of the databases used for assessing creditworthiness, to inform customers, immediately and justifiably, of the reason for such refusal and of the information contained in these databases which justified the refusal to grant the credit⁴⁷.

- Compliance with the duty to provide contractual information⁴⁸, with 80 institutions being required to include mandatory information in consumer credit agreements. This concerns in particular the date the agreement was concluded, the number of the agreement, the ANR, the APRC and the charges considered in calculating the latter.
- The exercise of the right of withdrawal from consumer credit agreements by borrowers, requiring two institutions to cease the practice of conditioning the effects of withdrawal from the agreement to the payment of the borrowed principal and interest due by borrowers and to provide mechanisms that allow the customer to exercise its right of withdrawal through remote communication means (e.g., homebanking, mobile channel or other)⁴⁹.
- The fulfilment of the duties incumbent upon institutions within the scope of arrears management, one institution was ordered to abstain from contacting customers in arrears, using contact details not provided by the bank customer to the credit institution, except where the contact details relating to the bank customer are available to the public⁵⁰.
- The reporting of information to the Banco de Portugal, requiring three institutions to ensure the reliability and compliance of the information reported on consumer credit agreements, namely overdraft facility agreements, with applicable regulations in force⁵¹.

8.1.4 Home loans and mortgage credit

A total of 162 specific orders and recommendations were issued to 82 institutions in the home loans and mortgage credit segment.

Table II.8.5 • Specific orders and recommendations | Home loans and mortgage credit 2021
| 1st half of 2021

Subject matters	Number	Institutions covered
Charges imposed on customers in arrears on credit agreements	160	80
Obligations concerning arrears management	1	1
Release of mortgage	1	1
Total	162	–

Source: Banco de Portugal. | Note: In the first half of 2021, specific orders and recommendations were addressed to 82 institutions.

45. Article 74 of the Legal Framework for Payment Services and Electronic Money and Circular Letter CC/2020/00000044.

46. Article 24 of Decree-Law No 133/2009 of 2 June 2009 and Instruction of Notice of the Banco de Portugal No 13/2013.

47. Article 10 of Decree-Law No 133/2009 of 2 June 2009 and Instruction of Banco de Portugal No 4/2017.

48. Article 10 of Decree-Law No 133/2009 of 2 June 2009 and Circular Letter CC/2020/00000044.

49. Article 12 of Decree Law No 133/2009 of 2 June 2009 and Article 77 of the Legal Framework of Credit Institutions and Financial Companies.

50. Article 17 of Decree-Law No 133/2009 of 2 June 2009 and Circular Letter No CC/2020/00000044.

51. Article 4 of Notice of the Banco de Portugal No 17/2012.

Supervisory measures taken concerned:

- Charges imposed on customers in arrears on credit agreements, with 80 institutions being required to ensure that the “subsidy” on the interest rate or spread taken out by reference to the potential bundling is not cancelled by the fact that the customer is in arrears⁵²;
- Compliance with the duties incumbent on institutions within the scope of arrears management, one institution was ordered to ensure the inclusion in the OASP of customers in arrears on mortgage and home loan agreements between the 31st and 60th days following the due date of the credit agreement obligation in question, should the default persist⁵³;
- Issue of the deed of release of mortgage, one institution having been required to take measures to ensure that the deed of release of mortgage was delivered to the customer within 14 working days of the end of the mortgage credit agreement⁵⁴.

8.1.5 Payment services

Six specific orders on payment services were issued to five institutions.

Table II.8.6 • Specific orders and recommendations | Payment services | 1st half of 2021

Subject matters	Number	Institutions covered
Exercise of the right to unilaterally change the framework agreement	2	1
Fees and charges	1	1
Release of the amount of the payment transaction	1	1
Blocking payment instruments	2	2
Total	6	–

Source: Banco de Portugal. | Note: In the first half of 2021, specific orders and recommendations were addressed to five institutions.

The supervisory measures taken concerned:

- The information provided to customers where institutions exercise contractual prerogatives that allow them to unilaterally modify the terms of framework agreements, and one institution was required to ensure compliance with legally established requirements⁵⁵;
- The charging of undue fees under the execution of SEPA+ credit transfers⁵⁶, with one institution being ordered to immediately cease charging the fees in question;
- The obligation for the payer's payment service provider to transfer the full amount of the payment transaction, one institution having been required to make the necessary arrangements to ensure that the full amount of payment transactions is transferred, refraining from deducting any charges from the amount transferred, including fees⁵⁷;

52. Instruction of the Banco de Portugal No 14/2013.

53. Article 9 of Decree-Law No 58/2013 of 8 May 2013.

54. Article 14 of Decree-Law No 227/2012 of 25 October 2012.

55. Articles 22 and 28-A of Decree-Law No 74-A/2017 of 23 June 2017

56. Article 93 of the Legal Framework for Payment Services and Electronic Money.

57. Article 5 of Regulation (EU) no 260/2012 of the European Parliament and of the Council of 14 March 2012.

- The obligation for the payer's payment service provider to transfer the full amount of the payment transaction, one institution having been required to make the necessary arrangements to ensure that the full amount of payment transactions is transferred, refraining from deducting any charges from the amount transferred, including fees⁵⁸.
- Information provided to customers in case of blocked payment instruments, with one institution being ordered to provide information to customers about the blocking and rationale for it, except where such information cannot be provided for objectively justified security reasons or is banned by other applicable legal provisions. One institution has also been ordered to change its procedures to avoid the blocking of payment instruments for a period of time that is not compatible with the provisional nature of this measure⁵⁹.

8.2 Administrative offence proceedings

In performing its banking conduct supervisory authority, the Banco de Portugal opened 57 proceedings against 23 institutions. The majority of the proceedings initiated resulted from the analysis of complaints from bank customers (95%), with the remaining proceedings originating from inspections and from the assessment of compliance with maximum consumer credit rates.

... The administrative offence proceedings initiated involved
... 204 bank customers' complaints.

For reasons of procedural economy, and where appropriate, indications of several irregularities committed by the same institution were joined in the same proceedings, with several proceedings being based on more than one complaint.

Table II.8.7 • Administrative offence proceedings | By subject matter | 1st half of 2021

Subject matters	Number	Institutions covered
Bank deposits	14	8
Consumer credit	11	10
Home loans and mortgage credit	4	4
Payment services	13	12
Complaints book	2	2
Bank secrecy	2	2
Priority service	1	1
Credit moratoria ^(a)	5	5
Others ^(b)	5	4
Total	57	–

Source: Banco de Portugal. | Notes: In the first half of 2021, administrative offence proceedings were initiated against 23 institutions. (a) Information on administrative offence proceedings initiated for suspected breach of the rules on credit moratoria can be found in Chapter I. (b) These include administrative offence proceedings that, for reasons of procedural economy, aggregate evidence of breaches of the rules governing the offering of different retail banking products and services.

58. Article 122 of the Legal Framework for Payment Services and Electronic Money.

59. Article 108 of the Legal Framework for Payment Services and Electronic Money.

8.2.1 Bank deposits

The 14 administrative offence proceedings initiated against eight institutions for rules governing the offering of bank deposits, include irregularities detected in 67 complaints.

The proceedings initiated refer to non-compliance with the following obligations:

- Transactions on a current account must be preceded by the authorisation of its holder, in accordance with the conditions agreed upon between the credit institution and the bank customer⁶⁰. Should this not have been the case, institutions must comply with their obligation to repay the amount of these payment transactions within the time limits established by law⁶¹;
- Institutions must provide their customers with a copy of the general conditions of the agreement to be concluded, as well as a copy of the corresponding agreement⁶², even if the customer waives the delivery of documentation in the context of opening a deposit agreement;
- Institutions must guarantee that current accounts are closed immediately upon customers' request, unless a notice period has been agreed, which cannot exceed one month⁶³;
- Institutions must ensure that the exercise of the contractual prerogative enabling them to terminate the current account agreement is preceded by a notice to the customer within at least two months in advance⁶⁴;
- Institutions must ensure that the statement with the information on transactions on the current account is made available to the customer at least on a monthly basis, except where no transactions have occurred in the month in question, but at least once a year⁶⁵;
- Institutions must ensure that the amount deposited in cash is made available immediately upon receipt of the funds, with a value date matching that moment⁶⁶;
- Institutions must act with diligence, impartiality, loyalty, discretion and respect for the interests entrusted to them, both in their direct relationship with bank customers and in their relationship with other institutions⁶⁷.

8.2.2 Consumer credit

The 11 administrative offence proceedings filed against ten institutions are based on rules regulating consumer credit offering and include irregularities detected in 16 complaints, in inspections and in the monitoring of information reported by institutions regarding consumer credit agreements.

Proceedings filed are related to non-compliance with the following duties:

- Institutions must provide the consumer with pre-contractual information, by delivering the SIS⁶⁸;
- Institutions must provide borrowers with a copy of the consumer credit agreement⁶⁹;
- Institutions must comply with the APRC cap disclosed by the Banco de Portugal for each type of consumer credit agreement⁷⁰;

60. Article 103 of the Legal Framework for Payment Services and Electronic Money.

61. Article 114 of the Legal Framework for Payment Services and Electronic Money.

62. Articles 4, 5 and 6 of Notice of the Banco de Portugal No 4/2009.

63. Article 94 of the Legal Framework for Payment Services and Electronic Money.

64. Article 94 of the Legal Framework for Payment Services and Electronic Money.

65. Articles 7 and 8 of Notice of the Banco de Portugal No 4/2009.

66. Article 126 of the Legal Framework for Payment Services and Electronic Money.

67. Article 74 of the Legal Framework of Credit Institutions and Financial Companies.

68. Article 6 of Decree-Law No 133/2009 of 2 June 2009.

69. Article 12 of Decree-Law No 133/2009 of 2 June 2009.

70. Article 28 of Decree-Law No 133/2009 of 2 June 2009 and Instruction of Notice of the Banco de Portugal No 14/2013.

- Institutions must provide credit card statements in digital format, as a rule on a monthly basis, after the customer has signed up for digital statement⁷¹;
- Institutions must provide, by means of a statement or separate document, specific information in case of non-compliance with contractual obligations by the bank customer, arrears settlement and early repayment of the credit agreement⁷²;
- Institutions must include the customer in the OASP between the 31st and the 60th day following the due date of the credit agreement obligation in question, should the arrears persist, and inform the bank customer of its inclusion in the OASP, within five days at the latest, by means of a notice on a durable medium⁷³;
- Institutions are unable to terminate the credit agreement with the customer in the period between the date of their entry into the OASP and the termination of this procedure⁷⁴;
- Institutions must inform customers they will report of a defaulted credit agreement prior to reporting this to the CCR⁷⁵.

8.2.3 Home loans and mortgage credit

The four administrative offence proceedings filed against four institutions relate to rules governing the offering of home loans and mortgage credit and include irregularities detected in 18 complaints.

The proceedings initiated refer to non-compliance with the following obligations:

- Institutions must inform the insurance undertaking in a timely manner of developments in the outstanding amount under a home loan agreement, for the purpose of updating the insured capital⁷⁶;
- Institutions must ensure the customer's right to pay the credit agreement early, in whole or in part, at any time during the term of the agreement⁷⁷.

8.2.4 Payment services

The 13 administrative offence proceedings initiated against 12 institutions for rules governing the offering of payment services include irregularities detected in 22 complaints.

All in all, the proceedings initiated refer to non-compliance with the following obligations:

- Where all the conditions set out in the framework agreement with the payer are met, institutions cannot refuse to execute an authorised payment order irrespective of whether the order is initiated by the payer, including via a payment initiation service provider, or by or through a payee, unless otherwise required by law⁷⁸;
- Institutions must inform the payer, as agreed, if the payment instrument is to be blocked and the reasons for it, where possible before the blocking takes place or at the latest immediately after that, unless providing such information were to objectively compromise justified security reasons or is prohibited by other applicable legal provisions⁷⁹;

71. Articles 4 and 6 of Notice of the Banco de Portugal No 10/2014.

72. Article 5 of Notice of the Banco de Portugal No 10/2014.

73. Article 14 of Decree-Law No 227/2012 of 25 October 2012.

74. Article 8 of Decree-Law No 227/2012 of 25 October 2012.

75. Point 9 of Instruction of the Banco de Portugal No 17/2018.

76. Article 7 of Decree-Law No 222/2009 of 11 September 2009.

77. Artigo 23.º do Decreto-Lei n.º 74-A/2017, de 23 de junho.

78. Artigo 120.º do RJSPME.

79. Artigo 108.º do RJSPME.

- Institutions must inform customers of their contractual prerogative to unilaterally modify the terms and conditions of a framework agreement within at least two months prior to the amendment coming into effect, specifying the amendment they intend to make. They must also inform customers that should they reject these amendments, they are entitled to terminate the agreement immediately and free of charge and, where agreed, that lack of response by the customer will be deemed to be an agreement to the amendments⁸⁰;
- Institutions must execute payment transactions upon receipt of the payment order, ensuring that the amount of the transaction is credited to the payee's account by the end of the first subsequent working day⁸¹;
- The institutions will make the amount of the payment transaction available to the beneficiary after it has been credited to its account⁸²;
- Institutions must ensure that the debit value date for the payer's payment account is no earlier than the time at which the amount of the payment transaction is debited to that payment account⁸³;
- Institutions must restore the debited payment account to the state in which it would have been had the unauthorised payment transaction not taken place, in accordance with the legal deadlines⁸⁴;
- Institutions must assign the value date of the second working day following the deposit of a cheque in an automated terminal, and the corresponding credit balance should be available on that same working day⁸⁵.

8.2.5 Complaints book

The two administrative offence proceedings brought against two institutions regarding the Complaints' Book scheme entail facts detected during the analysis of 13 complaints.

Proceedings were initiated for non-compliance with the duty to send the original sheet of the complaints book to the Banco de Portugal within the maximum legally established period of 15 working days from the date of the complaint, duly accompanied by the response given to the customer⁸⁶. Furthermore, it was also detected that institutions failed to comply with their duty to make the complaints book immediately available, free of charge, upon customer's request⁸⁷.

8.2.6 Bank secrecy

The two administrative offence proceedings against two institutions in respect of bank secrecy matters were initiated following irregularities detected during the analysis of three complaints. The administrative proceedings initiated relate to non-compliance with the duty of banking secrecy to which members of the management or supervisory bodies of institutions and their staff are subject⁸⁸.

80. Article 93 of the Legal Framework for Payment Services and Electronic Money.

81. Article 124 of the Legal Framework for Payment Services and Electronic Money.

82. Article 128 of the Legal Framework for Payment Services and Electronic Money.

83. Article 128 of the Legal Framework for Payment Services and Electronic Money.

84. Article 114 of the Legal Framework for Payment Services and Electronic Money.

85. Article 5 of Decree-Law No 18/2007 of 22 January 2007.

86. Article 5 of Decree-Law No 156/2005 of 15 September 2005.

87. Article 3 of Decree-Law No 156/2005 of 15 September 2005.

88. Article 78 of the Legal Framework of Credit Institutions and Financial Companies.

8.2.7 Priority service

The administrative offence proceeding brought against an institution regarding priority service covers facts detected during the analysis of a complaint. This concerns failure to comply with the duty to provide priority service to people with disabilities, elderly people, pregnant women and people accompanied by lap children, which is applicable to all public and private entities that provide face-to-face service to the public⁸⁹.

8.2.8 Credit moratoria

The five administrative offence proceedings initiated against five institutions for rules governing the application of credit moratoria include irregularities detected in 32 complaints.

A detailed analysis of the irregularities that are the object of these proceedings is in Chapter I of this Report.

89. Article 3 of Decree-Law No 58/2016 of 29 August 2016.

III Supervision of credit intermediaries

- 1 Authorisation and registration
- 2 Supervision of the activity
- 3 Requests for information
- 4 Correction of irregularities
and sanctions

1 Authorisation and registration

1.1 Requests for authorisation

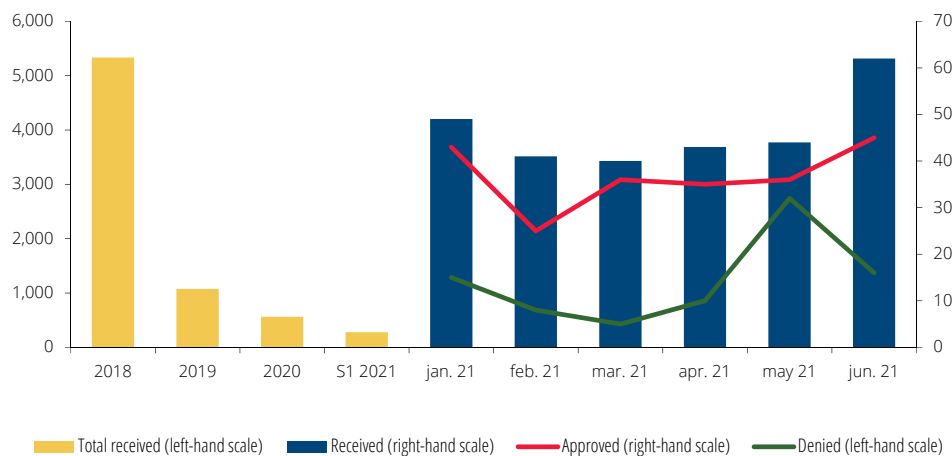
279 requests for authorisation to pursue the business of credit intermediary were received.

In the first half of 2021, 279 requests for authorisation to pursue the business of credit intermediary were received, a 0.7% increase over the same period in 2020. On average, 47 requests for authorisation were submitted to the Banco de Portugal per month.

In this period, 306 requests for authorisation to pursue the business of credit intermediary were decided. Of these, 220 were approved (71.9%) and 86 were rejected (28.1%).

Since the entry into force, on 1 January 2018, of the legal framework governing credit intermediaries, the Banco de Portugal has received 7,248 requests for authorisation to pursue the business of credit intermediary, having decided on 7,188 requests. The majority (74.4%) of the requests for authorisation decided by the Banco de Portugal were approved.

Chart III.1.1 • Credit intermediaries | Status of applications for authorisation
| 2018 – 1st half of 2021



Source: Banco de Portugal.

1.2 Registration

At the end of the first half of 2021 there were 5,257 credit intermediaries registered with the Banco de Portugal, i.e. 3.5% (178) more than at the end of 2020.

The list of credit intermediaries authorised to operate in Portugal is available on the Bank Customer Website¹, where information to be made public for each credit intermediary may be consulted.

Credit intermediaries have submitted, via the electronic form available on the Bank Customer Website, 1,967 requests for amendments to the items subject to registration. 1,957 requests were decided, of which 95.1% were granted.

The focus of these requests was mainly on amendments to the information on the lending institutions with which the credit intermediaries have a tying agreement, and the details of the professional indemnity insurance contract for the activity of credit intermediary.

Chart III.1.2 • Credit intermediaries | Status of requests to amend registrations
| 2018 – 1st half of 2021



Source: Banco de Portugal.

As a result of the lapse of authorisation, on the grounds that the authorisation had been expressly waived, 18 credit intermediaries were struck-off.

The entry in the register of nine credit intermediaries from the United Kingdom was struck-off due to expiry, on 31 December 2020, of the transition period provided for in the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, during which credit intermediaries from the United Kingdom could continue to operate in Portugal under the freedom to provide services or freedom of establishment.

1. <https://www.bportugal.pt/intermediarios-credito/>.

1.3 Communications on cross-border activity

Eleven communications were received regarding the pursuit of the business of mortgage credit intermediary by an entity authorised to carry out that business in any other Member State of the European Union. Four of these communications concerned changes to information previously provided to the Banco de Portugal.

At the end of the first half of 2021, there were 17 credit intermediaries from other Member States of the European Union operating in Portugal. Eleven of these were from France, three from Austria and three from the Netherlands. As a rule, these credit intermediaries were operating in Portugal under the freedom to provide services. Only one of these credit intermediaries operated in Portugal through the establishment of a branch.

Although six credit intermediaries from other Member States of the European Union were registered in the period concerned, the number of credit intermediaries operating in Portugal under the freedom to provide services or freedom of establishment (three less than at the end of 2020) decreased. This decrease stems from the fact that credit intermediaries from the United Kingdom are no longer allowed to operate in Portugal.

Four reports were received on the pursuit of mortgage credit intermediary activity in another Member State of the European Union sent by two credit intermediaries authorised in Portugal.

At the end of the first half of 2021, three credit intermediaries authorised in Portugal were carrying out the activity of mortgage credit intermediary in other Member States of the European Union, through freedom to provide services (two) or through the establishment of a branch (one).

Two of these credit intermediaries operated in Spain and one was active in Belgium, France and Luxembourg.

1.4 Communications from financial institutions acting as credit intermediaries

By the end of the first half of 2021, the list of credit institutions, financial corporations, payment institutions and e-money institutions providing credit intermediation services disclosed in the Bank Customer Website², comprised 19 entities.

A communication was received regarding the provision of credit intermediation services by a payment institution, the Banco de Portugal having been informed that a credit institution had ceased to provide credit intermediation services.

2. On <https://www.bportugal.pt/instituicoes-financeiras-intermediacao>.

2 Supervision of the activity

2.1 Advertising

40 advertising materials released by credit intermediaries were analysed.

Nineteen advertising materials on the business of credit intermediary were analysed, requiring the correction of irregularities detected in 17 materials through specific orders addressed to the credit intermediaries responsible for their release.

Also analysed were 21 advertising materials for credit products produced by credit intermediaries³. Most of these materials were for car loans (18) and the remainder concerned personal loans (3). It was found that none of the advertisements analysed had identified the lending institutions responsible for the credit products advertised and that these advertisements had not been approved by lending institutions. This led to the commencement of administrative offence proceedings against the credit intermediaries in question.

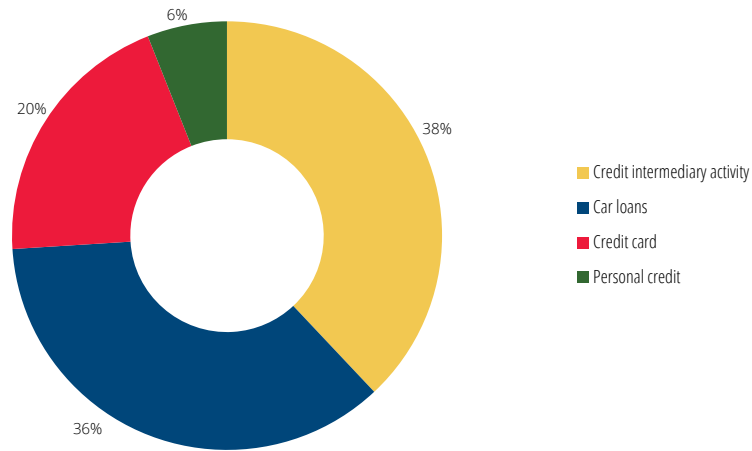
Advertising materials released by credit intermediaries identifying the lending institution responsible for the advertised credit product were analysed in conjunction with other advertising materials for banking products and services, as described in Section II.2 of this report.

Ten advertising materials for credit cards broadcast by a credit institution acting as a credit intermediary in the sale of this product were also analysed, and a specific order was addressed to the credit institution concerned for correction of irregularities detected in these materials.

As a result of the analysis of advertisements broadcast by credit intermediaries, the Banco de Portugal commenced 14 administrative offence proceedings against 14 intermediaries and issued 18 specific orders to 14 intermediaries.

3. Section III.5 of this report provides detailed information on the rectification of irregularities identified in this type of advertising material.

Chart III.2.1 • Credit intermediaries | Advertising materials monitored, by subject matter
| 1st half of 2021



Source: Banco de Portugal.

2.2 Inspections

Inspections on information provided on websites involved 43 credit intermediaries..

These inspections of 43 credit intermediaries assessed:

- The disclosure of information on the credit intermediary activity on the website, analysing whether credit intermediaries with a website had disclosed the mandatory information on the activity and whether this information was in a prominent, directly accessible and easily identifiable place, without requiring prior registration by the interested parties. It was also assessed whether the information provided was complete, true, up-to-date, clear and objective.

Irregularities were detected as regards the disclosure of information about credit intermediary activity on the websites of the 43 credit intermediaries under inspection, and two of these had not provided any information on credit intermediary activity on their websites.

- Availability of a website and appropriate means to assist consumers, by assessing whether the credit intermediaries operating exclusively through distance communication means had a website and provided the appropriate means to assist consumers.

The 37 credit intermediaries inspected in this context were in full compliance with their obligation to make available a website and the appropriate means to assist consumers.

- Compliance with the rules applicable to the disclosure of advertising concerning the credit intermediation activity, assessing whether the advertising materials for the credit intermediary business disclosed on their websites were in compliance with the rules applicable to this type of advertising.

Of the six intermediaries inspected in this context, two were found to have not advertised their credit intermediation activity on their websites in full compliance with the rules applicable to this type of advertising.

- Compliance with the ban on the production of advertising for credit products by credit intermediaries that are not tied, assessing whether non-tied credit intermediaries advertised on their websites the credit products they produce.

Of the six credit intermediaries inspected in this context, three non-tied credit intermediaries were identified which, in breach of the applicable rules, were advertising on their websites the credit products they produce.

- The intervention of credit intermediaries in activities that are forbidden, namely in banking operations subject to the supervision of the Banco de Portugal not provided for in the legal framework for credit intermediaries and in credit granted or to be granted by entities other than a lending institution.

No evidence was found that the 21 credit intermediaries inspected were involved in operations that are forbidden to them.

- Compliance with the prohibition to engage third parties in the credit intermediary activity, assessing whether credit intermediaries engaged third parties for the provision of credit intermediary services, including customer attraction, namely by using “referencing” services.

Of note is that credit intermediaries may not appoint a substitute or in any way share or delegate the conduct of credit intermediation services to third parties, even where these entities are legally qualified to pursue the business of credit intermediary.

Of the 37 credit intermediaries inspected within this scope, four of them were found to engage third parties, at least in part, as credit intermediaries.

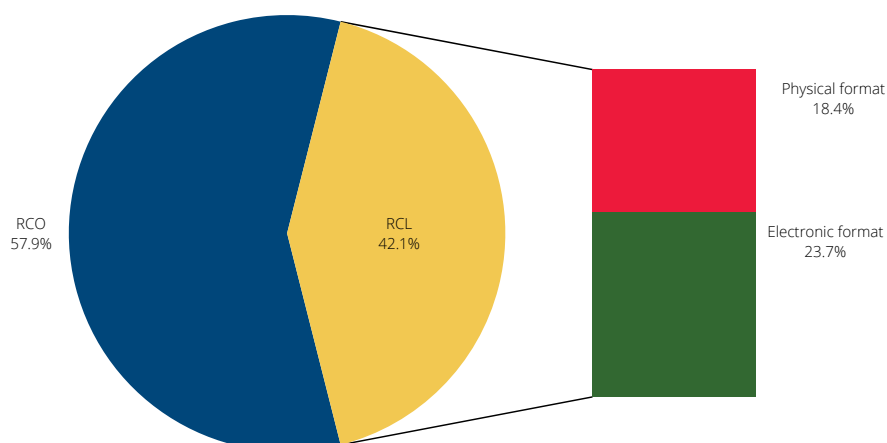
Following this inspection, 135 specific orders were issued to 43 institutions for rectification of irregularities detected⁴.

2.3 Bank customer complaints

The Bank received 38 complaints about the conduct of entities authorised to provide credit intermediation services. More than half of the complaints (57.9%) were lodged directly with the Banco de Portugal (OCR), 23.7% through the Electronic Complaints Book and the remainder (18.4%) through the complaints book in physical format, available at the relevant establishments open to the public.

4. See section III.4 below for more detailed information.

Chart III.2.2 • Credit intermediaries | Complaints received, by origin | 1st half 2021



Source: Banco de Portugal.

Complaints received were largely related to the conduct of credit intermediaries with regard to consumer credit agreements (76.3%), a market where the vast majority of credit intermediaries operate. Only 15.8% of the complaints focused on the conduct of mortgage credit intermediaries. The remainder (7.9%) were about other subject matters related to the pursuit of the activity of a credit intermediary, such as contacts made by the credit intermediary with consumers. No complaints were received about the provision of consultancy services.

A total of 46 complaints about the performance of entities authorised to provide credit intermediation services were closed⁵, and no evidence was found of any breach of the rules applicable to this activity in 67.4% of the cases. Irregularities were detected in 15.2% of the cases, which prompted the Banco de Portugal's intervention by bringing four administrative offence proceedings against four intermediaries and issuing a specific order to one intermediary⁶.

Complaints about the conduct of entities authorised to provide credit intermediation services took, on average, 217 days to close⁷.

5. Information on closed complaints refers to complaints that fall within the remit of the Banco de Portugal.

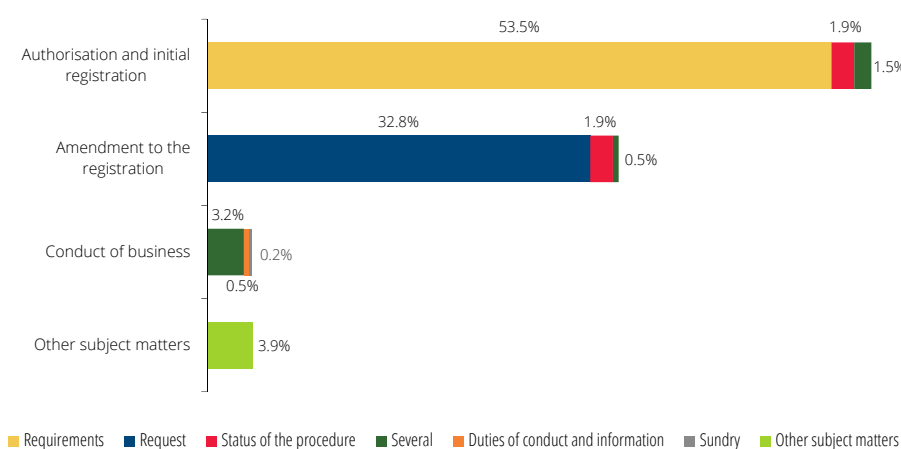
6. Detailed information on the correction of irregularities and sanctions is presented in point 4 of this chapter.

7. When handling complaints from bank customers, credit intermediaries must comply with similar rules to those applicable to financial institutions, as outlined in Section II.8 of this report.

3 Requests for information

A total of 411 requests for information regarding the taking up and pursuit of the business of credit intermediary were received. The majority of these requests (234) concerned the authorisation and initial registration of credit intermediaries, especially regarding the requirements for taking up the business (220 requests). In turn, 145 requests for information were related to the procedures for amending the information subject to registration by credit intermediaries. A total of 16 requests for information were received concerning the pursuit of the credit intermediary business, as well as 16 requests on other subject matters.

Chart III.3.1 • Credit intermediaries | Requests for information, by subject matter | 1st half of 2021



Source: Banco de Portugal.

A total of 406 requests for information were answered, 97.3% of which having been submitted during that period.

4 Correction of irregularities and sanctions

4.1 Specific orders

∴ A total of 150 specific orders were issued to 69 credit intermediaries.

Most (90%) of the specific orders were issued as a result of inspections carried out.

Table III.4.1 • Credit intermediaries | Specific Orders | 1st half of 2021

Subject matters	Specific orders	
	Number	Entities covered
Availability of information on the business of credit intermediation on the website	108	43
Advertising	18	14
Amendment to the registration	3	3
Prohibition on provision of services by third parties	8	4
Prohibition of receiving or delivering valuables	1	1
Compliance with requirements for taking up the business	12	12
Total	150	-

Source: Banco de Portugal. | Note: In the 1st half of 2021, specific orders were addressed to 69 credit intermediaries.

Supervisory measures taken concerned:

- **The disclosure of information on the credit intermediary business on the websites of credit intermediaries, which must be made available in a prominent, directly accessible and easily identifiable place, with no need for prior registration by the interested parties⁸.** A total of 43 credit intermediaries have been required to comply with these duties. The specific orders issued were also aimed at requiring these credit intermediaries to provide complete, accurate, up to date, clear and objective information⁹;
- **The rules applicable to the advertising of credit intermediary activity and credit products¹⁰,** 14 credit intermediaries were required to correct irregularities detected in 35 advertising materials;
- **The amendment to the registration of credit intermediaries¹¹,** three credit intermediaries having been required to apply for the amendment to their registration following the termination of tying agreements concluded with lending institutions;
- **The prohibition of engaging third parties to carry out the activity of credit intermediary¹²,** having been determined that four credit intermediaries had ceased this practice;
- **The prohibition on credit intermediaries receiving or delivering any amounts in connection with the formation, execution and early performance of credit agreements¹³,** and a specific order was addressed to a credit intermediary to ensure full compliance with this prohibition;
- **The compliance with the requirements for taking up the business of credit intermediary, eleven credit intermediaries carrying out this activity exclusively through distance communication having been required to ensure the provision of a website and the appropriate means to assist consumers¹⁴ and an ancillary credit intermediary has been required to prove that it has entered into a tying agreement with at least one lending institution or a group of lending institutions¹⁵.**

8. Article 53 of the legal framework for credit intermediaries.

9. Article 55 of the legal framework for credit intermediaries.

10. Articles 56 and 57 of the legal framework for credit intermediaries.

11. Article 27 of the legal framework for credit intermediaries.

12. Article 47 of the legal framework for credit intermediaries.

13. Article 46 of the legal framework for credit intermediaries.

14. Article 14 of the legal framework for credit intermediaries.

15. Article 17 of the legal framework for credit intermediaries.

4.2 Administrative offence proceedings

24 administrative offence proceedings were brought against 24 credit intermediaries.

Administrative offence proceedings are mainly (58.3%) the result of monitoring advertisements released by credit intermediaries, but also of assessing the compliance with the duty to update the registration with the Banco de Portugal and the assessment of complaints lodged by bank customers.

Table III.4.2 • Credit intermediaries | Administrative offence proceedings commenced
| 1st half of 2021

Matters	Number	Entities covered
Advertising	14	14
Amendment to the registration	6	6
Prohibition on provision of services by third parties	4	4
Total	24	–

Source: Banco de Portugal. | Note: In the first half of 2021 administrative offence proceedings were opened against 24 credit intermediaries.

The 14 administrative offence proceedings brought against 14 credit intermediaries regarding rules regulating advertising by these entities relate to non-compliance with the following duties:

- Tied credit intermediaries and ancillary credit intermediaries may only advertise a credit product which they have produced upon prior approval of the lending institution in charge of the credit product advertised¹⁶;
- Non-tied credit intermediaries may only advertise credit products which have been produced by lending institutions and may not produce advertising for those products¹⁷.

The six administrative offence proceedings brought against six credit intermediaries regarding rules governing any amendment to the registration of these entities relate to the breach of the following duties:

- Upon any change to the elements included in the register, the credit intermediary must apply to the Banco de Portugal for amendment within 30 days from the date on which the facts have occurred¹⁸.

16. Article 57 of the legal framework for credit intermediaries.

17. Article 57 of the legal framework for credit intermediaries.

18. Article 27 of the legal framework for credit intermediaries.

The four administrative offence proceedings brought against four credit intermediaries, which relate to rules regulating the prohibition of provision of services by third parties, concern failure to comply with the following duties:

- Credit intermediaries may not appoint representatives or otherwise commit to third parties, in whole or in part, the pursuit of the business of credit intermediary and the provision of consultancy services¹⁹.

19. Article 47 of the legal framework for credit intermediaries.

Annexes

- 1 Legislative and regulatory initiatives
- 2 Methodological notes for calculating which institutions received most complaints

1 Legislative and regulatory initiatives

Table III.1.1 • Legislative and regulatory initiatives

Date	Diploma Identification	Subject matter
10 March 2021	Instruction of the Banco de Portugal No 3/2021	Releases, for the second quarter of 2021, the maximum rates on consumer credit agreements, under Decree-Law No 133/2009 of 2 June 2009.
22 March 2021	Decree-Law No 22-C/2021	Extends the principal grace periods on government-backed loans and approves a special scheme for the provision of guarantees by the Mutual Counter Guarantee Fund, in the context of the COVID-19 disease pandemic;
29 April 2021	Circular Letter No CC/2021/00000016	Conveys a set of insights on the application of Law No 44/2020 of 19 August 2020, Law No 53/2020 of 26 August 2020 and Law No 57/2020 of 28 August 2020.
27 May 2021	Law No 32/2021	Sets restrictions on the wording of contractual clauses and provides for the setting-up of a system to monitor and prevent unfair terms, amending Decree-Law No 446/85, of 25 October 1985, which establishes the legal framework for general contractual clauses.
2 June 2021	Instruction of the Banco de Portugal No 14/2013	Releases, for the third quarter of 2021, the maximum rates to be applied in consumer credit agreements under Decree-Law No 133/2009 of 2 June 2009.
30 June 2021	Decree-Law No 56/2021	Makes the seventh amendment to Decree-Law No 27-C/2020 of 10 March 2020, which sets up the system of access to basic bank services, establishing reporting obligations in case the opening of a basic bank account is refused.
6 August 2021	Decree-Law No 70-B/2021	Provides for protective measures for bank customers with credit agreements covered by the public moratorium and makes the first amendment to Decree-Law No 227/2012 of 25 October 2012, which establishes the system for the prevention and settlement of arrears on credit agreements.

2 Methodological notes for calculating which institutions received most complaints

Universe of complaints

The data used in the statistical analysis relate to complaints received by the Banco de Portugal in 2020 and in the first half of 2021, and whose subject matter falls within its remit. The complaints were either submitted through the complaints book made available in credit institutions, the Electronic Complaints Book or sent directly to the Banco de Portugal by bank customers.

This analysis excludes complaints received by the Banco de Portugal but whose subject matter falls outside its scope, as well as complaints directly submitted by customers to the institutions without using the complaints book. The latter are not sent to the Banco de Portugal but are handled on a bilateral basis between customers and institutions bilaterally.

Matters subject to complaint

Complaints are classified by subject matter according to the banking product or service subject to complaint. Complaints are allocated to a certain banking product or service for acts related to banking conduct rules regarding that product or service. Thus, complaints are classified by subject matter complained of as follows:

- Payment cards – complaints about debit and credit cards issued and used as a means of payment;
- Cheques – complaints about cheques issued and used;
- Home loans and mortgage loans – complaints about the access, execution and contractual conditions of credit agreements relating to home loans and mortgage credit under Decree-Law No 74-A/2017 of 23 June 2017.
- Consumer credit – complaints about the access, execution and contractual conditions of credit agreements, other than credit agreements relating to home loans and mortgage credit under Decree-Law No 74-A/2017 of 23 June 2017. Thus, these are complaints about consumer or other credit granted to private individuals through credit cards or other means;
- Loans to firms – complaints about agreements relating to loans to firms, including agreements concluded with sole proprietors, in the context of their professional activity;
- Bank deposits – complaints about the opening, operation or management of current accounts, as well as their contractual conditions. Complaints about all types of deposits are included in this subject matter, in particular demand deposits, time deposits, deposits under a special regime or others, as laid down in Decree-Law No 430/91 of 2 November 1991;
- Direct debits – complaints about the processing of direct debit instructions on current accounts;
- ATMs – complaints about automated teller machines' (ATMs) functioning;
- Cash operations – complaints related to coin and banknote operations, namely exchange of coins and differences in withdrawals and deposits;
- Credit transfers – complaints about the processing of transfers;

- Other – includes all other subject matters representing less than 1% of the total volume of complaints, including for instance, point-of-sale terminals, foreign exchange transactions, the accounts database, bank guarantees, no complaints book available, account switching service, as well as complaints about unspecified operations and conducts that do not fall within the usual thematic classification.

Reference units

For the main subject matters complained about, the number of complaints is assessed and analysed in relative terms, by using reference units. The following were used:

- Payment cards – number of debit and credit cards in circulation in 2020 and in the first half of 2021 (average between figures at the beginning and end of each period). Data are gathered from information reported by credit institutions under Instruction of the Banco de Portugal No 8/2010;
- Cheques - number of cheques processed in the Interbank Clearing System (SICOI) in 2020 and the first half of 2021 (average of cheques accepted and drawn). Data are collected from information regularly reported by SIBS;
- Home loans and mortgage loans – number of credit agreements relating to home loans and mortgage credit covered by Decree-Law No 74-A/2017, in force in 2020 and first half of 2021 (average between figures at the beginning and end of each period). Data are gathered from information reported by credit institutions under Instruction of the Banco de Portugal No 8/2010;
- Consumer credit – number of agreements in force in 2020 and first half of 2021 (average between figures at the beginning and end of each period) relating to consumer credit, credit cards included. Data are gathered from information reported by credit institutions under Instruction of the Banco de Portugal No 8/2010;
- Loans to firms – number of agreements in force in 2020 and first half of 2021 (average between the figures at the beginning and end of each period) relating to loans to firms and sole proprietors. Data are gathered from information reported by credit institutions under Instruction of the Banco de Portugal No 8/2010;
- Current accounts – number of current accounts in 2020 and first half of 2021 (average between figures at the beginning and end of each period). Data are gathered from information reported by credit institutions under Instruction of the Banco de Portugal No 8/2010;
- Direct debits – number of direct debit instructions actually processed through SICOI and carried out under the *Single European Payments Area* (SEPA) in 2020 and in the first half of 2021. Data are collected from information regularly reported by SIBS;
- ATMs - number of automated teller machines (ATMs), including proprietary networks, existing in 2020 and the first half of 2021 (average between the figures at the beginning and end of each period). Data are collected from information regularly reported by SIBS and credit institutions;
- Cash transactions – number of cash deposits and withdrawals at Multibanco ATM network in 2020 and the first half of 2021 (excludes international deposits and withdrawals). Data are collected from information regularly reported by SIBS;
- Credit transfers – number of transfers processed in SICOI in 2020 and the first half of 2021. Data are collected from information regularly reported by SIBS.

Institutions

For the calculation of the relative number of complaints per institution, for matters complained about regarding consumer credit, bank deposits and home and mortgage loans, their reference units described above were also used.

The relative number of complaints was calculated for the institutions that were active throughout the whole half-year and in respect of which the Banco de Portugal received, in the first half of 2021, an average of more than two complaints per quarter for each subject matter complained of, as a lower number is not considered representative of complaints filed by bank customers.

The credit institutions that had no complaints lodged with the Banco de Portugal on the subject matters referred to above – these are explicitly mentioned in the report – are the relevant ones for the activity in question, according to the criteria defined by the Banco de Portugal and the information reported by the credit institutions themselves.

The Caixa Central de Crédito Agrícola Mútuo (central mutual agricultural credit bank) and the mutual agricultural credit banks that are members of the Integrated Mutual Agricultural Credit Scheme (SICAM), were considered collectively as a single institution. The mutual agricultural credit banks of Bombarral, Chamusca, Leiria, Mafra and Torres Vedras are not members of SICAM.

