

# BANKING CONDUCT SUPERVISION REPORT

2020



BANCO DE  
PORTUGAL  
EUROSISTEMA



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2020



**BANCO DE PORTUGAL**  
EUROSYSTEM

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# Acronyms and abbreviations

AFI	Alliance for Financial Inclusion
ANR	Annual nominal rate
APRC	Annual percentage rate of charge
ASF	Portuguese Insurance and Pension Funds Supervisory Authority (Autoridade de Supervisão de Seguros e Fundos de Pensões)
ATM	Automated Teller Machine
ATS	Automatic Teller Safe
BBA	Basic bank account
BCPLP	Central Banks of Portuguese-speaking Countries
BCW	Bank Customer Website
CCR	Central Credit Register (Central de Responsabilidades de Crédito)
CMVM	Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários)
EBA	European Banking Authority
ESIS	European Standardised Information Sheet
FinCoNet	International Financial Consumer Protection Organization
G20	Group of Twenty
INFE	International Network on Financial Education
KID	Key information document
OASP	Out-of-court Arrears Settlement Procedure
OECD	Organisation for Economic Co-operation and Development
PRIIP	Packaged retail and insurance-based investment products
RCL	Complaint from the official complaints book
RCO	Complaint received from other means
RGICSF	Legal Framework of Credit Institutions and Financial Companies
RJSPME	Legal Framework for Payment Services and Electronic Money
SEPA	Single Euro Payments Area
SICAM	Mutual Agricultural Credit Scheme
SICOI	Interbank Clearing System
SIS	Standardised Information Sheet



# Introductory note

One of the Banco de Portugal's principal missions is its accountability to the community, and the annual publication of the *Banking Conduct Supervision Report* is a prominent feature of this.

2020 was undoubtedly marked by the shock of the COVID-19 pandemic. Banking conduct supervision was affected and the structure of this report naturally reflects this situation.

Therefore, after the executive summary, Part I details the effects of the pandemic on retail banking markets and the mitigation measures adopted, especially credit moratoria and the advancement of digital payments, how compliance with these measures was monitored and the effort made to keep bank customers informed.

These measures were essential to prevent the pandemic from being even more damaging to the economy, society and the banking system.

However, 2020 also brought important changes to the regulatory framework applicable to bank customers' rights, other than those resulting directly from the pandemic. As in the amendment to Law No. 44/2020 of 19 August 2020, which altered access to basic bank accounts, Law No. 53/2020, of 26 August 2020 and Law No. 57/2020, of 28 August 2020, which amended various legal acts and established new rules for protecting financial consumers, especially in terms of bank fees.

In Part II of this Report we take note of the content of these amendments – which entered into force on 1 January 2021 – and also of the Banco de Portugal's views on them, disclosed in Circular Letter No. CC/2021/00000016. It is also mentioned that the Banco de Portugal published Circular Letter No. CC/2018/00000044, disclosing a set of best practices to be complied with by institutions when offering banking products and services through (online and mobile) digital channels, specifying how they must observe the obligations they are subject to in this context.

In Parts III to VII, the Report deals with matters that are the key expression of banking conduct supervision activities nowadays, namely: supervision of financial institutions (III), supervision of credit intermediaries (IV), monitoring of training entities (V), financial information and education (VI) and international cooperation (VII).

The numbers in the report are impressive on various counts, particularly as to the size of the challenges the Banco de Portugal had to face in this supervisory area. Among them, we highlight the 19,660 complaints received and the 3,025 specific orders and recommendations issued to 144 credit institutions in 2020.

This report clearly demonstrates that even in the extremely adverse and unprecedented conditions resulting from the pandemic, the Banco de Portugal not only carried out all the missions within its remit, but fully met the urgent need for further action, in the areas of regulation and banking conduct supervision, in order to protect bank customers, i.e. households and firms, and confidence in the retail banking markets, during a period of undoubted hardship for society as a whole.

It is therefore only fair to take this opportunity to thank the Heads of Department, middle management, the technical staff and all the employees of the Banking Conduct Supervision Department for their effort and dedication during such an atypical and challenging year. However, it must be said that the full achievement of our objectives was made possible only because that same spirit and attitude was shared by the whole Bank, its Departments, structures and employees, demonstrating over again that the strength and capacity of an institution are a collective effort.

In recent years, as a result of the digital transformation process, banking conduct supervision has become ever more demanding.

In 2020, the COVID-19 pandemic took us all by surprise and created difficulties that were unimaginable in 2019.

This year, 2021, we promise to face both old and new challenges with positivity, knowing that together we can overcome them.

Luís Máximo dos Santos

Vice-Governador

# Executive Summary

In this edition of the *Banking Conduct Supervision Report*, the Banco de Portugal presents the activities undertaken in the supervision of retail banking markets in 2020.

**Part I** of the report describes the measures taken to contain the effect of the COVID-19 pandemic on bank customers, highlighting the public moratorium and the private moratoria, as well as the initiatives meant to promote access to electronic payments. It presents the information reported by credit institutions on their customers' take-up of credit moratoria and the Bank's supervision of the moratoria's implementation through inspections and the handling of complaints. The Bank's support to the disclosure to bank customers of mitigation measures and the clarification of doubts submitted to the Banco de Portugal are also addressed in that part.

**Part II** relates that, in addition to measures to address the challenges posed by the COVID-19 pandemic, changes were introduced in the regulatory framework applicable to retail banking markets, which strengthened bank customers' rights.

**Part III** details the work carried out by the Banco de Portugal in its supervision of financial institutions' conduct when offering retail banking products and services. For each type of banking product and service, information is provided on the type of material monitored and on any infringements identified as a result of analysing the information reported by the institutions, of the inspections carried out and of handling complaints made by bank customers. The corrective measures taken and the administrative offence proceedings brought against the supervised institutions are also presented.

**Part IV** describes the work carried out in the supervision of credit intermediaries and **Part V** details the Bank's actions for monitoring entities that provide training and grant professional certification in the offering of mortgage credit agreements and credit intermediation.

**Part VI** highlights the Banco de Portugal's initiatives to increase bank customers' financial literacy and education and complement its supervisory action.

Finally, **Part VII** describes the Bank's participation in international banking conduct supervision forums, as well as the cooperation initiatives that the Bank has undertaken with other central banks and supervisors.

## ⋮ In 2020, in view of rising loan default risks, authorities set in motion ⋮ extraordinary initiatives to protect the loans of households and firms.

In Portugal, the government approved a public moratorium regime nine days after the first state of emergency due to the pandemic was declared. This regime, successively amended to cope with the evolution of the pandemic crisis, has enabled, among other measures, consumers, firms, sole proprietors and entities of the social economy to suspend the payment of loan instalments or principal. The public moratorium was supplemented by private moratoria, which covered loans and borrowers excluded from the public regime.

Take-up of credit moratoria was particularly substantial in April and May 2020. By the end of March 2021, according to data reported by credit institutions to the Bank, these measures covered 501,600 agreements and 383,800 debtors to an overall amount of credit of €41.851 billion. The share of loans covered by a moratorium of total loans was around 13.6% for households and 32.0% for firms.

Available data lead to the conclusion that the moratoria contributed to prevent households' default risk from materialising in 2020. The ratio of default amount to total amount outstanding in home loans remained on the downward trend recorded in previous years; the same ratio in consumer credit remained somewhat stable until the end of the year after a slight increase in the first half of the year.

The number of loan agreements under out-of-court arrears settlement procedures (OASPs) also reflects the mitigating effect of credit moratoria.

### Another priority during the pandemic was ensuring access to financial services.

The national legislator also adopted exceptional measures to promote the use of electronic payment instruments, which were in effect until 30 June 2020. Fees for card payments at point-of-sale terminals were suspended, limited or prohibited and merchants were not able to refuse or limit card-based payments for any goods or services, regardless of the transaction amount. The bank customers most affected by the pandemic crisis also benefited from a suspension of commissions and fees charged for the use of digital channels of payment service providers. The Portuguese banking system, together with the Banco de Portugal and the Interbank Services Company (Sociedade Interbancária de Serviços – SIBS), increased the maximum amount allowed for card-based contactless transactions from €20 to €50, a measure subsequently recommended by the European Banking Authority (EBA) and made permanent.

### The Banco de Portugal assessed compliance with the measures adopted to address the pandemic in retail banking markets, especially the obligations to provide assistance and information regarding moratoria.

The Banco de Portugal assessed the websites of 99 institutions for compliance with the obligation to provide information about access conditions and features of credit moratoria. The Bank also supervised 106 institutions' compliance with the obligation of automatically migrating agreements under private moratoria to the public moratorium. Following these actions, the Banco de Portugal issued 284 specific orders to 100 institutions, requiring them to correct irregularities detected.

In 2020 and until March 2021, the Bank received 1,895 complaints from bank customers on matters related to the COVID-19 pandemic, representing 7.7% of all complaints received during that period. Following the handling of complaints, until the end of the first quarter of 2021, the Banco de Portugal initiated ten administrative offence proceedings against seven institutions, involving 69 complaints.

### In 2020, the Portuguese legislator, the Banco de Portugal and the EBA strengthened bank customers' rights in many other areas.

In addition to the measures adopted in response to the pandemic, the Portuguese legislator imposed prohibitions on charging of fees for home loans and mortgage credit and consumer credit, increased the number of services included in basic bank accounts and limited fees charged for using payment applications operated by third parties. In terms of home loans and mortgage credit, credit institutions can no longer require that the current account linked to the credit agreement be held in the same institution. These rules, approved in 2020, entered into force on 1 January 2021.

To supplement the regulatory framework in force, the Banco de Portugal released best practices to be observed by institutions to ensure compliance with the rules defining the duties of transparency of the information and assistance applicable to the marketing of retail banking products and services through digital channels.

As of June 2021, the institutions supervised by the Banco de Portugal must comply with the new guidelines on assessing the creditworthiness of bank customers released by the EBA in 2020 and with a new set of best practices published by that authority on product oversight and governance arrangements for retail banking products.

## ... The Banco de Portugal assessed all credit institutions that offer basic bank accounts.

The Banco de Portugal conducted inspections of 104 institutions to assess compliance with the obligations to disclose basic bank accounts (BBAs) and 80 institutions to monitor their practices when offering this type of account. As at 31 December 2020, there were 129,586 open BBAs, 25% more than at the end of 2019. Throughout the year, 30,073 basic bank accounts were opened, 74.7% of which by switching from an existing current account held with the institution, and 4,115 basic bank accounts were closed, 79.3% of which on the customer's initiative.

## ... Advertising by supervised institutions increased, quadrupling the number of advertising materials that market retail banking products and services through digital channels.

The Banco de Portugal monitored 11,487 advertising materials for banking products and services and institutional advertising, 18.6% more than in 2019. Of the advertising materials analysed following their public disclosure, 3.3% were non-compliant. Car loan campaigns continued to record the highest ratio of infringement: 16.3%.

The Banco de Portugal also checked all the key information documents of the 54 structured deposits offered and checked the remuneration rates set for the 106 deposits of this type that reached maturity during the year.

## ... The Banco de Portugal again assessed all institutions for compliance with the duty to send the statement of fees for current accounts.

The Banco de Portugal conducted inspections to assess compliance with (i) the obligation to send the statement of fees, covering 121 institutions that offer current accounts; (ii) the duty to inform about the account switching service, covering 115 institutions, and (iii) the obligation to send the current account statement, covering 104 institutions.

## ... The Banco de Portugal continued to pay close attention to how institutions sell loans through digital channels and, regarding home loans, to the information provided to customers on the cost of credit.

The Banco de Portugal assessed 18 institutions for compliance of the information disclosed on their websites regarding personal and car loans, and 88 institutions to check compliance with the regulations applicable to the sale of credit products over digital channels. The Bank also analysed the procedures adopted by eight institutions for the definition of the date of entering into agreements.

In terms of home loans and mortgage credit, the Banco de Portugal evaluated 103 credit institutions operating in this market, verifying the information provided to customers on the cost of credit, particularly where, along with the loan, the customer was offered the opportunity to sign up for other financial products. It also conducted inspections of five institutions to assess compliance with pre-contractual information requirements.

## ... The number of new OASP procedures reported by credit institutions to the Banco de Portugal reflected the effect of the credit moratoria.

The Bank initiated 652,565 OASP proceedings for consumer loans, a 13% increase in the first half of the year and a 6% decrease in the second half, versus the same periods of 2019. In home loans and mortgage credit, 54,970 OASP proceedings were opened, 23.1% fewer than in 2019. The outstanding amounts of these proceedings totalled 1.144 and 1.846 billion euros respectively. During the year, the institutions concluded 636,981 OASP proceedings covering consumer credit agreements, of which 42.3% were closed with settlement of arrears. Under mortgage credit, 56,393 proceedings were closed, 68.7% with settlement of arrears.

Customers filed more complaints about the actions of the institutions supervised by the Banco de Portugal, but this increase was caused by complaints related to the pandemic.

The Banco de Portugal received 19,660 complaints about matters it supervises, an 8.6% increase from 2019. The increase in the number of complaints received was driven by complaints regarding measures adopted in the context of the COVID-19 pandemic. Excluding these complaints, the number of complaints received would have decreased by 0.6%.

Complaints on matters associated with bank deposits, consumer credit and home loans and mortgage credit – the top three in terms of complaints due to the significance of these agreements for customers – increased compared to 2019, both in absolute terms and when weighted by the number of agreements. For every 100,000 agreements, the number of complains went up (i) from 32 to 34, for bank deposits; (ii) from 36 to 40, for consumer credit, and (iii) from 100 to 119, for home loans and mortgage credit.

No signs of breaches by the targeted institution were detected in around 61.1% of the complaints closed; in all other cases, the situation reported by the customer was resolved by the credit institution on its own initiative, or by order of the Banco de Portugal. The Banco de Portugal found irregularities and non-compliant situations and intervened by initiating administrative offence proceedings (1,001 complaints) or by issuing specific orders or recommendations (95 complaints).

In retail banking markets supervision, including the analysis of customers' complaints, the Banco de Portugal issued 3,025 specific orders and recommendations to 144 institutions and initiated 86 administrative offence proceedings against 25 institutions.

Most specific orders and recommendations issued sought the correction of irregularities in bank deposits (957 issued to 120 institutions), basic bank accounts (943 issued to 92 institutions) and consumer credit (537 issued to 99 institutions). About half the specific orders and recommendations issued in relation to consumer credit were aimed at remedying irregularities in the offering of these products through digital channels.

The administrative offence proceedings initiated resulted mostly (87%) from the analysis of bank customer complaints (1,001 complaints). Administrative offence proceedings mostly targeted bank deposits (40 proceedings against 12 institutions) and consumer credit (17 proceedings against 13 institutions).

Once the Banco de Portugal concluded the inclusion of credit intermediaries into the perimeter of banking conduct supervision, the number of applications for authorisation to carry out this activity fell by 47.8% from 2019.

The Banco de Portugal received 562 applications for authorisation to pursue the activity of credit intermediary and decided on 659 applications, of which 438 were approved. As at 31 December, there were 5,079 credit intermediaries registered with the Banco de Portugal, 8.5% more than at the end of 2019. Throughout the year, the Bank received 4,088 requests to change the elements subject to registration; in the same period, it decided on 4,567 such requests and approved 94.8% of them.

While supervising the activity of credit intermediaries, the Banco de Portugal assessed 74 advertisements for compliance and received 73 bank customer complaints. Due to the irregularities found in these advertising materials, 18 specific orders were issued and 22 administrative offence proceedings were initiated.

### ... Digital financial training remained a priority in information and training activities promoted by the Banco de Portugal.

The Banco de Portugal disclosed on the Bank Customer Website relevant information on the amendments to the legal framework applicable to retail banking markets, especially the credit moratoria, the measures applicable to payments and changes to basic bank accounts. Visits to the Bank Customer Website grew by 25%.

As part of the #TopTip digital financial education campaign, the Bank distributed around 1,000 brochures to schools with tips on the safe use of digital channels and hosted a webinar for 1,469 teachers at the invitation of the Ministry of Education. Supported by its regional network, the Banco de Portugal organised 213 financial training initiatives with around 7,000 participants, mostly young people of school age.

As part of the National Plan for Financial Education, the Banco de Portugal and other financial supervisors continued to hold train-the-trainer courses at the Portuguese Institute for Employment and Vocational Training, IAPMEI, I.P. – Agência para a Competitividade e Inovação (Portuguese Agency for Competitiveness and Innovation) and Turismo de Portugal, to include financial literacy content in the courses taught by these entities. They also signed a cooperation protocol with the Ministry of Labour, Solidarity and Social Security for the financial training of its employees.

### ... The Banco de Portugal is represented in the main international forums where the most important topics for the protection of consumers of financial products and services are debated.

The Banco de Portugal took part in the work of the European Banking Authority (EBA), the Joint Committee of the European Supervisory Authorities (JCESA), the European Commission and the Organisation for Economic Co-operation and Development (OECD). In 2020, these entities' agendas were dominated by concerns related to the impact of COVID-19. Even so, there was progress in terms of converging supervisory practices, financial literacy and digital innovation.

Of all the forums in which the Banco de Portugal participates, the work developed with the International Financial Consumer Protection Organisation (FinCoNet), which it chairs, is the most noteworthy. In 2020, FinCoNet published two reports based on the expertise of supervisory authorities worldwide (i) regarding the adoption of technological tools for the supervision of retail banking markets and (ii) addressing supervisory challenges in financial advertising.

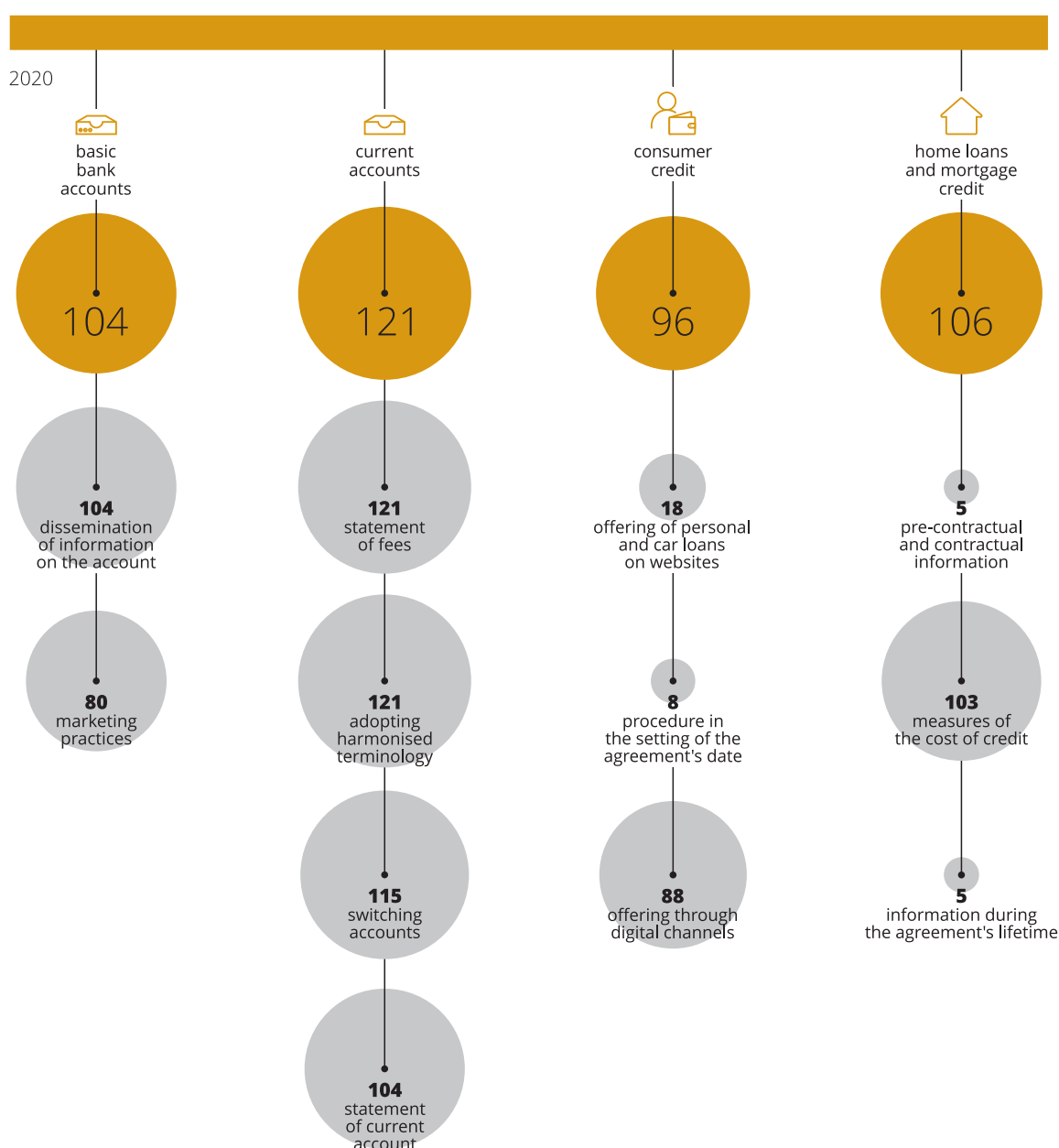
The Banco de Portugal also cooperated with central banks and supervisory authorities in other countries, particularly through initiatives of the European Union and of the Alliance for Financial Inclusion (AFI). At the invitation of the latter, the Banco de Portugal co-organised a course on designing national strategies for financial education attended by 135 central bank technical staff from 40 AFI member countries.

# Banking conduct supervision in numbers **2020**

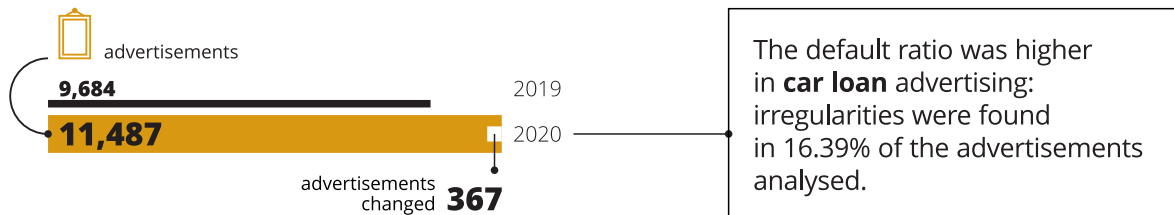
The Banco de Portugal is responsible for supervising the banking conduct of credit institutions, financial companies, payment institutions and electronic money institutions. The Bank is also responsible for authorising, registering and supervising credit intermediaries.

## Inspections

### Institutions covered



## Monitoring of advertising



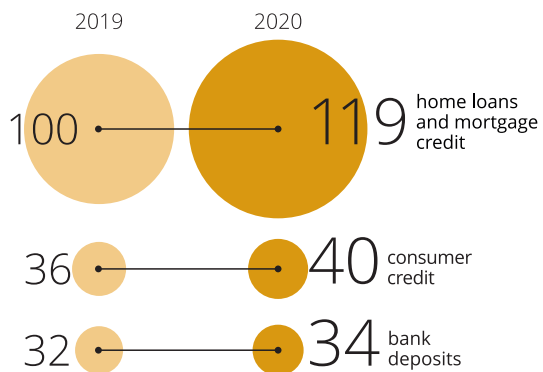
## Complaints about institutions

from bank customers



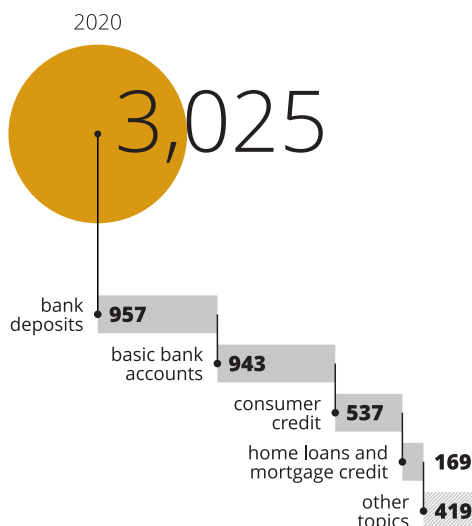
In 2020, complaints **increased by 8.6%**. This growth was due to COVID-19-related topics. Otherwise, they would have **decreased 0.6%**.

complaints per 100 thousand agreements/accounts

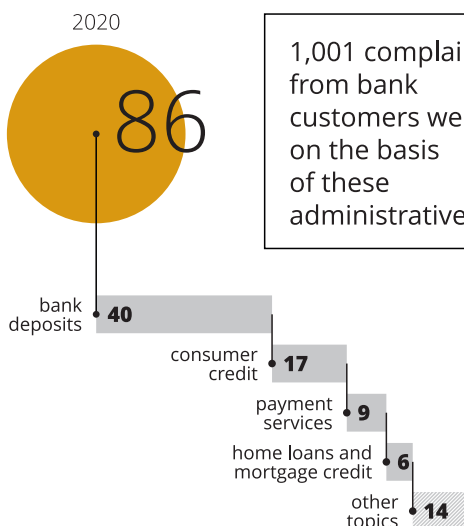


## Correction of irregularities and sanctions

specific orders and recommendations



administrative offence proceedings initiated



1,001 complaints from bank customers were on the basis of these administrative

# Credit moratoria

The Banco de Portugal monitors the evolution of credit moratoria via the reporting by institutions. At the end of March 2021, a total of 501,600 credit agreements benefited from moratoria..

## Application of credit moratoria

### total amount

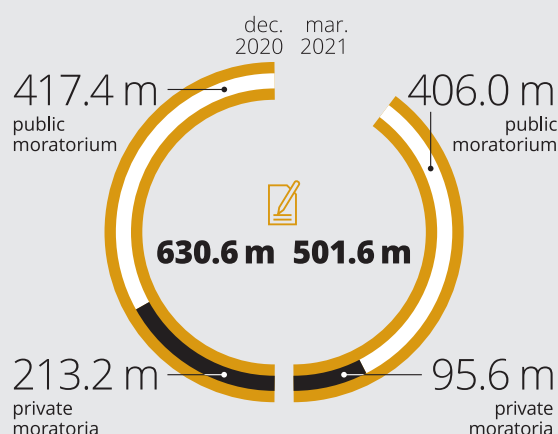


### number of borrowers

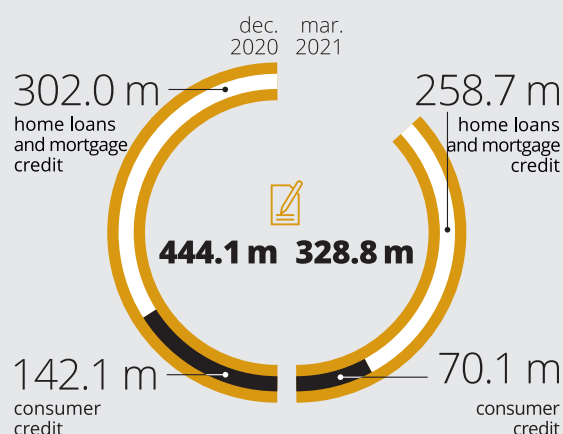


### covered agreements

#### by type of moratorium



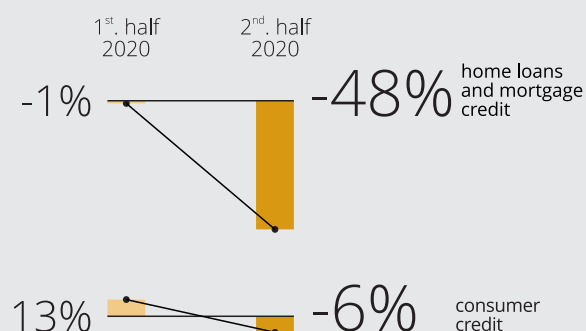
#### by type of loan to households



## Households' default

### new agreements integrated in the OASP\*

year-on-year % change

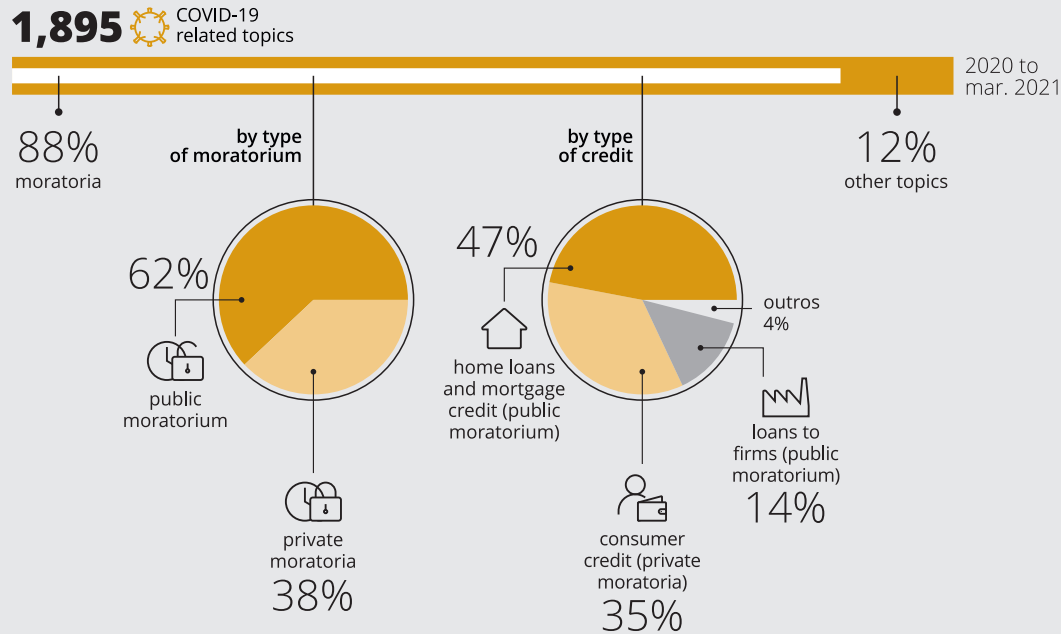


The reduction in new OASP proceedings in the second half of 2020 reflects the mitigating effect of moratoria, which prevented the risk of households defaulting on credit agreements from materialising.

\*Out-of-court Arrears Settlement Procedure

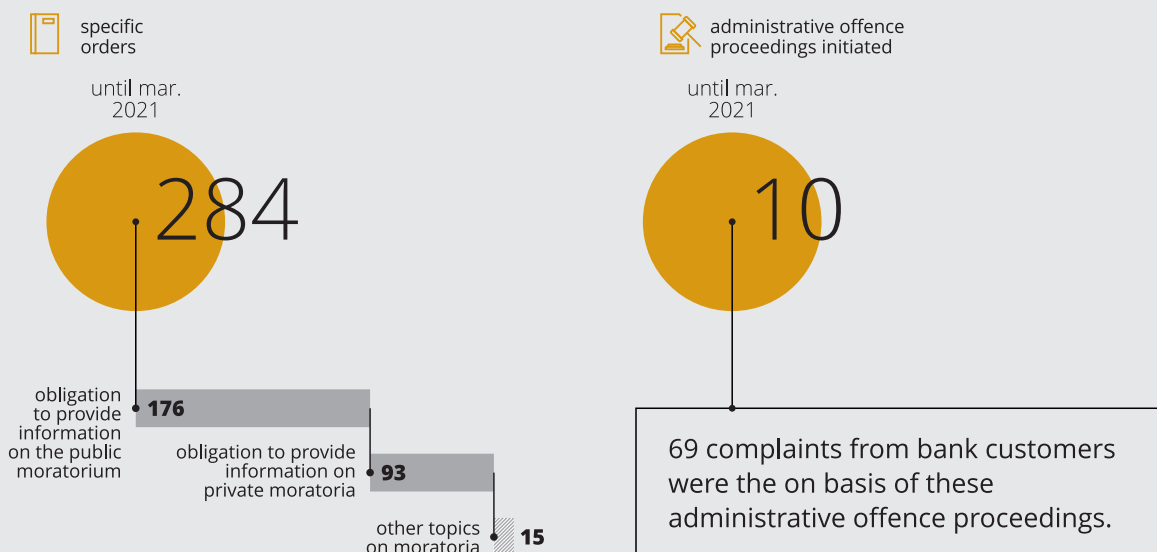
# Complaints about institutions

from bank customers



1/3 of the complaints about COVID-19-related topics were submitted in April and May 2020, immediately following the entry into force of the moratoria. The number of complaints gradually decreased in the following months.

## Correction of irregularities and sanctions

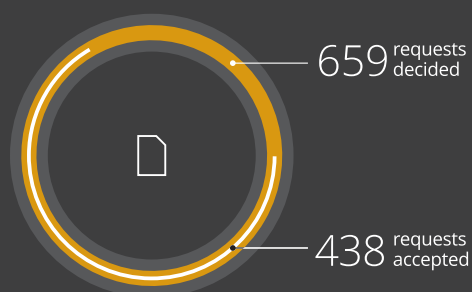


# Authorisation, registration and supervision of credit intermediaries **2020**

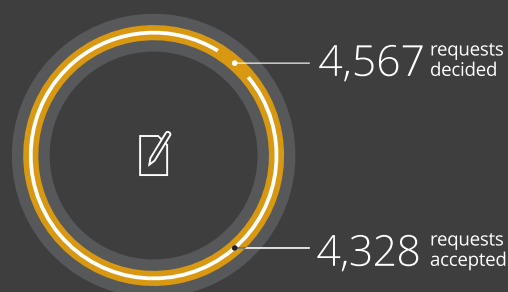
In 2020 the Banco de Portugal received 562 applications for authorisation to pursue the activity of credit intermediary. On 31 December 2020, a total of 5,079 credit intermediaries were registered.

## Authorisation and registration

### requests for authorisation

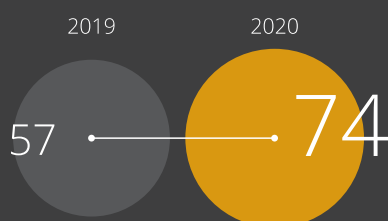


### requests for change of registration

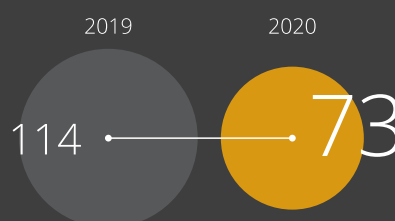


## Monitoring and correction of irregularities

### Monitoring



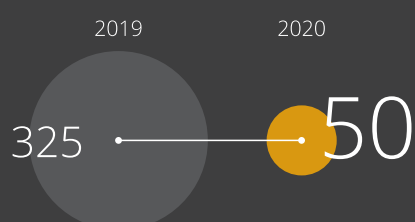
complaints received from bank customers



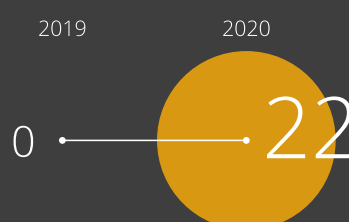
### Correction of irregularities and sanctions



specific orders and recommendations issued



processos de contraordenação instaurados



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

1 Effects of the pandemic  
on retail banking markets

2 Mitigation measures

3 Supervision of financial institutions

4 Promoting bank customer information



# 1 Effects of the pandemic on retail banking markets

The COVID-19 pandemic generated substantial risks to bank customers, chiefly in credit and payment services markets. The reduction in economic activity and its adverse effects on firms, employment and household income limited bank customers' ability to repay credit agreements and significantly exacerbated over-indebtedness and default risks. Limitations to services provided to bank customers at institution's counters and the reduction in the use of means that require physical contact to carry out payment transactions contributed to the increased use of digital channels to access banking products and services, thus heightening cyber risks to which bank customers are exposed.

Mitigating these risks was a key concern for national authorities and financial institutions, and prompted the adoption of measures to limit their materialisation. Particularly relevant are the implementation of moratoria and other support measures to ease the difficulties of households and firms in repaying credits and the advancement of digital payments, in particular card-based payments. Other measures adopted in this context were the dissemination of information related to customer protection measures and the promotion of awareness campaigns on the prevention of cyber risks.

The global reach of this crisis and the cross-cutting nature of the challenges posed to bank customers prompted an in-depth international debate and dialogue among regulators and banking conduct supervisors on their consequences and the mitigation of their effects.

As early as March 2020, the European Banking Authority (EBA) signalled the importance of adopting specific measures to protect bank customers to mitigate the effects of the COVID-19 pandemic, focusing on credit and payments<sup>1</sup>.

The EBA then issued the terms and conditions on the implementation of moratoria on credit agreements<sup>2</sup>, establishing guidelines for the application of such measures. These guidelines, which were initially to remain in effect until 30 September 2020, were reactivated at the end of 2020 as the pandemic situation worsened, allowing for new requests for application of the credit moratoria by 31 March 2021<sup>3</sup>.

The EBA also advised bank customers to use contactless cards and to carry out remote payment transactions. Given the increased use of digital channels, it recalled bank customers of a set of good practices as regards the safe use of these channels<sup>4</sup>.

To support the implementation of credit moratoria, the European Commission released a set of best practices<sup>5</sup>, recommending that bank customers be provided with clear, comprehensive information on the consequences of joining these moratoria, including the costs involved. It also recommended the provision of incentives to use means of payment other than cash.

1. *Statement on consumer and payment issues in light of COVID19.*

2. *Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis.*

3. For a more detailed analysis on the EBA guidelines on credit moratoria, see Section 2.1.1. in this chapter.

4. *Key tips to protect yourself when choosing online or mobile banking services* ([https://www.eba.europa.eu/sites/default/documents/files/document\\_library/0.%20EBA\\_Factsheet%20for%20consumers\\_Final\\_New\\_0.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/0.%20EBA_Factsheet%20for%20consumers_Final_New_0.pdf)).

5. *Stakeholder dialogue outcome – Best practices in relation to relief measures offered to consumers and businesses in the context of the COVID-19 crisis*, 14 July 2020 ([https://ec.europa.eu/info/sites/info/files/business\\_economy\\_euro/banking\\_and\\_finance/documents/200714-best-practices-mitigate-impact-pandemic\\_en.pdf](https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200714-best-practices-mitigate-impact-pandemic_en.pdf)).

Following a broad debate involving authorities in different geographies, the Organisation for Economic Co-operation and Development (OECD) identified both the challenge in meeting financial commitments and lower financial resilience as the main risks posed by the pandemic to bank customers, and issued guidelines in which it encourages making credit instalment repayment more flexible, in particular through the application of moratoria<sup>6</sup>.

The OECD worked in close cooperation with the International Financial Consumer Protection Organisation (FinCoNet), through joint initiatives with the G20/OECD Task Force on Financial Consumer Protection, in which the Banco de Portugal was involved. Reflecting on and comparing different initiatives and perspectives made it possible to support the work of the regulators and banking conduct supervisors participating in these bodies. In its newsletters, FinCoNet also encouraged sharing information on the challenges and responses of different authorities<sup>7</sup>.

The information exchanged across jurisdictions by the OECD and FinCoNet shows that, despite different national realities, the cross-cutting nature of the risks faced by bank customers prompted the implementation of similar mitigation measures. As regards credit products, the suspension of payments (principal or principal and interest) is particularly relevant, with no automatic impact on the classification of the customer's credit liabilities. In payment services, there were notably incentives for carrying out payment transactions through digital channels and for the use of contactless cards, especially by widening the limits on the amount payable with these cards.

The contribution of financial education has been widely acknowledged as mitigating the negative effects of the pandemic, in particular through the identification of initiatives to strengthen household financial resilience. Particularly noteworthy was the work of the OECD International Network on Financial Education (INFE) to support national authorities in managing the financial impacts of the pandemic on the senior population<sup>8</sup> and producing guidelines to minimise the impacts of the pandemic on financial consumers<sup>9</sup> and improve the financial resilience of households<sup>10</sup>.

## 2 Mitigation measures

### 2.1 Credit moratoria

#### 2.1.1 Measures taken

Following the declaration of a state of emergency on 18 March 2020, the public moratorium regime was approved<sup>11</sup>, which entered into force on 27 March 2020. In addition to the public moratorium, private moratoria were also created, under the protocols promoted by the APB – Associação Portuguesa de Bancos (Portuguese Banking Association) and ASFAC – Associação Portuguesa de Crédito Especializado (Association of Specialised Credit Institutions).

6. *Financial consumer protection responses to COVID-19 – Support for financial consumers*, April 2020 ([https://read.oecd-ilibrary.org/view/?ref=124\\_124996-e6qk9dk3ta&title=Financial\\_consumer\\_protection\\_responses\\_to\\_Covid-19](https://read.oecd-ilibrary.org/view/?ref=124_124996-e6qk9dk3ta&title=Financial_consumer_protection_responses_to_Covid-19)).

7. *FinCoNet newsletter*, June 2020 ([http://www.finconet.org/FinCoNet\\_Newsletter\\_June-2020.pdf](http://www.finconet.org/FinCoNet_Newsletter_June-2020.pdf)).

8. *Strengthening seniors' financial well-being throughout the COVID-19 crisis and its aftermath* (<https://www.oecd.org/financial/education/Senior-financial-well-being-covid-19.pdf>).

9. *Financial consumer protection responses to COVID-19* ([https://read.oecd-ilibrary.org/view/?ref=124\\_124996-e6qk9dk3ta&title=Financial%20consumer%20protection%20responses%20to%20COVID-19](https://read.oecd-ilibrary.org/view/?ref=124_124996-e6qk9dk3ta&title=Financial%20consumer%20protection%20responses%20to%20COVID-19)).

10. *Supporting the financial resilience of citizens throughout the COVID-19 crisis* ([https://read.oecd-ilibrary.org/view/?ref=129\\_129607-awwyipbwh4&title=Supporting-the-financial-resilience-of-citizens-throughout-the-COVID-19-crisis](https://read.oecd-ilibrary.org/view/?ref=129_129607-awwyipbwh4&title=Supporting-the-financial-resilience-of-citizens-throughout-the-COVID-19-crisis)).

11. Decree-Law No. 10-J/2020 of 26 March 2020, amended successively by Law No. 8/2020 of 10 April 2020, Decree-Law No. 26/2020 of 16 June 2020, Law No. 27-A/2020 of 24 July 2020, Decree-Law No. 78-A/2020 of 29 September 2020 and Decree-Law No. 107/2020 of 31 December 2020.

These credit moratoria met the EBA Guidelines on legislative and non-legislative moratoria on loan payments applied in the light of the COVID-19 crisis, which helped to prevent the classification of beneficiaries' credit liabilities from being automatically affected.

## ... Credit moratoria were changed in response to the various stages of the pandemic.

The public moratorium covered consumers and firms, sole proprietors, private social solidarity institutions, non-profit associations and other entities from the social economy affected by the pandemic. Access to this moratorium depended on the submission of a statement with their intention to benefit from the moratorium and the fulfilment of the required access conditions.

Among other measures, by joining the public moratorium, borrowers were able to suspend the repayment of principal or the repayment of principal and the payment of interest, capitalised in the value of the loan.

On 26 March, the national legislator established 30 September 2020 as the date of expiry of the public moratorium. Initially and as regards consumers, this regime also applied solely to credit agreements for the purchase of permanent residence.

Meanwhile, in April 2020<sup>12</sup> reporting requirements for credit institutions were introduced, which were subsequently enacted by the Banco de Portugal<sup>13</sup>. On that occasion, the legislator also clarified some aspects of the regime, namely the applicability of the public moratorium to subsidised credit agreements and the possibility for beneficiaries of the Caixa de Previdência dos Advogados e Solicitadores (Pension Insurance Fund for Lawyers and Solicitors) to access this moratorium.

In light of the evolution of the epidemiological situation, changes were introduced to the public moratorium regime.

In June, the date of expiry of the public moratorium was extended until 31 March 2021, and 30 June 2020 was set as the deadline for bank customers to sign up to this regime<sup>14</sup>. The universe of potential beneficiaries was also widened by including new types of credit agreement and easing access requirements.

As regards consumers, they are now covered by the public moratorium regime, in addition to credit agreements for the purchase of permanent residence, other mortgage-backed credit agreements, leasing agreements on immovable property for housing and consumer credit agreements to finance education expenses, including academic and vocational training.

Given that some of these credit agreements were covered by private moratoria, the legislator established a mechanism that made it possible for them to migrate to the public moratorium. This transfer was automatic in situations where bank customers were already covered by the public moratorium on credit agreements for the purchase of permanent residence signed with the same credit institution. In other situations, the migration of these agreements to the public moratorium depended on the borrowers' own initiative, who, to this end, were required to request migration from the lending institutions by 30 June 2020, also presenting documentation certifying that all obligations with the Tax and Customs Authority and Social Security had been duly fulfilled.

With regard to access conditions, requirements associated with the loss of income were now permitted to be measured by reference to members of the borrower's household. The public moratorium regime also became accessible to citizens not residing in Portugal, thus covering emigrants.

12. Law No. 8/2020 of 10 April 2020.

13. Notice of the Banco de Portugal No. 2/2020.

14. Decree-Law No. 26/2020 of 16 June 2020.

Access requirements were again eased in July<sup>15</sup>, and, under certain circumstances, customers with debts to the Tax and Customs Authority or Social Security were able to benefit from this moratorium. This amendment set 30 September 2020 as the new deadline for bank customers to sign up to this regime.

On 29 September, the legislator again extended the duration of the public moratorium until 30 September 2021, during which time the beneficiaries already covered by the moratorium were able to suspend the repayment of their credits<sup>16</sup>. This extension applied automatically to moratoria in force, without the need for bank customer intervention.

Firms in sectors particularly affected by the COVID-19 pandemic<sup>17</sup> were allowed to continue to benefit from the suspension of the repayment of principal and payment of interest during this period. They were also given the opportunity to benefit from the extension of the loan maturity over an extraordinary twelve-month period, beyond that during which these loans were deferred due to the application of the public moratorium.

In December 2020, to address the impacts of the second wave of the pandemic, the national legislator established a new period for bank customers to join the public moratorium, between 1 January and 31 March 2021<sup>18</sup>.

During this period, bank customers who did not benefit from support measures (public moratorium and/or private moratoria) or who benefited from such measures for a period of less than nine months in respect of their credit agreements were granted access to the public moratorium.

It was also established that these credit agreements could benefit from the public moratorium for up to nine months, taking into account the previous periods during which those agreements were covered by the public moratorium or by private moratoria. Thus, although the public moratorium expires on 30 September 2021, some credit agreements may benefit from this regime beyond that date for a maximum period of nine months. For example, if a bank customer whose credit agreement has never benefited from support measures has applied for a moratorium on 31 March 2021, they may benefit from this regime until 31 December 2021.

### ∴ Private moratoria did not cover agreements signed by firms.

Private moratoria made it possible for bank customers to benefit from support measures for agreements that were excluded from the scope of the public moratorium (e.g. personal or car loan agreements) and in situations where bank customers did not meet the requirements to access the public moratorium<sup>19</sup>. In order to access these support measures, bank customers were required to submit their request for application of the moratorium to the lending institutions, accompanied by a statement ensuring compliance with the access requirements, without further supporting documentation being required.

15. Law No. 27-A/2020 of 24 July 2020.

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

17. The list of sectors especially affected by the COVID-19 pandemic is annexed to Decree-Law No. 78-A/2020 of 29 September 2020 and can be found (in Portuguese only) at <https://dre.pt/application/file/a/144011044#page=7>.

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

19. In particular, the requirement to verify that the customer is not in payment default to the Tax and Customs Authority and Social Security.

The Portuguese Banking Association promoted two private moratoria for consumer credit agreements, one applicable to mortgage credit agreements<sup>20</sup> and the other to non-mortgage credit agreements<sup>21</sup>. Consumer credit agreements were covered by the latter, with the exception of credit granted through the use of a credit card. These moratoria were made available from 16 April 2020 and initially set 30 June 2020 as the deadline for bank customers to sign up.

Following the changes to the public moratorium, the Portuguese Banking Association's private moratoria also provided for new take-ups between 25 July and 30 September 2020.

The Portuguese Banking Association's moratorium on mortgage credit, with an initial period of application until 30 September 2020, was extended until 31 March 2021. As regards the moratorium on non-mortgage credit, its duration depends on the time when the customer joined. Bank customers who joined up to 30 June 2020 may benefit from this moratorium for a period of twelve months. For take-ups after that date, the aforementioned support measure applies until 30 June 2021.

Bank customers were again able to join the Portuguese Banking Association's private moratoria between January and March 2021 for credit agreements that had not benefited from support measures for nine months or longer. In the case of customers who applied to join the moratorium on mortgage credit agreements over this period, the measure was applicable until 31 March 2021 or an earlier date on which the agreement reached the limit of nine months of application of moratoria. In the case of customers who applied to join the private moratorium on non-mortgage credit agreements, the measure is applicable until 30 June 2021 or an earlier date on which the agreement reaches the limit of nine months of application of moratoria.

The ASFAC private moratorium entered into force on 10 April 2020 and provided for take-ups until 30 June 2020. It applied to personal credit agreements, car loans, credit cards, credit lines and other agreements not covered by the public moratorium. The expiry date of the ASFAC private moratorium was set for 30 September 2020<sup>22</sup>. Nevertheless, some of the entities that provided this moratorium agreed to extend it until 31 December 2020<sup>23</sup>.

20. The following institutions provided the Portuguese Banking Association's private moratorium on mortgage credit: Abanca Corporación Bancaria, S. A. Sucursal em Portugal, Banco Activobank, S. A., Banco Atlântico Europa, S. A., Banco BIC Português, S. A., Banco BPI, S. A., Banco Comercial Português, S. A., Banco CTT, S. A., Banco de Investimento Global, S. A., Banco Invest, S. A., Banco L.J. Carregosa, S. A., Banco Primus, S. A., Banco Santander Totta, S. A., Bankinter, S. A. – Sucursal em Portugal, BNI – Banco de Negócios Internacional (Europa), S. A., Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L., Caixa de Crédito Agrícola Mútuo da Chamusca, C. R. L., 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., Caixa Económica Montepio Geral, Caixa Económica Bancária, S. A., Caixa Geral de Depósitos, S. A., and Novo Banco, S. A.

21. The following institutions provided the Portuguese Banking Association's private moratorium on non-mortgage credit: Abanca Corporación Bancaria, S. A. Sucursal em Portugal, Banco Activobank, S. A., Banco Atlântico Europa, S. A., Banco BIC Português, S. A., Banco BPI, S. A., Banco Comercial Português, S. A., Banco de Investimento Global, S. A., Banco L.J. Carregosa, S. A., Banco Primus, S. A., Banco Santander Totta, S. A., Bankinter, S. A. – Sucursal em Portugal, BNI – Banco de Negócios Internacional (Europa), S. A., Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L., Caixa de Crédito Agrícola Mútuo da Chamusca, C. R. L., 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., Caixa Económica Montepio Geral, Caixa Económica Bancária, S. A., Caixa Geral de Depósitos, S. A., Novo Banco, S. A., and Unice – Instituição Financeira de Crédito, S. A.

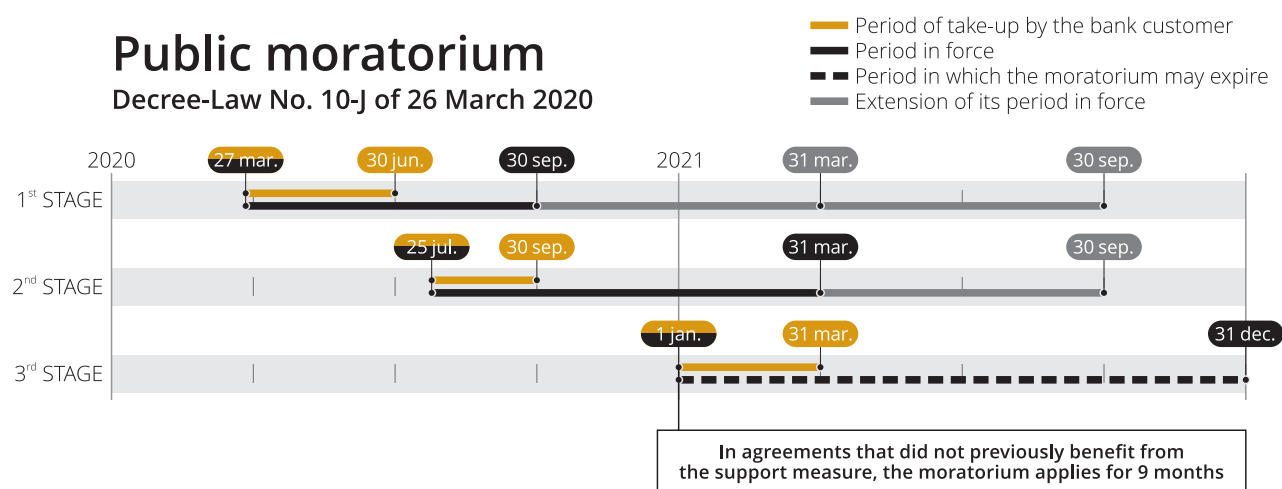
22. The following institutions provided the ASFAC private moratorium only until 30 September 2020: 321 Crédito – Instituição Financeira de Crédito, S. A., Banco BNP Paribas Personal Finance, S. A., Cofidis, FCA Capital Portugal, Instituição Financeira de Crédito, S. A., Financeira El Corte Inglés Portugal, S. F. C., S. A., and Oney Bank – Sucursal em Portugal.

23. The following institutions provided the ASFAC private moratorium until 30 December 2020: Abanca Servicios Financieros, E. F. C., S. A., Banco Credibom, S. A., Banco Invest, S. A., Banco Santander Consumer Portugal, S. A., Bankinter Consumer Finance, EFC, BBVA – Instituição Financeira de Crédito, S. A., Caixa Leasing e Factoring – Sociedade Financeira de Crédito, S. A., Montepio Crédito – Instituição Financeira de Crédito, S. A., Unión de Créditos Inmobiliários, S. A., E. F. C. (Sucursal em Portugal), and Wizink Bank, S. A.

# Credit moratoria 2020-21

## Public moratorium

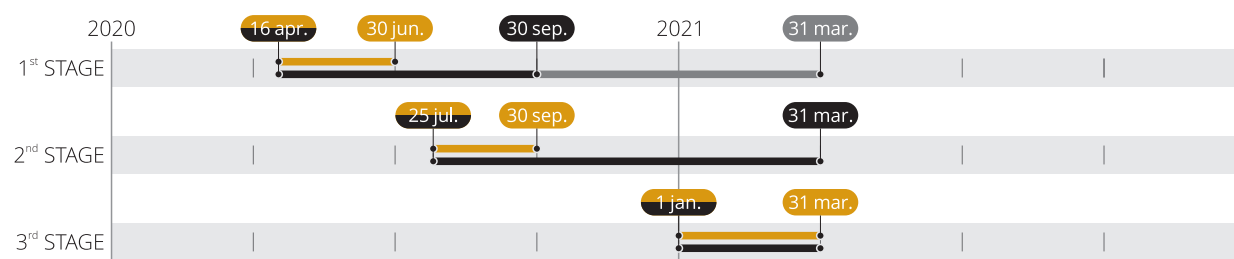
Decree-Law No. 10-J of 26 March 2020



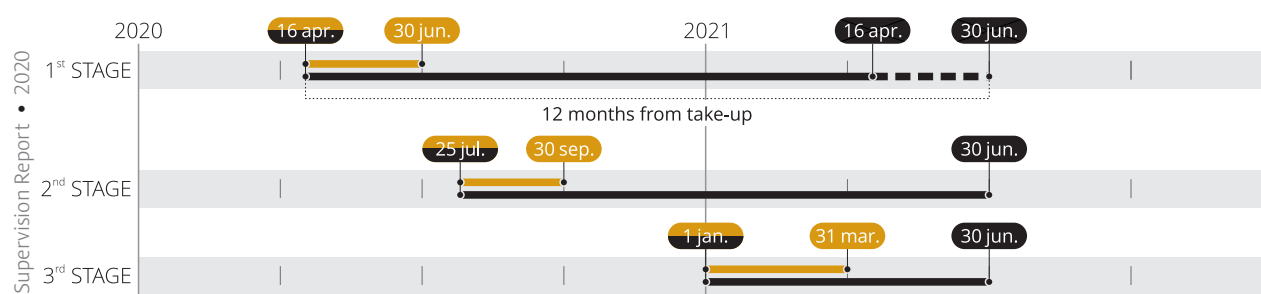
## Private moratorium

Portuguese Banking Association (APB)

Mortgage credit to consumers

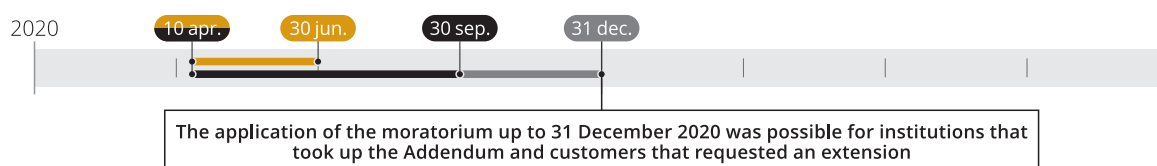


Non-mortgage credit to consumers



## Private moratorium

Association of Specialised Credit Institutions (ASFAC)



## 2.1.2 Take-up of credit moratoria by bank customers

The Banco de Portugal monitors the evolution of credit moratoria via the regular reporting by institutions on requests for access received from bank customers, agreements covered by credit moratoria and requests refused<sup>24</sup>.

At the end of March 2021<sup>25</sup>, 501.6 thousand credit agreements benefited from support measures provided for in credit moratoria<sup>26</sup>. These agreements covered 383.8 thousand debtors and an overall amount of credit of €41,851 million, of which 40% for loans to households, corresponding to 13.6% of their stock of credit<sup>27</sup>.

Most agreements covered by credit moratoria benefited from the public moratorium (81%), mainly involving credit agreements for the purchase of permanent residence and other mortgage credit agreements (57%) and credit agreements with firms (43%).

In private moratoria, consumer credit agreements accounted for 73% of the credits covered by these moratoria. This type of credit, with the exception of personal credit for education, is not covered by the public moratorium. At the end of March 2021, mortgage credit agreements were also included in private moratoria, accounting for 27% of total agreements covered by this type of moratorium.

**Table I.2.1 • Credit moratoria | End-period position | 2020 – March 2021**

	mar. 20	jun. 20	sep. 20	dec. 20	mar. 21
<b>Amount of credit subject to moratoria (EUR millions)</b>	<b>3,654</b>	<b>45,129</b>	<b>48,092</b>	<b>46,145</b>	<b>41,851</b>
of which:					
Households	1,369	20,262	21,078	20,066	16,915
Firms and other	2,285	24,867	27,014	26,079	24,936
<b>Amount of credit subject to moratoria as a percentage of the total</b>					
Lending to households	1.1	16.6	17.1	16.2	13.6
Lending to firms	3.3	32.5	34.1	33.6	32.0
<b>Debtors with credit subject to moratoria (thousands of debtors)</b>	<b>36.2</b>	<b>490.3</b>	<b>499.9</b>	<b>477.5</b>	<b>383.8</b>
of which: households	28.2	426.8	433.8	413.2	323.9
<b>Agreements covered by credit moratoria (thousands of agreements)</b>	<b>50.8</b>	<b>692.5</b>	<b>713.9</b>	<b>630.6</b>	<b>501.6</b>
of which:					
<b>Public moratorium</b>	<b>29.1</b>	<b>359.5</b>	<b>425.0</b>	<b>417.4</b>	<b>406.0</b>
Mortgage credit	13.4	162.6	220.8	230.7	232.9
Personal credit for education	n.a.	n.a.	0.1	0.2	0.3
Lending to firms and other	15.7	196.9	204.1	186.5	172.8
<b>Private moratoria</b>	<b>21.7</b>	<b>333.0</b>	<b>288.9</b>	<b>213.2</b>	<b>95.6</b>
Consumer credit	13.2	192.9	197.4	141.9	69.8
Mortgage credit	8.6	140.1	91.6	71.3	25.8

Source: Banco de Portugal.

∴ Take-up of moratoria was more substantial in April and May 2020.

24. Information reported under Instructions of the Banco de Portugal No. 13/2020 and No. 23/2020, as well as information reported to the Banco de Portugal's Central Credit Register.

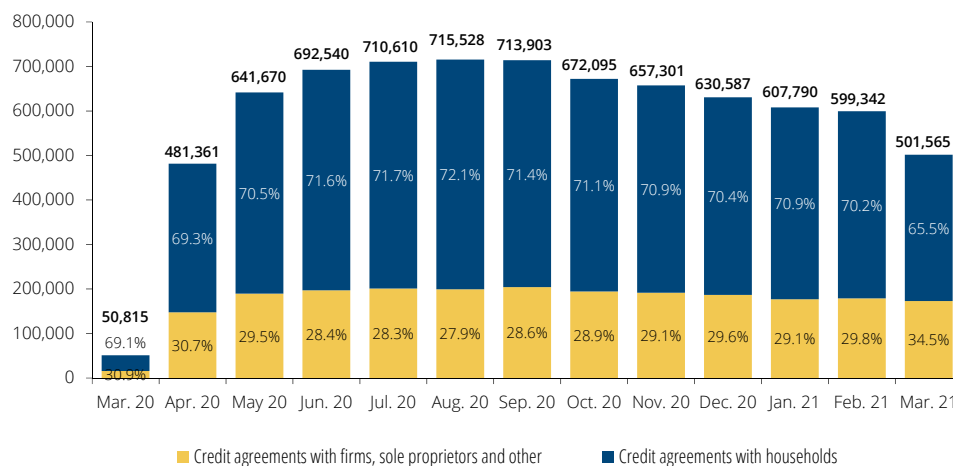
25. Due to its particular relevance, the most up-to-date information, not limited to 2020, is presented in this chapter.

26. Data subject to revisions conditional on the completion of the procedures relating to the appraisal of requests for access and their classification and reporting by institutions.

27. Loans granted to households, including sole proprietors and non-profit institutions serving households.

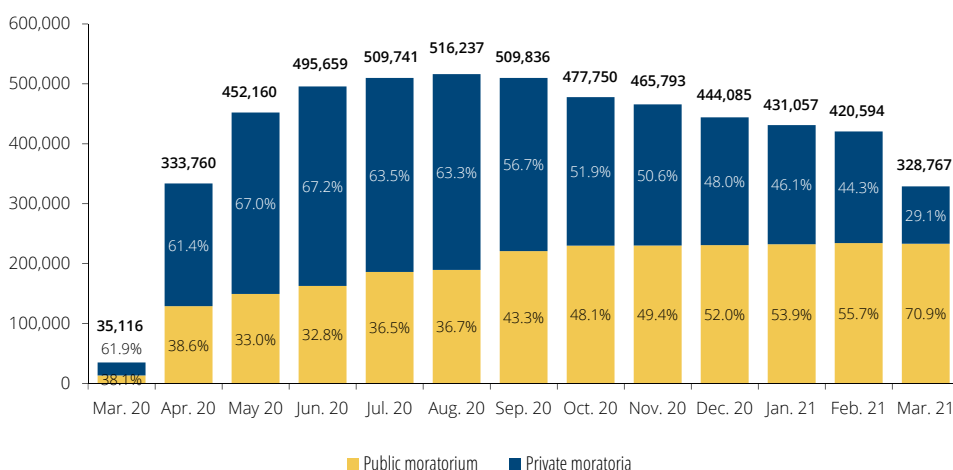
Between May and August 2020, the take-up of moratoria posted only slight increases, against a background where the initial expiry date set for the public moratorium was September. The drop in the number of agreements benefiting from the implementation of support measures from September onwards coincides with the end of the deadline for joining the public moratorium and the end of the application of private moratoria by some credit institutions, particularly in the consumer credit segment.

**Chart I.2.1 • Credit moratoria | Credit agreements covered by type of beneficiary | End-period position | March 2020 to March 2021**



Source: Banco de Portugal.

**Chart I.2.2 • Credit moratoria | Credit agreements with households covered by type of moratorium | End-period position | March 2020 to March 2021**



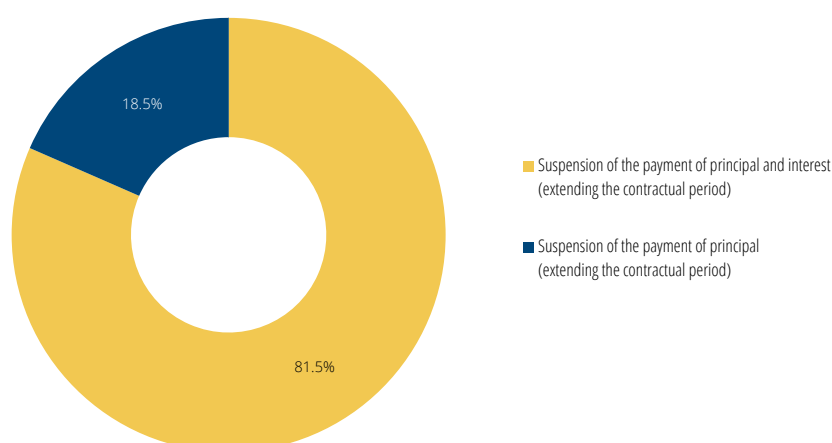
Source: Banco de Portugal.

Beneficiaries of agreements subject to moratoria at the end of March 2021 corresponded to households in 65.5% of cases.

As regards support measures in the context of the public moratorium, the following applies: (i) prohibition of the revocation of credit line agreements, (ii) extension of the credit transaction, (iii) suspension of principal and interest payments (extending the contractual period), and (iv) suspension of the payment of principal (extending the contractual period).

Among the measures applicable to credit agreements signed with households, as at December 2020 the suspension of the payment of principal and interest was the measure most frequently applied by institutions (81.5%), followed by the suspension of only the payment of principal on the credit transaction (18.5%).

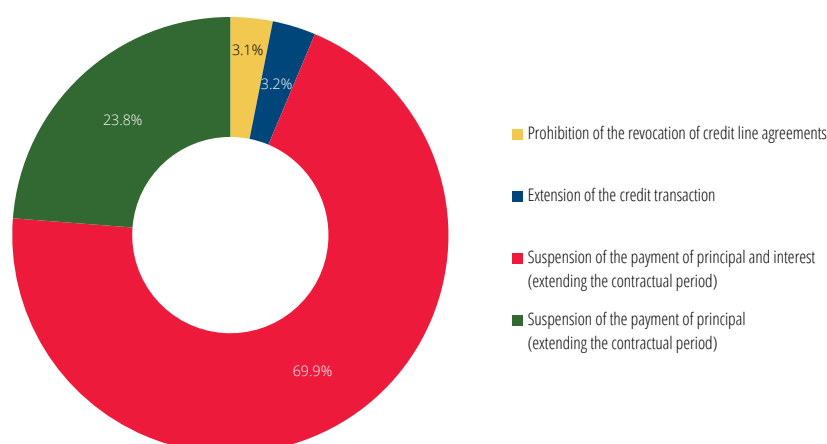
**Chart I.2.3 • Public moratorium | Support measures applied to agreements with households**  
| Dezembro de 2020



Source: Banco de Portugal.

In the case of firms, sole proprietors and other beneficiaries of the public moratorium, the support measure most frequently applied was also the suspension of the payment of principal and interest (69.9%), followed by the suspension of the payment of principal on the credit transaction (23.8%). In 3.2% of cases, agreements were covered by the extension of the credit transaction, and 3.1% by the prohibition of the revocation of credit line agreements.

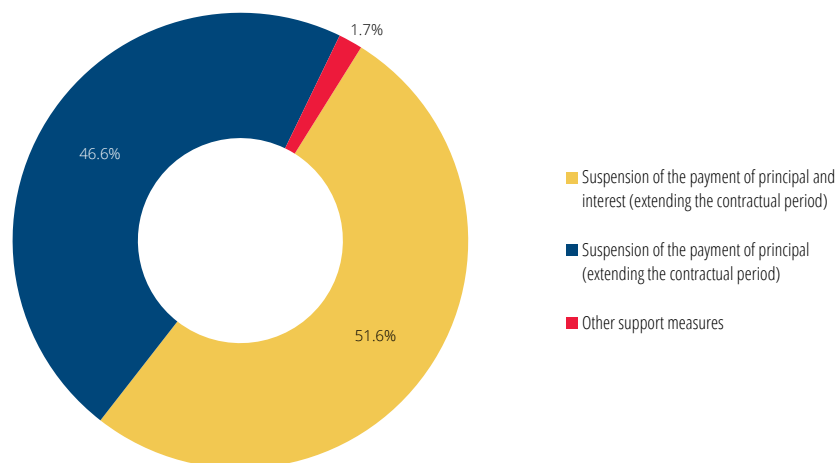
**Chart I.2.4 • Public moratorium | Support measures applied to agreements with firms, sole proprietors and other | December 2020**



Source: Banco de Portugal.

In the context of private moratoria, the applicable support measures were the suspension of the payment of principal and interest with or without extension of the contractual period, the suspension of the payment of principal with or without extension of the contractual period, the extension of the credit transaction, or other measures set by the credit institution. The grace period for principal and interest with an extension of the contractual period (51.6%) was the support measure most frequently applied in December 2020, followed by the suspension of the payment of principal with an extension of the contractual period (46.6%).

**Chart I.2.5 • Private moratoria | Support measures applied to agreements | December 2020**



Source: Banco de Portugal.

### 2.1.3 Effect on households' default

Due to the COVID-19 pandemic, the risk of defaulting on credit agreements increased significantly due to the deterioration of households' economic and financial conditions, and prompt measures were needed to facilitate the repayment of loans.

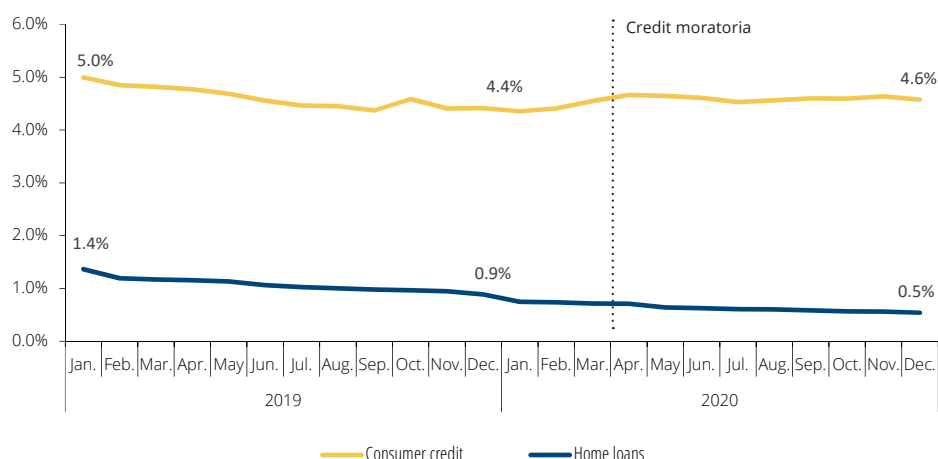
... The risk of households' default was mitigated by the implementation of credit moratoria.

As a result of these measures, the risk of households defaulting on credit agreements did not materialise in 2020<sup>28</sup>. The ratio of the default amount to the amount outstanding in home loans continued its downward path seen in 2019. This ratio showed favourable developments in the period in which credit moratoria were implemented, starting at 0.7% up to April 2020, down to 0.6% between May and November and then to 0.5% in December.

In consumer credit, this ratio rose from 4.4% at the end of 2019 to 4.6% at the end of the first half of 2020, remaining relatively stable over the rest of the year.

28. According to the data reported by institutions to the Central Credit Register under Instruction of the Banco de Portugal No. 17/2018.

Chart I.2.6 • Home loans and consumer credit | Ratio of overdue loans (amount) | 2020



Source: Banco de Portugal's Central Credit Register.

Bank customers facing difficulties in meeting their obligations in home loan and consumer credit agreements have access to measures to prevent and settle arrears<sup>29</sup>. Lending institutions are required to put in place procedures and measures to monitor bank customers at risk of default, within the framework of a Pre-Arrears Action Plan (PRAP), and to negotiate settlement solutions with bank customers who have already failed to comply with their contractual obligations, under the Out-of-court Arrears Settlement Procedure (OASP).

### Developments in agreements integrated in the OASP confirm the mitigating effect of moratoria.

The number of home loan and mortgage credit agreements integrated in the OASP increased in March and April 2020<sup>30</sup>. Subsequently, there was a decrease in the second half of 2020, during which a monthly average of 2,934 OASP proceedings were initiated, compared with 6,228 in the first half of the year. This development is considered to be linked to the implementation of the public moratorium, which has covered credit agreements for the purchase of permanent residence since its inception and other mortgage credits from June onwards<sup>31</sup>.

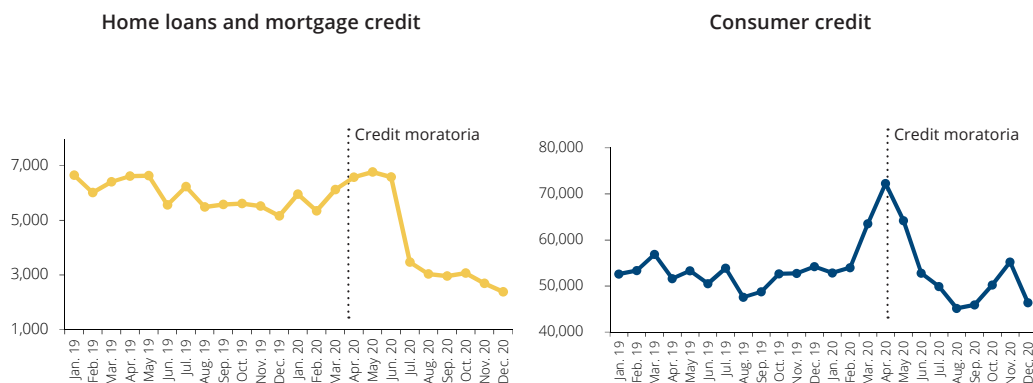
The number of consumer credit agreements integrated in the OASP also increased in March and April 2020. Since then and until August, the number of agreements integrated in the OASP decreased, from 64,210 integrated proceedings in April to 45,168 in August. This development is likely to be linked to the private moratoria, which entered into force from mid-April onwards. However, this path was interrupted from September onwards, against a background in which some institutions with significant market weight stopped providing their customers with the possibility of accessing these private moratoria<sup>32</sup>.

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

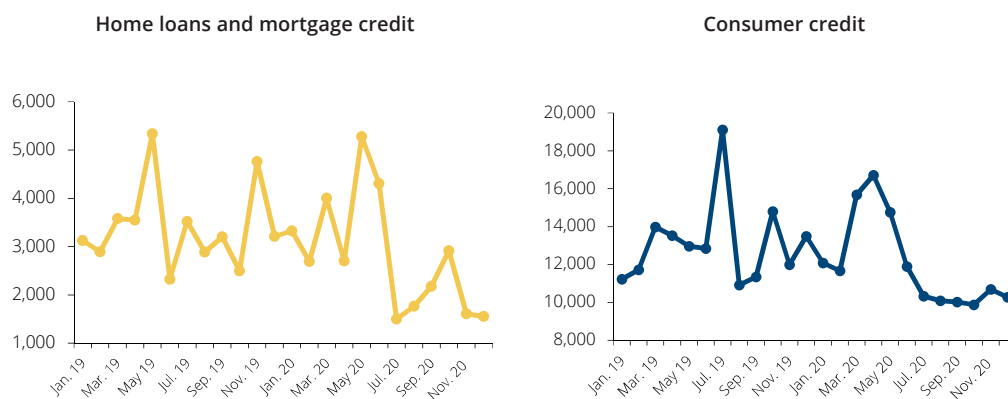
30. According to the data reported by institutions to the Banco de Portugal under Instruction of the Banco de Portugal No. 44/2012.

31. The OASP proceedings covering home loans and mortgage credit initiated in 2020 are characterised in Section III.6.2 of this report.

32. The OASP proceedings covering consumer credit initiated in 2020 are characterised in Section III.5.3 of this report.

**Chart I.2.7 • Number of OASP proceedings initiated | 2019-2020**

Source: Banco de Portugal.

**Chart I.2.8 • Arrears in OASP proceedings initiated (EUR thousands) | 2019-2020**

Source: Banco de Portugal. | Note: Arrears in OASP agreements includes situations in which the same credit agreement is included more than once.

## 2.2 Advancement of digital payments

### 2.2.1 Measures taken

The pandemic situation accelerated the growing trend to use digital channels when making payments, boosted by technological innovation and the acknowledged benefits of convenience and speed provided to bank customers.

In March 2020, the EBA recommended measures to encourage contactless payments and remote payments.<sup>33</sup> In particular, the EBA encouraged payment service providers to permit contactless payment transactions that do not exceed €50<sup>34</sup>.

33. EBA Statement on consumer and payment issues in light of COVID19, available at [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/News%20and%20Press/Press%20Room/Press%20Releases/2020/EBA%20provides%20clarity%20to%20banks%20and%20consumers%20on%20the%20application%20of%20the%20prudential%20framework%20in%20light%20of%20COVID-19%20measures/Statement%20on%20consumer%20protection%20and%20payments%20in%20the%20COVID19%20crisis.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/News%20and%20Press/Press%20Room/Press%20Releases/2020/EBA%20provides%20clarity%20to%20banks%20and%20consumers%20on%20the%20application%20of%20the%20prudential%20framework%20in%20light%20of%20COVID-19%20measures/Statement%20on%20consumer%20protection%20and%20payments%20in%20the%20COVID19%20crisis.pdf).

34. Commission Delegated Regulation (EU) 2018/389.

Therefore, on 24 March, the Portuguese banking system, together with the Banco de Portugal and the Interbank Services Company (Sociedade Interbancária de Serviços – SIBS), changed the maximum amount allowed for card-based contactless transactions from €20 to €50<sup>35</sup>. Given its market acceptance, it was made permanent on 13 July 2020.

The national legislator has also adopted exceptional, transitional measures to promote the use of electronic payment instruments<sup>36</sup>.

### Up to 30 June, limits were imposed on fees charged on transactions with electronic payment instruments.

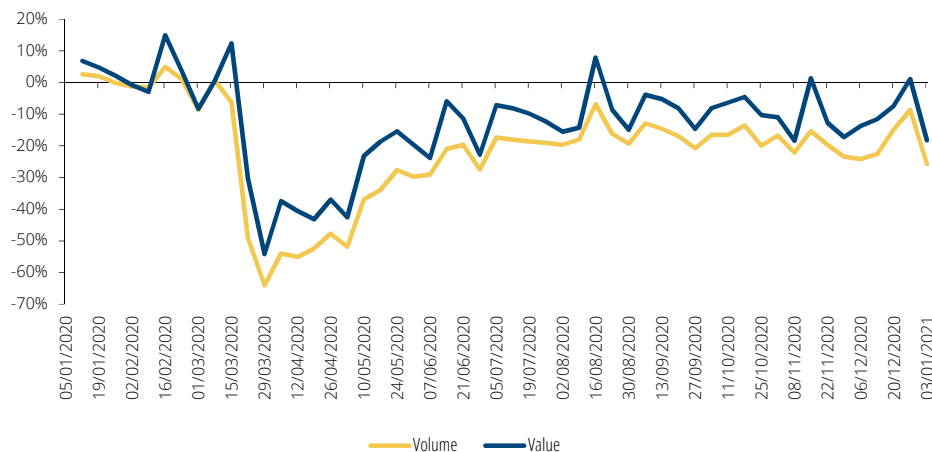
The collection of any fixed fee per transaction was suspended, the increase in variable components of fees per transaction was prohibited and the collection of new fees, fixed or variable, was prohibited relating to the acceptance of payment transactions carried out at point-of-sale terminals with physical or dematerialised payment cards. Also, merchants with point-of-sale terminals could not refuse or limit card-based payments for any goods or services, regardless of the transaction amount.

Consumers most affected by the pandemic crisis<sup>37</sup> also benefited, until 30 June 2020, from a suspension of commissions and fees charged for the use or conduct of payment transactions via the digital channels of payment service providers<sup>38</sup>.

#### 2.2.2 Change in payment habits

Cash withdrawals decreased very significantly in March 2020 and their volume and value remained throughout the rest of the year nearly always below those seen in the same period a year earlier.

**Chart I.2.9 • National withdrawals (y-o-y.r.c. in transactions) | Daily data aggregated on a weekly basis | 2020**



Source: Banco de Portugal.

35. As reported in <https://www.bportugal.pt/en/comunicado/contactless-payments-eu50-will-be-reality>

36. Decree-Law No. 10-H/2020 of 26 March 2020.

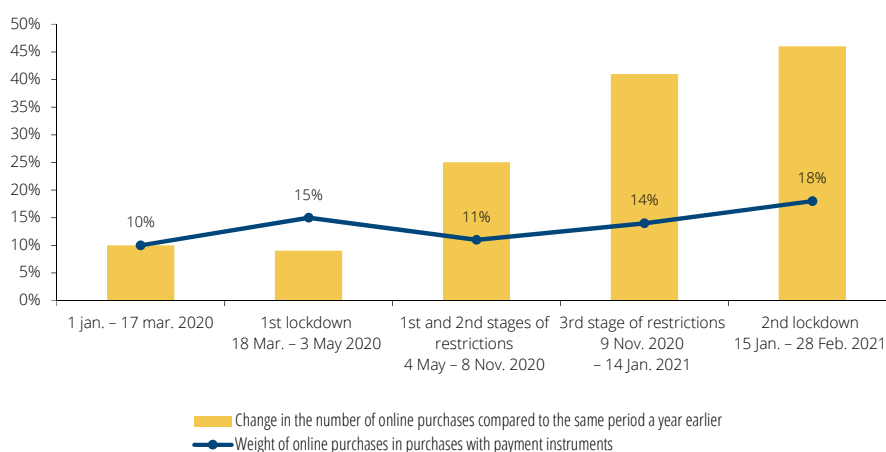
37. Persons (i) in preventive or sickness isolation or providing assistance to children or grandchildren, (ii) subject to a reduction of the normal working period or a suspended employment contract due to a business crisis, (iii) unemployed, (iv) eligible for extraordinary support to the reduction of the economic activity of self-employed workers, (v) workers of entities whose business establishment or activity was ordered to be closed during the declared state of emergency.

38. Under Law No. 7/2020 of 10 April 2020.

On the other hand, contactless payments increased, both in volume (+162.8%) and in value (+271.4%) compared with 2019. The weight of purchases with contactless cards in the total number of purchases made with cards also increased by 23.6% compared to 2019, which corresponded to a growth of 12.9% in value.

There was also an increment in online purchases in 2020. Online purchases, which refer to the online acquisition of goods and services, reached a weight in total purchases with electronic payment instruments (including cards) higher than that observed in the pre-pandemic period.

**Chart I.2.10 • Developments in online purchases (y-o-y.r.c.) and weight in e-purchases | 2020-2021**



Source: SIBS.

## 3 Supervision of financial institutions

### 3.1 Customer information and assistance

The Bank assessed compliance by institutions with the obligations to provide information and assistance to customers on the access conditions and characteristics of the public moratorium and the private moratoria<sup>39</sup>.

... The Bank assessed websites for compliance by 99 institutions with information and assistance obligations as regards credit moratoria.

This supervisory activity focused on:

- The provision of information on moratoria in a prominent place, checking whether this information featured on the homepage of the institutions' websites.

39. Decree-Law No. 10-J/2020 of 23 March 2020 and Notice of the Banco de Portugal No. 2/2020.

All institutions were found to provide information on the public moratorium in a prominent section of their homepage.

As regards the private moratoria, one institution was found not to provide this information, despite applying a private moratorium, and two others did not display it in a prominent section of their homepage.

- **Clear identification of the nature of the moratorium**, whether public or private.

All institutions clearly stated on their website whether the credit moratoria were public or private.

- **Compliance with information requirements on the public moratorium**, assessing whether information on operations covered by the moratorium was correctly provided to bank customers, namely on potential beneficiaries, eligibility requirements, the application procedure and deadline, the measures covered by the moratorium, its duration and impact on the instalment amount and loan repayment period.

92 out of the 96 institutions required to provide this information were found not to comply with at least one of these information requirements<sup>40</sup>.

- **Compliance with information requirements on private moratoria**, assessing whether information was correctly provided to bank customers on operations covered by the moratoria, potential beneficiaries, eligibility requirements, the application procedure and deadline, types of moratoria, measures covered, the duration of each moratorium and the impact of the moratorium on the instalment amount, the loan repayment period and the collateral provided for credit transactions.

93 out of the 98 institutions were found not to fully comply with the information requirements on private moratoria.

- **Provision of a private moratorium request form**, assessing whether institutions that apply private moratoria provided a request form to bank customers explaining the measures covered and their impact and whether the customers were allowed to select the desired options.

96 out of the 99 institutions were found to provide the private moratorium request form. Of these, 89 provided the form on their website and seven via home banking. Two institutions did not provide the form through any medium available to bank customers and one provided a private moratorium request form on its website, but this did not comply with the information requirements.

- **Compliance with the obligation to provide assistance to customers**, assessing whether the institutions had mechanisms in place to answer bank customers' questions on the application of the credit moratoria, namely by providing FAQs on credit moratoria in an easily and permanently accessible section of their website, or a helpline/personalised chat.

96 out of the 99 institutions provided mechanisms to answer questions on the application of the credit moratoria, while three institutions did not provide any support.

## 3.2 Migration of customers to the public moratorium

The Bank assessed compliance by institutions with the obligation of migration to the public moratorium of mortgage credit agreements and consumer credit agreements for education that were covered by private moratoria for bank customers who already benefited from the public moratorium<sup>41</sup>. Institutions were required to automatically migrate these agreements to the public moratorium by 30 June 2020.

40. Three of the institutions overseen did not provide products covered by the public moratorium, namely credit for the purchase of permanent residence, and therefore did not display information on this moratorium.

41. Decree-Law No. 26/2020 of 16 June 2020.

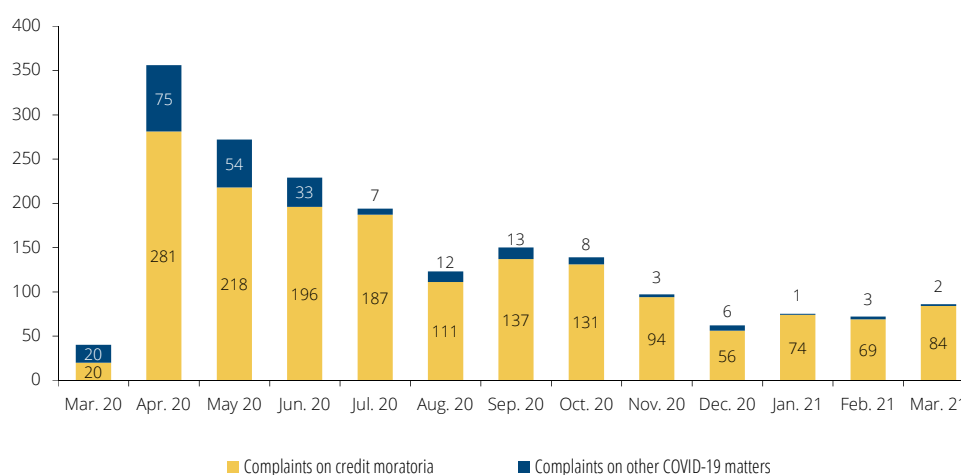
## Monitoring of the automatic migration of credit agreements under private moratoria to the public moratorium covered 106 institutions.

Specific orders were issued to six institutions that had not undertaken the automatic migration to the public moratorium of mortgage credit agreements and consumer credit agreements for education covered by private moratoria for borrowers who already benefited from the public moratorium on other agreements.

### 3.3 Bank customer complaints

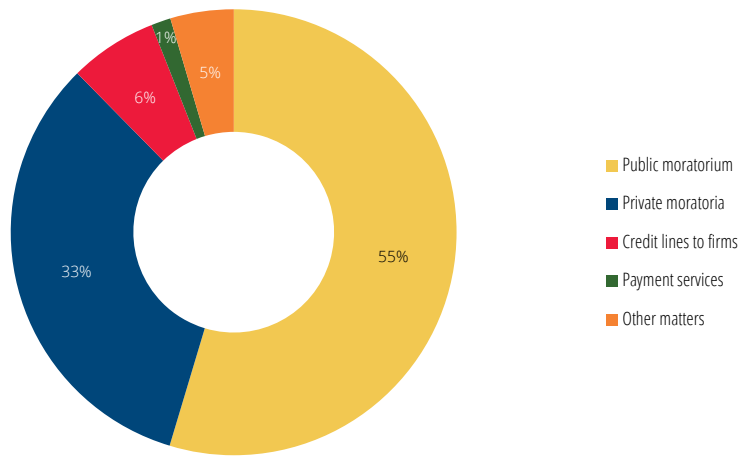
The Bank received 1,895 complaints on measures to mitigate the effects of the COVID-19 pandemic (COVID-19 matters) in retail banking markets until March 2021, accounting for 7.7% of total complaints received during this period. Most were submitted in April and May 2020, immediately following the entry into force of the credit moratoria, but then gradually declined over the following months. Of the complaints related to the COVID-19 pandemic submitted by March 2021, 88% were related to the application of the credit moratoria.

**Chart I.3.1 • Complaints on COVID-19 matters | Monthly developments | 2020 e 2021 (until March)**



Source: Banco de Portugal.

**Chart I.3.2 • Complaints on COVID-19 matters | Breakdown by topic | 2020 e 2021 (until March)**



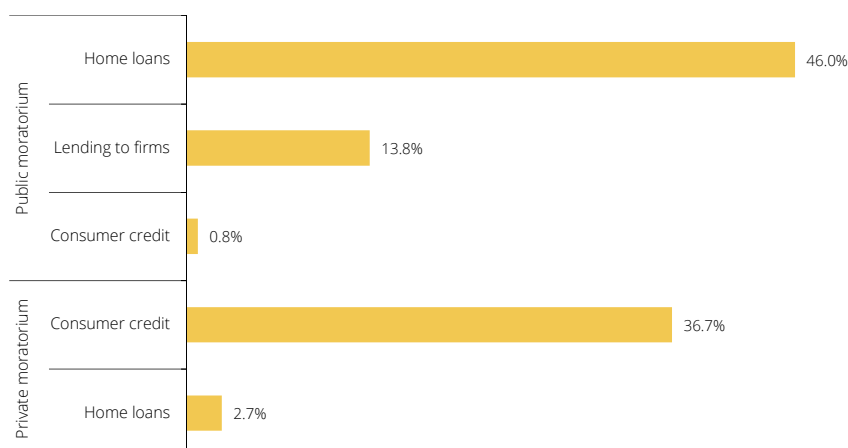
Source: Banco de Portugal.

Complaints on the application of the **public moratorium** to **mortgage credit** agreements, accounting for 47.1% of complaints on credit moratoria received by March 2021, focused on (i) non-compliance by credit institutions with the deadline for application of the moratorium, (ii) refusal of access to the moratorium, namely on the grounds of default on other credit agreements, (iii) charging of instalments pending approval of the moratorium, (iv) delays in changing the modality of suspension at the customer's request (repayment of principal or suspension of principal and interest payments), and (v) the time when the effects of the moratorium cease.

As to complaints on the application of the **public moratorium** to **credit** agreements **with firms**, accounting for 13.8% of complaints on credit moratoria, questions were raised about (i) procedures and eligibility requirements, (ii) delays in implementing the moratorium, (iii) the effects of the moratorium on the payment schedule of the credit agreement, (iv) the application by credit institutions of support measures requested and (v) refusal of access to the moratorium, namely on the basis of the type of agreement concluded with the bank customer.

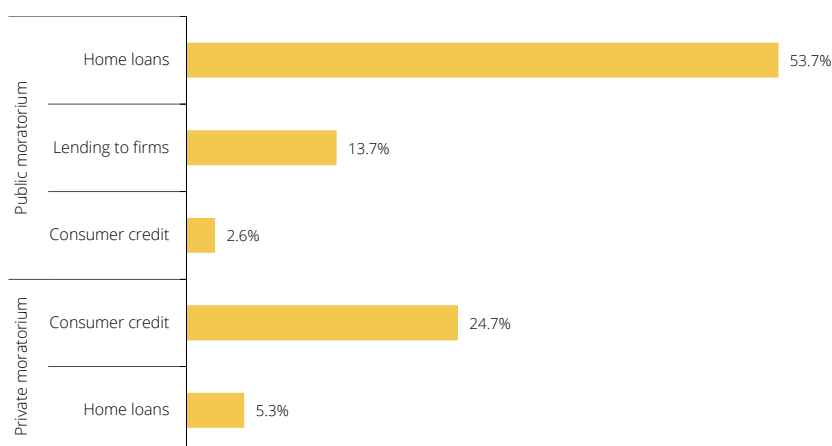
Complaints on the application of **private moratoria** to **consumer credit** agreements, accounting for 35% of complaints on moratoria, focused on (i) the scope of application of the private moratoria, (ii) the absence of a reply by credit institutions to requests for access to a private moratorium, (iii) refusal of access to a private moratorium, (iv) procedures adopted by credit institutions to address the risk of default or actual default by the bank customer in situations where the agreement was not covered by a private moratorium, and (v) the impact of the expiry of the private moratorium on the instalment amount.

Chart I.3.3 • Credit moratoria | Complaints by topic | 2020



Source: Banco de Portugal.

Chart I.3.4 • Credit moratoria | Complaints by topic | 2021 (until March)



Source: Banco de Portugal.

Turning to complaints on **credit lines supporting business activity during the COVID-19 pandemic**, accounting for 6% of complaints on measures to mitigate the **COVID-19 pandemic in retail banking markets**, questions were raised about (i) the requirements for access to these credit lines, namely the number and type of documents required, the interest rates applied and the need not to have previously defaulted on credit agreements, (ii) the alleged slowness of procedures, and (iii) refusal to grant credit on the grounds of either non-compliance with the requirements or constraints in access to finance through these credit lines.

As to complaints on **payment services**, accounting for 1% of complaints on **matters related to measures to mitigate the COVID-19 pandemic in retail banking markets**, particularly important were topics related to (i) the scope of application of the suspension of fees for using or carrying out payment transactions via digital channels, (ii) the scope of application of restrictions to fees charged to the beneficiaries of payment transactions for each card-based payment transaction in point-of-sale terminals and (iii) refusal to apply the abovementioned exceptional regimes.

Of the 1,391 complaints closed by the end of March, in approximately 55% of cases the matter subject to complaint was solved by the institution on its initiative or following the Banco de Portugal's intervention and in 45% there was no evidence of infringement by the complaine.

### 3.4 Correction of irregularities and sanctions

284 specific orders were issued to 100 institutions, following inspections focusing on credit moratoria.

Most specific orders aimed to correct irregularities relating to the provision of information to bank customers on the public moratorium.

**Table I.3.1 • Credit moratoria | Specific orders | 2020 e 2021 (until March)**

Topic	Number	Institutions covered
Information on the public moratorium	176	92
Information on the private moratoria	93	93
Obligation to provide assistance	3	3
Disclosure of moratoria	3	3
Private moratorium request form	3	3
Automatic migration of credit agreements to the public moratorium	6	6
<b>Total</b>	<b>284</b>	<b>–</b>

Source: Banco de Portugal. | Notes: In 2020, specific orders were issued to 100 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 accounted for separately.

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

- **Provision of information on the public moratorium**, requiring 92 institutions to provide their customers with appropriate and comprehensive information on the rules applicable to this moratorium<sup>42</sup>.
- **Provision of information on private moratoria**, requiring 93 institutions to provide their customers with appropriate and comprehensive information on the rules applicable to this moratorium<sup>43</sup>.
- **Obligation to provide assistance to customers on the moratoria**, requiring three institutions to answer questions posed by customers by providing in an easily and permanently accessible place, namely their website, a section with FAQs on the application of the public moratorium and the private moratoria they apply<sup>44</sup>.
- **Provision of information on moratoria in a prominent place**, requiring three institutions to display this information in a prominent section on their website's homepage, via home banking and in mobile apps, where applicable<sup>45</sup>.
- **Provision of a private moratorium request form**, requiring three institutions to provide a request form to their customers with the relevant information, allowing them to select the desired options<sup>46</sup>.

42. Articles 3 and 4 of Notice of the Banco de Portugal No. 2/2020.

43. Articles 3 and 4 of Notice of the Banco de Portugal No. 2/2020.

44. Article 6 of Notice of the Banco de Portugal No. 2/2020.

45. Article 3 of Notice of the Banco de Portugal No. 2/2020.

46. Article 4 of Notice of the Banco de Portugal No. 2/2020.

- **Automatic migration of credit agreements covered by private moratoria to the public moratorium<sup>47</sup>**, requiring six institutions to undertake the automatic migration to the public moratorium of mortgage credit agreements and consumer credit agreements for education covered by private moratoria, where applicable.

Until the end of the first quarter of 2021, the Banco de Portugal initiated ten administrative offence proceedings against seven institutions on the application of credit moratoria.

**Table I.3.2 • Credit moratoria | Administrative offence proceedings initiated | 2020 and 2021 (until March)**

Topic	Number	Institutions covered
Credit moratoria	10	7

Source: Banco de Portugal.

The administrative offence proceedings initiated in relation to credit moratoria include irregularities detected in 69 complaints.

The following obligations were not complied with:

- Institutions are required to apply the public moratorium within five working days of receipt of the application statement and the documents attesting compliance with the access conditions, with effect from the date of receipt of the statement (67 complaints)<sup>48</sup>.
- Institutions have a maximum period of three working days to refuse to apply the public moratorium through the same means used by the beneficiary to submit their application statement (two complaints)<sup>49</sup>.

## 4 Promoting bank customer information

### 4.1 Disseminating mitigation measures

The Bank Customer Website was the main tool used to disseminate the measures implemented to mitigate the effects of the COVID-19 pandemic in retail banking markets. The dissemination of access conditions and characteristics of credit moratoria was a priority.

47. Article 5(3) of Decree-Law No. 26/2020 of 16 June 2020.

48. Article 5(3) of Decree-Law N 10-J/2020 of 26 March 2020.

49. Article 5(4) of Decree-Law N 10-J/2020 of 26 March 2020.

**Figure I.4.1 • Bank Customer Website | Special feature on credit moratoria**



Source: Banco de Portugal (<https://www.bportugal.pt/comunicado/covid-19-medidas-de-protecao-dos-creditos-das-familias-e-das-empresas-foram-prolongadas>).

**Figure I.4.2 • Bank Customer Website | Decoder on credit moratoria**



Source: Bank Customer Website (<https://cliente.bancario.bportugal.pt/pt-pt/material/covid-19-saiba-que-informacao-instituicoes-de-credito-lhe-devem-prestar-sobre-moratorias>).

FAQs were provided on credit moratoria on the basis of the main questions raised in requests for information submitted by bank customers to the Banco de Portugal.

The Bank Customer Website also published recommendations to bank customers, asking them to favour contactless card-based payments over cash in their day-to-day payments.

**Figure I.4.3 • Bank Customer Website | Special feature on payment cards**



Source: Banco de Portugal (<https://www.bportugal.pt/en/comunicado/covid-19-merchants-obliged-accept-payment-cards-regardless-transaction-amount>).

**Figure I.4.4 • Bank Customer Website | Special feature on contactless payments**

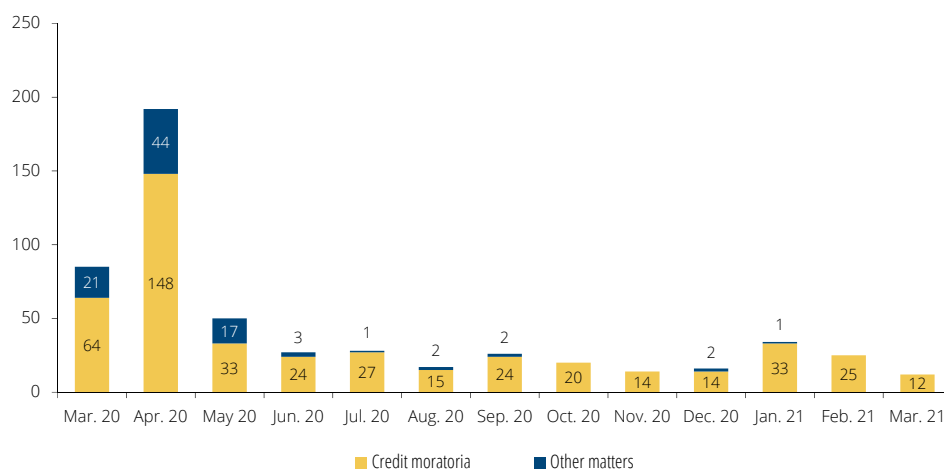


Source: Banco de Portugal (<https://www.bportugal.pt/comunicado/privilegie-pagamentos-sem-contacto-sao-comodos-e-seguros>).

## 4.2 Response to information requests

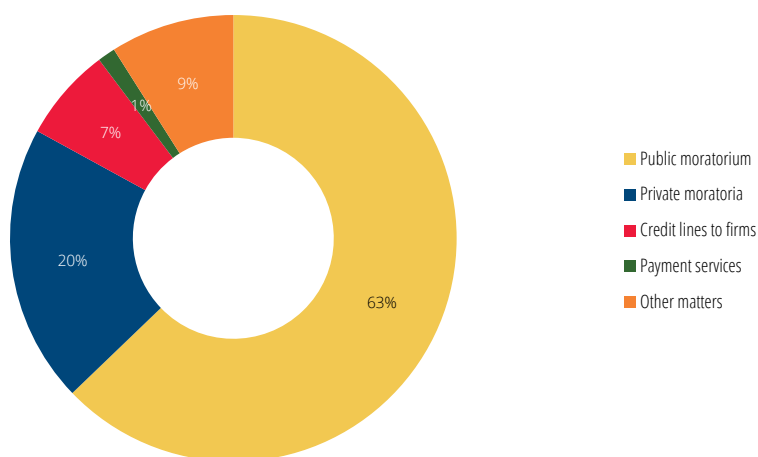
Until the end of the first quarter of 2021, the Bank received 546 requests for information from bank customers on matters related to measures to mitigate the COVID-19 pandemic, accounting for 12.3% of total requests for information received during this period. Requests for information focused particularly on matters related to credit moratoria (83%), most of which were received in March and April 2020. Requests for information on these matters gradually declined in the following months.

**Chart I.4.1 • Requests for information from customers on COVID-19 matters | 2020 and 2021 (until March)**



Source: Banco de Portugal.

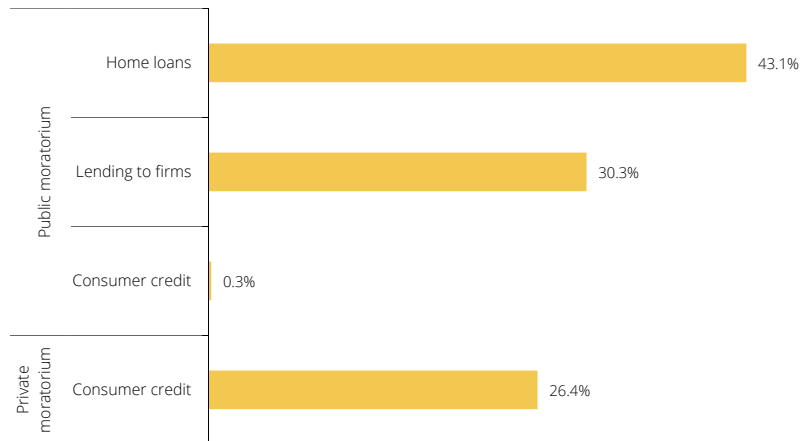
**Chart I.4.2 • Requests for information on COVID-19 matters by topic | 2020 and 2021 (until March)**



Source: Banco de Portugal.

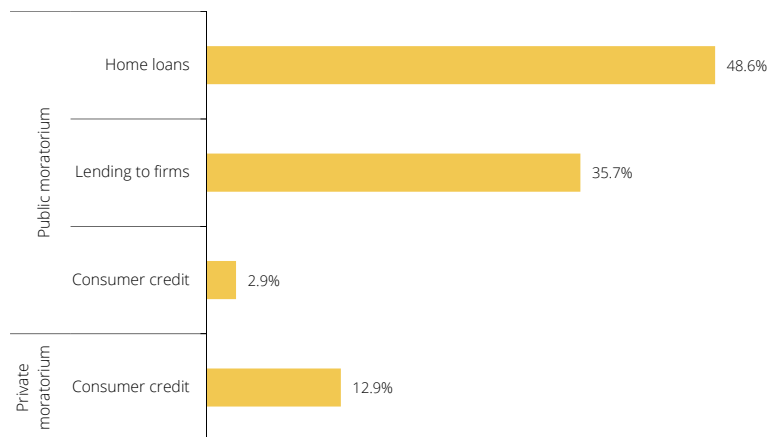
During this period, in requests for information focusing on the public moratorium, issues on home loans and lending to firms stood out, accounting for 44% and 31%, respectively, of total requests for information received on credit moratoria. Requests for information on consumer credit covered by the private moratorium accounted for 24% of total requests for information on moratoria.

Chart I.4.3 • Credit moratoria | Requests for information by topic | 2020



Source: Banco de Portugal.

Chart I.4.4 • Credit moratoria | Requests for information by topic | 2021 (until March)



Source: Banco de Portugal.

As to requests for information on the application of the public moratorium to **home loan** agreements, particularly important were issues relating to (i) the eligibility requirements and procedures needed to apply the public moratorium, (ii) the credit agreements covered, (iii) the deadline for institutions to respond to the moratorium application, (iv) the impact of the moratorium on principal and interest due, and (v) refusal of access to the moratorium regime, particularly on the grounds of default.

Requests for information on the application of the public moratorium to **credit** agreements **with firms** focused on (i) the credit agreements covered, their type and date of conclusion, (ii) the eligibility requirements and procedures needed to apply the public moratorium, (iii) the deadline for implementation of the public moratorium, (iv) the impact of the public moratorium on credit agreements, namely on the extension of their maturity, and (v) refusal of access to the public moratorium, particularly on the grounds of default.

In requests for information on the application of private moratoria to **consumer credit** agreements, questions were raised about (i) the non-application of the public moratorium to consumer credit agreements, (ii) the eligibility requirements and procedures needed to apply the private moratoria, (iii) the effects of the application of these moratoria on credit agreements, (iv) delays in the application of private moratoria, and (v) the duration of the private moratoria, particularly about their extension.

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## II Developments in the regulatory framework

- 1 New rights for home loans and mortgage credit
  - 2 New consumer credit rights
  - 3 New basic bank account services
  - 4 Limited fees in payment applications operated by third parties
- 5 Regulating the offering of banking products and services through digital channels
  - 6 New rules on assessing bank customers' creditworthiness
- 7 Best practices when governing and overseeing banking products



The regulatory framework applicable to retail banking markets underwent significant changes in 2020.

... In addition to the measures taken to mitigate the impact of the COVID-19 pandemic, changes were introduced to strengthen bank customers' rights.

In addition to measures to address the challenges posed by the COVID-19 pandemic<sup>1</sup>, changes were introduced in the regulatory framework, which strengthened bank customers' rights.

The Portuguese legislator granted new rights to bank customers for home loans and mortgage credit, consumer credit, basic bank accounts and fees charged in payment applications operated by third parties. These changes, approved by the Portuguese Parliament and published in August 2020, only took effect in 2021.

The Banco de Portugal issued a number of recommendations for institutions to comply with when offering banking products and services through these channels. These recommendations embody the obligations of institutions to provide security procedures and comply with information and assistance obligations, to mitigate risks and foster trust in transactions through digital channels.

The European Banking Authority (EBA) issued guidelines on the requirements institutions must comply with when assessing the creditworthiness of bank customers and monitoring risk of default. In parallel, the EBA, after assessing the implementation of the Guidelines on product oversight and governance arrangements for retail banking products, published a set of best practices that institutions must take into account when designing and offering retail banking products and services.

## 1 New rights for home loans and mortgage credit

The framework on credit relating to residential immovable property and credit secured by a mortgage was significantly amended with effect from 1 January 2021<sup>2</sup>.

... In home loans and mortgage credit, a number of fees were prohibited and opening a current account in an institution other than the lender was made easier.

Lending institutions can no longer require that the current account linked to the credit agreement be held in the same institution.

Institutions must now provide a document free of charge enabling the consumer to extinguish the mortgage within 14 working days of the credit agreement's date of expiry.

1. Chapter I of this report contains detailed information on the initiatives taken to mitigate the effects of the COVID-19 pandemic on retail banking markets.

2. Law No. 57/2020 of 28 August 2020.

Charging fees for issuing debt statements or any other statement for the same purpose is now also prohibited, provided these are issued to grant access to social support, social benefits and public services. However, this prohibition applies to a limit of up to six statements per year. The issuing of other statements is subject to the charging of the fee applicable under the terms of the price list in force.

In credit agreements concluded after 1 January 2021, institutions can no longer charge fees for processing instalments if this is done by the institution itself or a related entity.

**With regard to the application of these new rules, the Banco de Portugal highlights the following:**

- Consumers may opt to open a current account with an institution other than the lending institution in credit agreements concluded after 1 January 2021 and in the renegotiation of agreements concluded before that date.
- Lending institutions may offer bank customers a current account bundled with the home loan and mortgage credit agreement.
- The prohibition of fees for processing instalments covers situations where the lending institution is responsible for processing instalments by debiting the current account held with that institution. This also applies in situations where other entities are involved in processing the instalments (for example, by direct debit from an account held in a credit institution other than the lending institution), irrespective of whether there is a relationship between these entities and the lending institution.

## 2 New consumer credit rights

Important amendments were also made to the legal framework applicable to consumer credit, which entered into force on 1 January 2021<sup>3</sup>.

..... In consumer credit, a number of fees have been prohibited.

Institutions can no longer charge fees for renegotiating the terms of the credit agreement, regardless of whether the agreement is at risk of default or in arrears.

Where there are real guarantees linked to the consumer credit agreement, institutions are now required to provide a document enabling consumers to extinguish the real guarantee. This document must be issued free of charge within a maximum period of 14 working days of the date of termination of the credit agreement.

Also in consumer credit agreements, institutions may no longer charge fees for issuing debt statements or any other statement for the same purpose, provided these are issued to grant the consumer access to social support, social benefits and public services. This prohibition is limited to up to six statements per year, beyond which a fee may be charged under the terms of the price list in force.

In credit agreements concluded as of 1 January 2021, institutions can no longer charge fees for processing instalments if this is done by the institution itself or a related entity.

3. Law No. 57/2020 of 28 August 2020.

In terms of the application of these new rules, the Banco de Portugal highlights the following:

- The prohibition of fees for renegotiating the loan terms covers changes to contractual clauses irrespective of whether these pertain to the revision of financial conditions.
- The prohibition of fees for processing instalments covers situations where the lending institution is responsible for processing instalments by debiting the current account held in that institution. This also includes situations where other entities are involved in processing the instalments (for example, by direct debit from an account held in a credit institution other than the lending institution), irrespective of whether there is a relationship between these entities and the lending institution.

### 3 New basic bank account services

The rules applicable to basic bank accounts (BBAs) were amended<sup>4</sup> as of 1 January 2021.

#### ⋮ BBAs now offer more services.

Holders of BBAs may now make five transfers per month of up to €30 per transaction via payment applications operated by third parties. The cost of these transfers is included in the fee charged for maintaining the BBA.

As regards the application of these new rules, the Banco de Portugal highlights the following:

- After making five transfers of €30 via a payment application operated by a third party, holders of BBAs may also make up to 25 additional transfers free of charge and over the course of the month of up to €30 per transaction and €150 of the total transferred amount. A fee may only be charged for the transaction in question if the account holder exceeds any of these limits. Holders of BBAs therefore benefit from the general rules applicable to fees on these payment transactions<sup>5</sup>.

4. Law No. 44/2020 of 19 August 2020.

5. Point 4 of this Chapter (limited fees in payment applications operated by third parties).

## 4 Limited fees in payment applications operated by third parties

Rules were set out for fees on transactions made via payment applications operated by third parties<sup>6</sup>, in force since 1 January 2021.

### ... The legislator limited the charging of fees for using payment applications.

Fees for transactions – such as cash withdrawals, payment of services or transfers – in or via payment applications operated by third parties (e.g. MBWay, ApplePay, GooglePay, SamsungPay and similar applications) are now limited. Institutions are prohibited from charging fees for transactions that do not exceed €30 per transaction, €150 transferred via the application over the course of one month or 25 transfers per month.

If any one of these limits is exceeded, institutions may charge a fee for each transaction made. However, it may not exceed 0.2% of the transaction's amount, if using a debit card, or 0.3% of the transaction's amount, if using a credit card.

**In terms of the application of these new rules, the Banco de Portugal highlights the following:**

- The concept of “payment application operated by a third party” covers payment applications used for at least one of the following transactions: (a) the immediate transfer to a participating payee of funds deposited in the account or payment card; (b) the immediate receipt of funds transferred by a participating payer to an account or payment card; (c) payments online or at a participating merchant; (d) the issuance of virtual cards for purchasing safely online and issuance of codes for the holders themselves or an authorised person to withdraw cash from ATMs of the Multibanco network.
- The limit set out for the prohibition of fees depending on the transaction amount (€30 per transaction) applies to all transactions made via a payment application operated by a third party, except for those transactions for which fees may not be charged, irrespective of their amount.
- For transfers made via a payment application operated by a third party, the limits set out for the prohibition of fees (€30 per transaction, €150 transferred over the course of a month and 25 transfers made per month) are alternative. For example, institutions may charge a fee for a transfer to the amount of €31 via a payment application operated by a third party, but may not charge any fees to a bank customer making 25 transfers of €6 per month via the same application.
- The legislator sets out a principle equalising the fees charged for identical operations in payment applications operated by the institutions themselves and payment applications operated by third parties, with two safeguards. Institutions may establish exemptions for operations carried out via payment applications they operate, as well as set differentiated fees (namely, by setting higher fees for operations via payment applications operated by third parties), provided these are proportional and aimed at safeguarding “against specific risks and to protect the financial and operational stability of the payment system”.

6. Law No. 53/2020 of 26 August 2020.

## 5 Regulating the offering of banking products and services through digital channels

In July 2020, the Banco de Portugal published a set of best practices to be complied with by institutions when offering banking products and services through (online and mobile) digital channels<sup>7</sup>, specifying how they must observe the obligations they are subject to in this context.

Published following the EBA's recommendations (Opinion of the European Banking Authority on disclosure to consumers of banking services through digital means under Directive 2002/65/EC)<sup>8</sup>, the recommendations took into account the reflection carried out by the Bank since 2015 and the experience gained from monitoring the offering of retail banking products and services via digital channels, namely of consumer credit products. They also benefited from the contributions received during the public consultation that took place between 16 March and 30 April 2020 and from the lessons learned from behavioural economics.

The recommendations aim to ensure that bank customers are provided with comprehensive and appropriate information on the characteristics of products and services when purchasing through digital channels.

Institutions must use simple language throughout the signing-up process, making use of short and direct sentences and graphic elements, such as font size and colour, that do not impair the legibility or understanding of information. Bank customers must be able to change the default font size. The use of hyperlinks cannot fragment information. When opting for a brand, institutions must always identify the institution responsible for the product or service with equal prominence.

At the various stages of the signing-up process, the basic features of the banking product or service must be presented prominently using larger print, boxes, pop-ups, simulations, summaries, and similar means. Options selected by default or graphic elements – such as font size, colour, icons and images – inducing customers to choose a certain option are prohibited. Customers must scroll down all the information included in the mandatory information documents and have the possibility to clarify any uncertainties they may have about the signing-up process and the product or service in question, namely via helplines, chatbots, FAQs or explainer videos. Customers must also be able to exercise the right of withdrawal from the agreement and the right to early repayment via a dedicated and easily accessible section on the platform offering the banking product.

7. Circular Letter No. CC/2020/0000044 of 8 July 2020 (Cf. [https://www.bportugal.pt/sites/default/files/anexos/cartas-circulares/418406653\\_5.docx.pdf](https://www.bportugal.pt/sites/default/files/anexos/cartas-circulares/418406653_5.docx.pdf)) (in Portuguese only).

8. Cf. <https://www.eba.europa.eu/eba-publishes-opinion-disclosure-consumers-buying-financial-services-through-digital-channels>.

## 6 New rules on assessing bank customers' creditworthiness

Institutions are required to comply with the EBA Guidelines on loan origination and monitoring<sup>9</sup> as of 30 June 2021.

Institutions must pay particular attention to responsible granting of credit and appropriate monitoring of bank customers at risk of default.

Institutions' credit risk policies and procedures must set out criteria to identify, assess, monitor and mitigate this risk. Institutions must also ensure fair treatment of borrowers in economic difficulties and guarantee that credit standards do not give rise to situations of over-indebtedness for borrowers and their households.

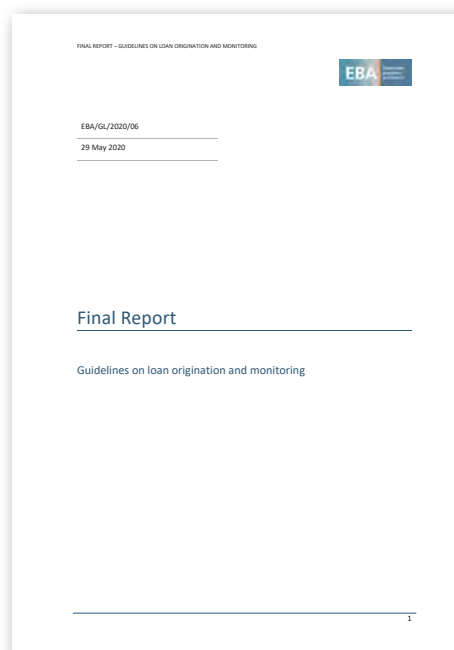
Institutions must have information and data that are sufficient, precise and up-to-date to assess the borrower's creditworthiness and risk profile before entering into a credit agreement.

To this end, they must collect information, among other aspects, on the purpose of the loan, the professional situation of the potential borrower, the source of their income, the composition of their household, their financial commitments with other institutions, other regular expenses and the existence of collateral.

Information must be obtained from reliable sources, including from the bank customer, or from databases in accordance with the applicable legal rules. For credit agreements involving the provision of collateral by third parties, institutions must also ensure that they have sufficient and necessary information on the financial situation of these third parties.

In their creditworthiness assessments, institutions must first assess the bank customers' regular income. If the potential borrowers are self-employed or have a seasonal or other variable income, institutions must carry out additional measures to assess their ability to repay the loan, such as consultations, and take reasonable measures to check the information on the source used to repay the loan. Institutions' creditworthiness assessments must not rely upon expectations of an increase in the income of the potential borrower.

Figure II.6.1 • Guidelines on loan origination and monitoring



Source: EBA ([https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Guidelines/2020/Guidelines%20on%20loan%20origination%20and%20monitoring/884283/EBA%20GL%202020%2006%20Final%20Report%20on%20GL%20on%20loan%20origination%20and%20monitoring.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Guidelines/2020/Guidelines%20on%20loan%20origination%20and%20monitoring/884283/EBA%20GL%202020%2006%20Final%20Report%20on%20GL%20on%20loan%20origination%20and%20monitoring.pdf)).

9. Cf. EBA/GL/2020/06

As an integral part of the creditworthiness assessment, institutions must carry out sensitivity analyses that take into account potentially adverse future scenarios (including interest rate increases or a drop in income level). For example, when entering into home loan agreements, where the repayment period exceeds the borrower's expected retirement age, institutions must pay particular attention to the impact of this circumstance on the borrower's ability to continue to meet their obligations under the credit agreement.

The procedures and requirements set out in the Guidelines on creditworthiness assessment for bank customers are already largely incorporated into the applicable legal framework. National rules in force already provide that, prior to the granting of a loan or increase in the total amount of a loan that had already been taken out, the credit institution must assess the bank customer's ability to meet the obligations arising from the credit agreement, laying down the procedures and criteria the institutions must comply with in this assessment<sup>10</sup>. Also established is the obligation of institutions to monitor the performance of credit agreements on an ongoing basis to detect evidence of difficulties by borrowers in meeting the obligations arising from these agreements<sup>11</sup>, at an early stage.

### Use of automated models in the creditworthiness assessment follows a set of rules.

Institutions increasingly use automated models to assess the creditworthiness of customers and to make decisions on credit with recourse to technology based on artificial intelligence tools. When using these models, institutions must establish internal policies and procedures ensuring the quality of data collected from customers and the regular assessment of the performance of the assessment model used.

Customers must not be subject to a credit decision based exclusively on these models, and institutions must ensure their right to human intervention, to express their views or to challenge the decision.

Institutions must inform their customers of the use of automated models in the creditworthiness assessment when entering into credit agreements through digital channels. Bank customers have the right to challenge the result of the creditworthiness assessment obtained on the basis of exclusively automated decision processes and may request the intervention of the institution's staff when the former weighs their ability to meet the obligations arising from the credit agreement<sup>12</sup>.

10. The obligation to carry out an assessment of customers' creditworthiness is subject to specific rules in connection with the granting of credit relating to residential immovable property and other credit secured by a mortgage or equivalent guarantee regulated by Decree-Law No. 74-A/2017 of 23 June 2017 and consumer credit agreements regulated by Decree-Law No. 133/2009 of 2 June 2009, with the exception of overrunning. Notice of the Banco de Portugal No. 4/2017 and the recommendations issued in July 2020 by the Banco de Portugal through Circular Letter No. CC/2020/00000044 also set out provisions on this obligation.

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

12. Regulation (EU) 2016/679 of the European Parliament of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

## 7 Best practices when governing and overseeing banking products

The EBA published the Second EBA Report on the Application of the Guidelines on Product Oversight and Governance (POG) Arrangements, following the supervisory convergence exercise on the implementation of the EBA Guidelines on product oversight and governance arrangements for retail banking products<sup>13</sup>.

This report concludes that the application of these Guidelines varies significantly according to the size of the institutions, between the Member States and also within the same Member State.

..... Institutions must adopt a set of best practices identified in the report.

Institutions must weigh different criteria to identify what constitutes a new or significantly changed product. Among other aspects, institutions must check whether a new customer segment was introduced in the target market, whether there were changes in the material features that alter the risk profile of the product or increase its complexity from the customer's perspective, whether there were changes in the sale conditions (e.g. a new distribution channel) or whether the legal or regulatory rules applicable to the product were modified.

They must also establish criteria that provide a negative definition of these concepts, specifying factors that do not qualify a product as new or significantly changed.

In defining the target market for each product or service, institutions must use criteria that enable appropriate client segmentation to ensure that the product is deemed appropriate for the interests, objectives and characteristics of the target market. Demographic data, risk tolerance and financial literacy, and the product's characteristics, including its complexity and level of risk for customers, are some of the criteria that must be used to this effect.

As regards testing to assess whether the product is appropriate to the needs, interests and characteristics of the customers within the target market, institutions must consider the impact of several potential scenarios and the use of several distribution channels.

**Figure II.7.1 • Second EBA Report on the Application of the Guidelines on Product Oversight and Governance (POG) Arrangements**



Source: EBA ([https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2020/935640/Second%20EBA%20report%20on%20the%20application%20of%20the%20POG%20guidelines%20arrangements.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2020/935640/Second%20EBA%20report%20on%20the%20application%20of%20the%20POG%20guidelines%20arrangements.pdf)).

13. Guidelines in place since 2017 and available for consultation at: [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2020/935640/Second%20EBA%20report%20on%20the%20application%20of%20the%20POG%20guidelines%20arrangements.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2020/935640/Second%20EBA%20report%20on%20the%20application%20of%20the%20POG%20guidelines%20arrangements.pdf).

When assessing the adequacy of the channels used to distribute a particular product or service to its target market, institutions must weigh, among other factors, the needs, financial literacy level and creditworthiness of the customers within that target market.

Institutions responsible for designing a retail banking product or service must ensure their distributors (e.g. agents for payment institutions, credit intermediaries) provide adequate training to their staff. This training is essential to ensure that the product or service in question is only marketed to customers within the target market, the characteristics of the product or service are not modified during the sales process and that customers are only given documentation on the product or service that has been approved by the originator.

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## III Supervision of financial institutions

- 1 Basic bank accounts
- 2 Advertising
- 3 Current accounts
- 4 Structured deposits
- 5 Consumer credit
- 6 Home loans and mortgage credit
- 7 Banking fees
- 8 Bank customer complaints
- 9 Correction of irregularities and sanctions



The measures taken by institutions in the offering of retail banking products and services are monitored by analysing reports, carrying out inspections and appraising bank customer complaints. Wherever the Banco de Portugal detects non-compliance with the obligations incumbent upon the institutions, it issues recommendations and specific orders requesting that the latter correct such irregularities and initiates administrative proceedings.

# 1 Basic bank accounts

## 1.1 Developments in the number of basic bank accounts

As at 31 December 2020, there were 129,586 open basic bank accounts (BBAs)<sup>1</sup>, 25,958 more than at the end of 2019

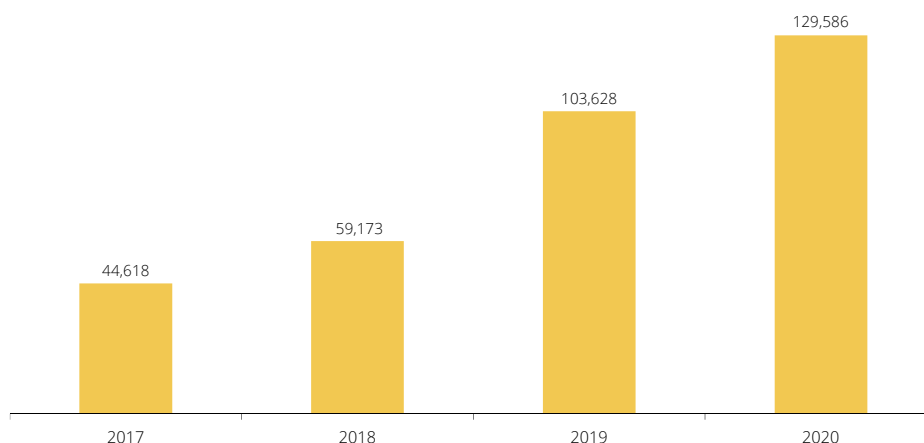
∴ The number of BBAs rose by 25%.

30,073 BBAs were opened, of which 22,479 were the result of switching from an existing current account to a BBA and 7,594 from opening a new BBA.

∴ Around 75% of BBAs were the result of switching from a deposit account.

4,115 BBAs were closed. Of these accounts, 3,263 (79.3%) were closed at the customer's initiative and 852 at the credit institution's own initiative (20.7%). The reasons for institutions to close a BBA were mainly due to the account holder owning other current accounts, that there had been no transactions on the account in the preceding 24 months or the fact that the account holder had ceased to be a legal resident in the European Union<sup>2</sup>.

**Chart III.1.1 • BBAs | Developments in the number of accounts (end-of-period figures)**  
| 2017-2020

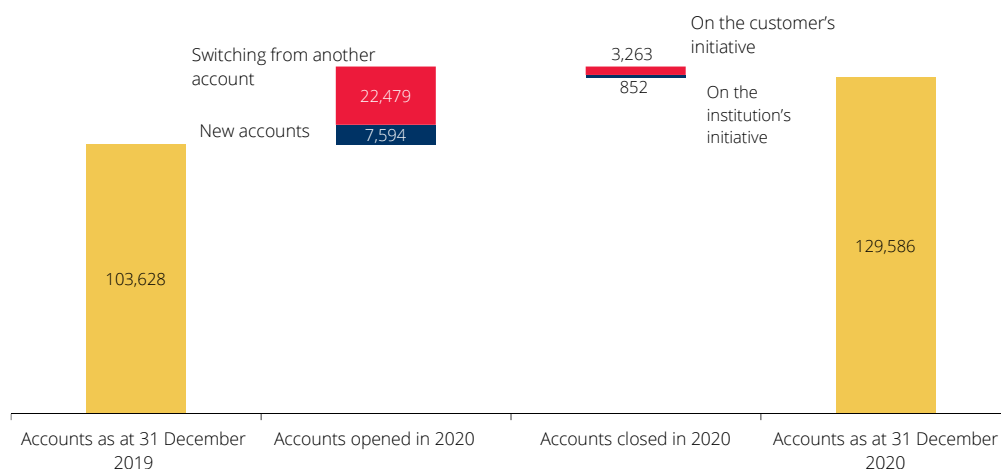


Source: Banco de Portugal.

1. Equivalent to 0.91% of the total number of active current accounts placed with institutions, held by natural persons and legal persons.

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

Chart III.1.2 • BBAs | Accounts opened and closed | 2020



Source: Banco de Portugal.

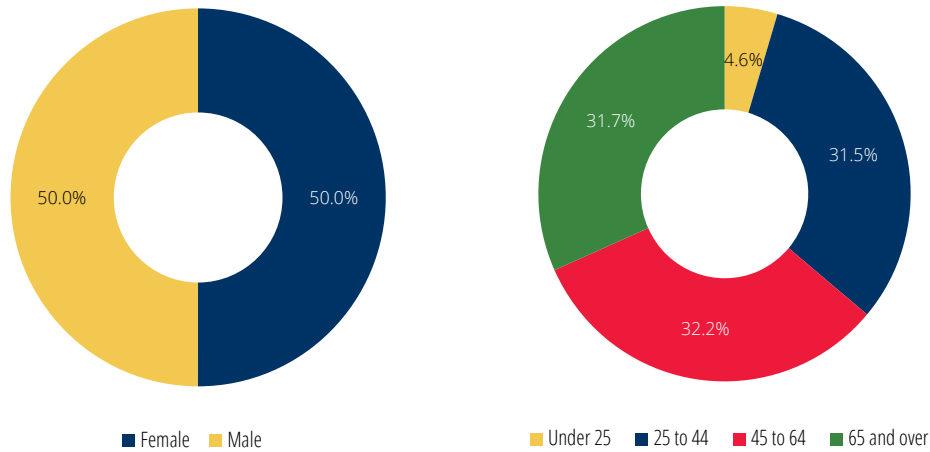
Any natural person can access a BBA if they do not own another current account. There are, however, exceptions:

- i) Natural persons who hold 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 who does not own other accounts. 1,425 BBAs (4.7%) with these features were opened and, as at the end of the year, there were 5,714 BBAs co-held by persons who hold other current accounts (4.4% of the total);
- ii) Persons that already are BBA co-holders with another person over 65 years old or disabled to a degree of 60% or more may have individual access to a BBA, provided they do not own any other current accounts. 214 BBAs with these features were opened and, as at the end of the year, there were 1,524 BBAs held by customers who hold other BBAs (1.2% of the total).

The 30,073 BBAs opened in 2020 were fairly evenly distributed between male (50%) and female customers (50% for both).

In 2020, 32.2% of accounts were opened by persons aged 45 to 65 and 31.7% were opened by persons aged 65 and over. In 31.5% of cases, the main holders were aged 25 and over and under 45, while BBAs opened by young people aged under 25 accounted for 4.6% of total accounts opened.

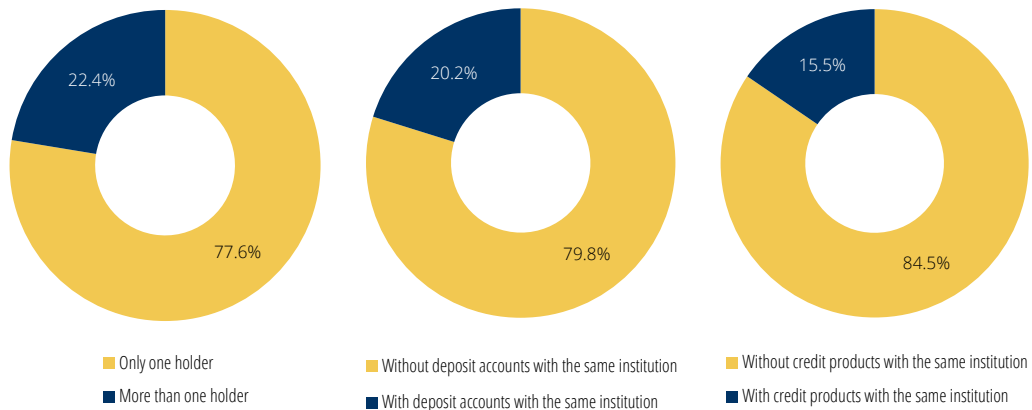
**Chart III.1.3 • BBAs | Breakdown of accounts, by gender and age | 2020**



Source: Banco de Portugal.

Of the 129,586 BBAs existing at the end of 2020, 77.6% had only one holder (80.1% in 2029). At the end of 2020, 79.8% of BBAs were held by persons that did not have any time deposits with the same institution (78.9% in 2019) and 84.5% were held by customers that did not have any credit products with it (85.1% in 2019).

**Chart III.1.4 • BBAs | Breakdown of accounts and their holders | 2020**



Source: Banco de Portugal.

Around 90% of open BBAs at the end of 2020 were held with five institutions.

**Table III.1.1 • BBAs | Number of accounts, by institution | 2020**

Institution	Percentage
A	42.8%
B	19.0%
C	10.8%
D	10.0%
E	7.5%
Remaining institutions	9.9%
Total	100.0%

Source: Banco de Portugal.

At the end of 2020, 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 2020.

The legal framework governing BBAs was recently amended, as detailed in Chapter II in this report.

## 1.2 Inspections

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

... The offering of BBAs remained a priority for the Bank's inspection activity.

### 1.2.1 Provision of information on BBAs

Institutions must include a reference to the possibility of switching from current accounts to BBAs 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 104 institutions that offer them.

These inspections 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 the required information to all customers and as not having presented information in the statement using the minimum font size required.

- **Sending the BBA information document**, having required that institutions submit proof that the document was sent together with the first statement issued for the current account.

Three institutions did not send the BBA information document to some of their customers and two institutions did not comply with the template for that document set forth in a regulation.

### 1.2.2 Offering of BBAs

The practices in place for the offering of BBAs were assessed in 80 credit institutions.

... Inspections on the practices in place for the offering of BBAs covered 80 institutions.

These inspections assessed:

- **Conditions of access to BBAs**, analysing each institution's internal procedures.

The Bank detected situations in the 80 institutions where the opening of a BBA or the switch from a current account was refused on grounds that are not provided for by law and in which there was no formal communication with customers on the grounds to deny access to a BBA.

- **The fees and charges cap**, assessing whether all institutions complied with the cap set by law.

The Bank found situations in the 80 institutions of undue collection of fees for the use of services included in the BBA, such as the provision of a debit card, cash withdrawals over the counter and coin deposits.

- **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. It was also assessed whether debit cards linked to BBAs had more restrictive characteristics than other debit cards.

No non-compliance situations were detected in any of the 80 institutions.

- **The account characteristics**, assessing the BBA account holders' access to other financial products and services.

The Bank detected situations in the 80 institutions in which BBA account holders' access to other financial products and services was denied, on the grounds of owning such an account, more specifically, signing up to a credit card or using the MB WAY payment service.

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

The Bank found situations in the 80 institutions where there was overrunning other than in off-line transactions arising 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 BBAs and the closure of the account 60 days after notifying the customer.

The Bank detected situations in the 80 institutions where BBAs had been closed before the 60-day period after notification of the customer had elapsed.

- **Reporting to the Banco de Portugal**, to check the reliability of the information reported in accordance with Instruction of the Banco de Portugal No. 15/2018.

The Bank identified inaccuracies in the information that the 80 institutions reported to the Banco de Portugal, most notably on initiative and the reasons for closing BBAs.

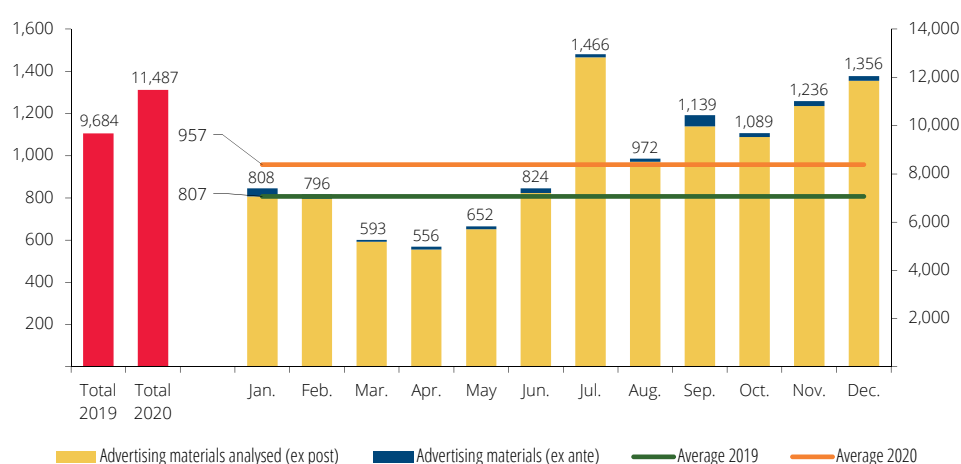
## 2 Advertising

### 2.1 Advertisements analysed

11,487 institutional advertising materials and advertising materials for banking products and services of 60 institutions were analysed. Of these materials, 11,224 (98%) were analysed following their public disclosure (ex post), 146 were requests for ex ante opinions made by the credit institutions and 117 corresponded to advertising materials for structured deposits, subject by law to prior approval.

∴ The number of advertisements released by institutions rose by 18.6%.

Chart III.2.1 • Advertising | Number of advertising materials monitored | 2019-2020



Source: Banco de Portugal. | Note: Annual totals should be interpreted on the right-hand scale and monthly figures on the left-hand scale.

Most advertising materials analysed refer to consumer credit products (74%), most notably credit cards (53%), which increased (by 26%) from 2019.

∴ Advertising for credit cards contributed the most to the increase in advertisements released.

The number of advertising materials also grew for corporate credit (56%), payment services (51%) and simple deposits (83%).

Institutional advertising accounted for 10% of all materials analysed, increasing by 22% from 2019.

Of the total advertisements analysed in 2020, 596 (5.2%) involved products and services offered through digital channels, released by 10 institutions, mostly payment services (38%) and personal loan products (21%).

**Table III.2.1 • Advertising | Advertising materials monitored, by type of product | 2019-2020**

Scope	2019		2020		Δ
	Number	Weight	Number	Weight	
<b>Products and services</b>	<b>8,706</b>	<b>89.9%</b>	<b>10,297</b>	<b>89.6%</b>	<b>18.3%</b>
Consumer credit	7,332	75.7%	8,515	74.1%	16.1%
Credit card	4,867	50.3%	6,134	53.4%	26.0%
Personal loans	1,872	19.3%	1,588	13.8%	-15.2%
Car loans	523	5.4%	632	5.5%	20.8%
Line of credit	44	0.5%	102	0.9%	131.8%
Overdrafts and credit facilities	26	0.3%	59	0.5%	126.9%
Payment services	319	3.3%	483	4.2%	51.4%
Multi-product <sup>(a)</sup>	333	3.4%	383	3.3%	15.0%
Bank deposits	250	2.6%	338	2.9%	35.2%
Simple deposits	121	1.2%	221	1.9%	82.6%
Structured deposits	129	1.3%	117	1.0%	-9.3%
Corporate credit	243	2.5%	378	3.3%	55.6%
Mortgage credit	229	2.4%	200	1.7%	-12.7%
<b>Institutional</b>	<b>978</b>	<b>10.1%</b>	<b>1,190</b>	<b>10.4%</b>	<b>21.7%</b>
<b>Total</b>	<b>984</b>	<b>100.0%</b>	<b>11,487</b>	<b>100.0%</b>	<b>18.6%</b>
<i>Memo item</i>					
<b>Products offered through digital channels</b>	<b>152</b>	<b>1.60%</b>	<b>596</b>	<b>5.20%</b>	<b>292%</b>

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

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

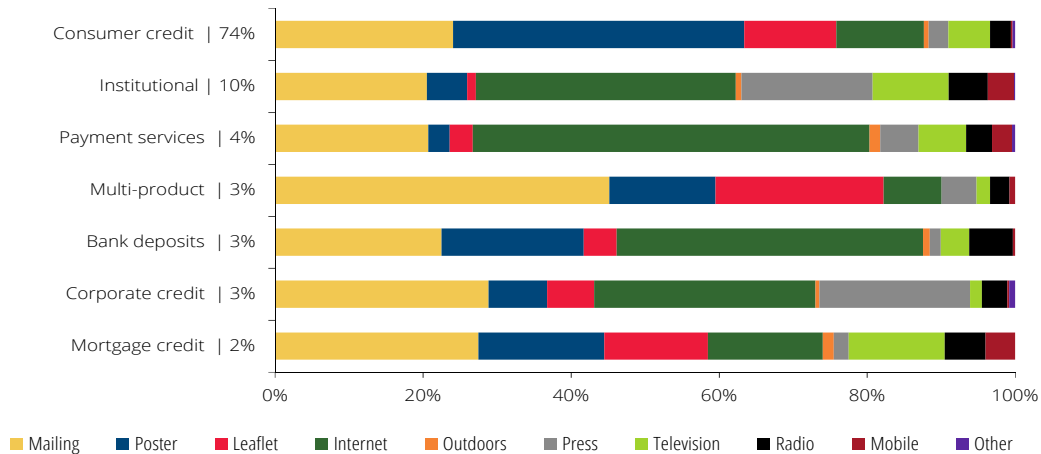
Regarding advertising for consumer credit, the most common means of dissemination were posters placed inside bank branches or through credit intermediaries in an ancillary capacity (39% of all advertisements analysed), followed by mailings (24%), leaflets (13%) and the internet (12%).

In payment services and bank deposits, the internet was the most commonly used means of dissemination (53.6% and 41.4% respectively), followed by mailings (20.7% and 22.5% respectively). In corporate credit, the internet and mailings are also the most commonly used means of dissemination (approximately 30% each). This is also the product in which the press had greater weight (20.4%).

In mortgage credit, mailings were the most common means of dissemination (27.5%), followed by posters (17%) and leaflets, and the internet (around 15% each). Overall, television had the greatest weight in mortgage credit products (13%).

In institutional campaigns, the internet was the most commonly used means, accounting for 35% of media analysed, followed by mailings (21%) and press (18%).

Chart III.2.2 • Advertising | Types of advertising materials monitored | 2020

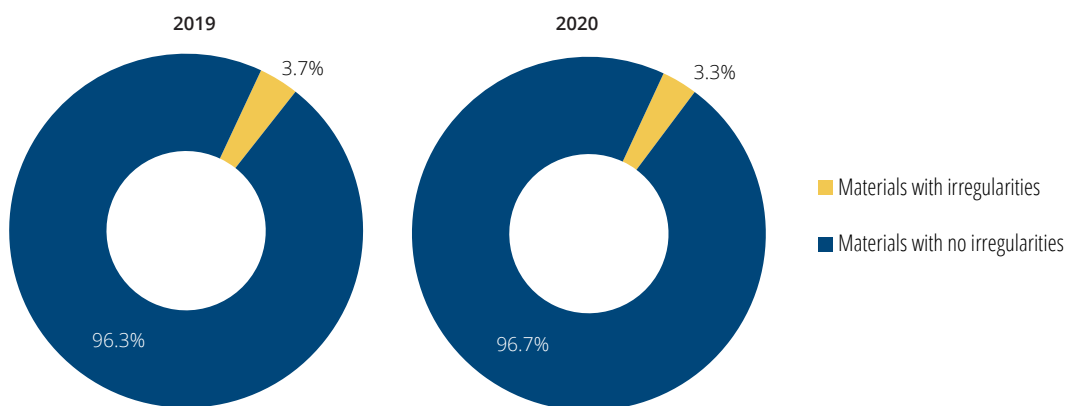


Source: Banco de Portugal.

## 2.2 Corrected advertisements

The analysis of the advertising materials following their public disclosure (ex post) identified irregularities and non-compliances in 367 materials from 35 institutions. Of these materials, 43 involved products and services offered through digital channels. Advertisements with irregularities represented 3.3% of all materials analysed, compared to 3.7% in 2019.

Chart III.2.3 • Advertising | Percentage of advertising materials with irregularities | 2019-2020



Source: Banco de Portugal.

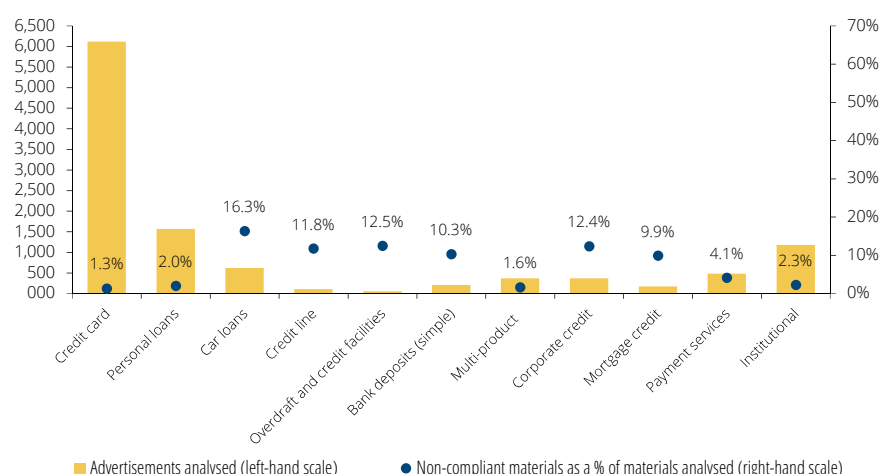
The non-compliance ratio of car loan campaigns continued to stand well above average (16.3%), the most common being associated with irregularities in the dissemination of compulsory information in advertisements, such as the cost of credit (APRC), for a period of time that does not permit adequate reading/listening or being displayed in a smaller font size than that required by the applicable rules.

## There were irregularities in 16.3% of advertising materials for car loans.

The level of non-compliance in advertising campaigns for credit cards was 1.3%. In personal loans, the share of materials with irregularities stood at 2%.

In institutional campaigns, 2.3% failed to comply with the applicable rules.

**Chart III.2.4 • Advertising | Percentage of advertising materials with irregularities by type of product | 2020**



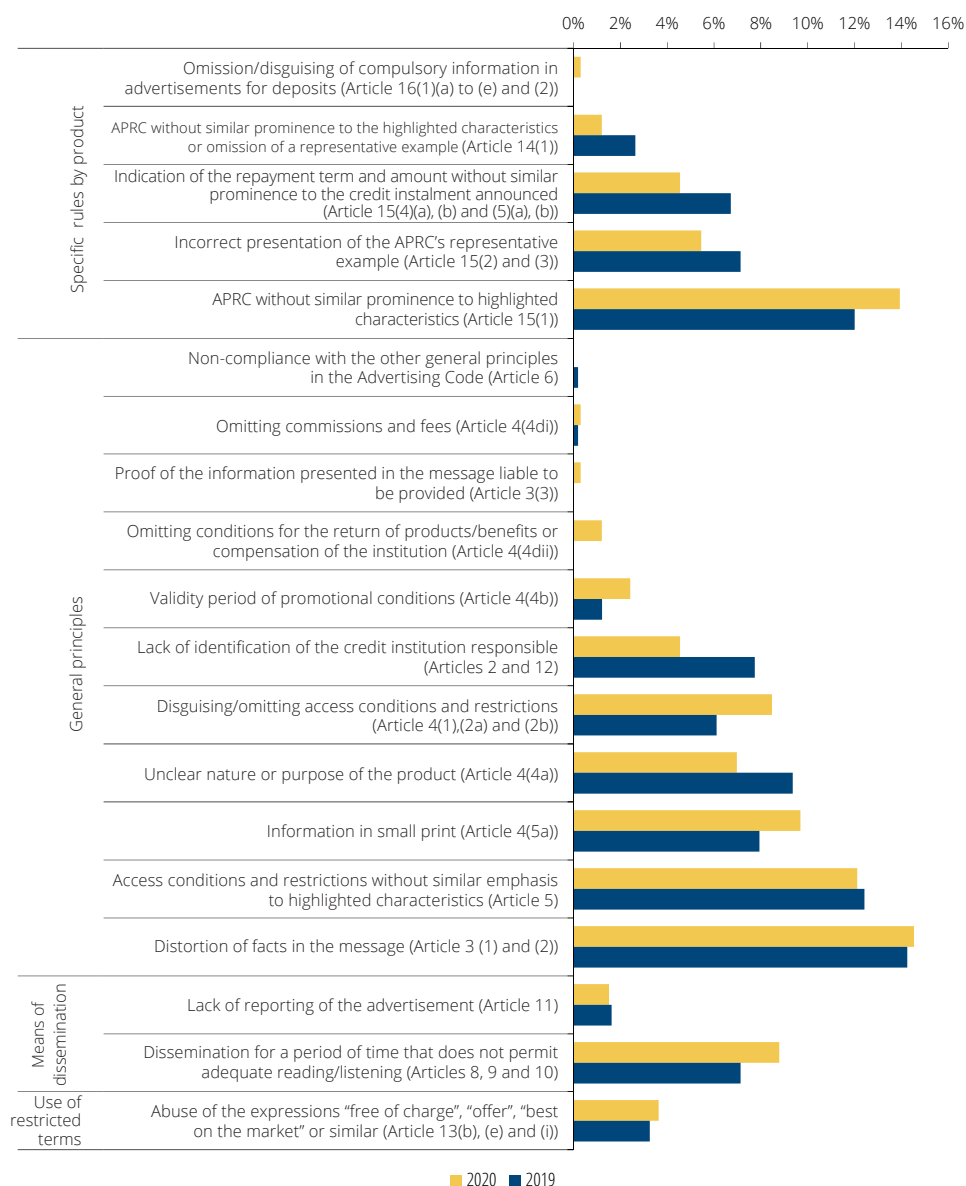
Source: Banco de Portugal.

In 2020 the irregularities most frequently detected in all materials analysed were the presentation of incorrect information on the product and its characteristics, leading to the distortion of facts in the advertising message, and the presentation of the cost measure (APRC), access conditions and restrictions of consumer loan products without similar emphasis given to the characteristics highlighted in such products.

There was an increase in the number of irregularities in the presentation of access conditions and restrictions to the advertised product or service and the APRC without similar emphasis given to the product characteristic highlighted in the advertising of the product.

In turn, there was a decrease in non-compliance related to the failure to identify the credit institutions responsible, the lack of clarity in the presentation of the nature or purpose of the product, and indication of the repayment term and amount without similar prominence to the credit instalment announced.

Chart III.2.5 • Advertising | Non-compliance with Notice No. 10/2008 | 2019-2020



Source: Banco de Portugal.

## 3 Current accounts

### 3.1 Inspections

#### 3.1.1 Statement of fees

121 credit institutions inspected for compliance with the obligation to send the statement of fees.

This assessment focused on:

- **The obligation to send the statement of fees in January for all current accounts** held by customers, whether active or not, during the preceding year, including accounts that were closed during that year and those that registered no transactions over the period.

Three credit institutions did not send the statement of fees to all customers with a current account. Five institutions failed to send their customers the statement of fees within the deadline set by law (January).

- **Compliance with the template for the statement of fees** set out by the European Commission and with the requirements for filling it out<sup>3</sup>.

All the credit institutions assessed adopted the format standardised at European level for the statement they sent their customers. However, 120 institutions that issued the standardised annual statement of fees provided information that did not strictly abide by the applicable requirements.

108 credit institutions assessed for compliance with the requirements for sending the statement of fees through digital channels.

This assessment focused on:

- **The provision of the statement of fees through digital channels**, to monitor the adoption of the best practice issued by the Banco de Portugal for institutions that use digital channels (email, home banking or apps).

The Bank identified 97 credit institutions that failed to fully observe the best practice when providing the statement of fees through digital channels.

The Bank assessed the adoption by 121 credit institutions of standardised terminology for fees.

3. Commission Implementing Regulation (EU) 2018/33 of 28 September 2017.

The assessment targeted all the institutions that **adopted the harmonised terminology** for identifying and standardising the 13 most representative services associated with payment accounts, which should be used by the institutions when providing information on fees for these services<sup>4</sup>.

The Bank found that 26 credit institutions failed to adopt the standardised terminology in identifying the services associated with fees charged.

### 3.1.2 Switching accounts

#### ... The Bank assessed the account switching service provided ... by 115 credit institutions.

This assessment focused on<sup>5</sup>:

- **The provision of information on account switching on the website** and on how accessible the information is.

The Bank found 96 institutions that showed irregularities in the disclosure of this information on their websites.

- **The information provided on the account switching service**, assessing its content in accordance with the legal requirements<sup>6</sup>.

The Bank identified 107 credit institutions that did not provide all the information required by law.

- **Information on fees and charges associated with switching accounts.**

Five institutions charged fees and costs for account switching that were not clearly described in the price list.

### 3.1.3 Current account statement

#### ... The Banco de Portugal assessed 104 institutions' compliance with ... the obligation to send the current account statement.

The Bank assessed compliance with the obligation to send a current account statement, whether statements include information on the debit and credit entries in the current accounts and are sent to customers at least once a month, except where no debit or credit has occurred in the month concerned; nevertheless, such statement must be sent at least once a year.

Two institutions did not provide account statements at least once a year to customers whose accounts had registered no transactions throughout the year.

4. Instruction of Banco de Portugal No. 11/2018.

5. Payment service providers, having their head office or branches in Portugal, are obliged to provide an account switching service to households and microenterprises and should provide information in their branches and customer assistance points and on their websites.

6. Article 25 (1) of Decree-Law No. 107/2017.

## 4 Structured deposits

### 4.1 Key Information Document (KID)

The Bank assessed the compliance of the KIDs of 54 structured deposits offered in 2020, verifying the accuracy of the quantitative information presented (risk and cost indicators and the performance scenarios). The institutions that offer structured deposits are obliged to provide notification to the Banco de Portugal of the respective KID at least two working days prior to the date they start offering to the public. The KIDs that observe the applicable legal and regulatory requirements are published on the BCW.

The number of deposits in this market decreased by 28%, with six credit institutions offering them, down from nine in 2019.

**Table III.4.1 • Structured deposits | Monitoring of pre-contractual information documents | 2019-2020**

Deposit type	2019		2020	
	Submitted	Entities covered	Submitted	Entities covered
1st Quarter	27	6	19	6
2nd Quarter	18	6	10	4
3rd Quarter	17	7	13	5
4th Quarter	13	5	12	4
<b>Total</b>	<b>75</b>	<b>9</b>	<b>54</b>	<b>6</b>

Source: Banco de Portugal.

### 4.2 Yield monitoring

The Banco de Portugal verified the yield rates of the 106 deposits that matured in 2020, in particular the market value of the underlying assets associated with each deposit calculated by institutions and its application according to the calculation method of yields as indicated in the corresponding pre-contractual information document.

Having monitored the yields for the matured deposits, they were disclosed on the Bank Customer Website, as usual.

**Table III.4.2 • Structured deposits | Yields monitored | 2019-2020**

Deposit type	2019		2020	
	Matured	Entities covered	Matured	Entities covered
Structured	135	13	99	10
Dual				
Fixed component	–		1	1
Index-linked component	34	3	6	2
<b>Total</b>	<b>169</b>	<b>13</b>	<b>106</b>	<b>10</b>

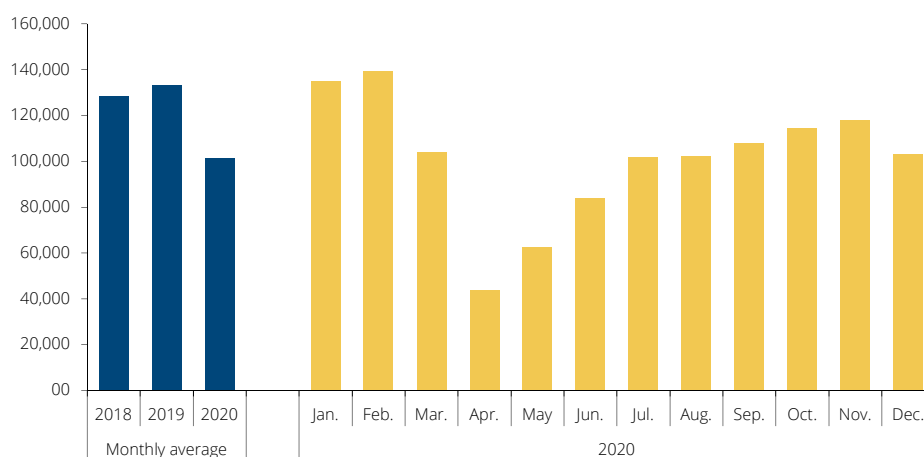
Source: Banco de Portugal.

## 5 Consumer credit

### 5.1 Developments in new agreements

The Bank assessed compliance by credit institutions with the APRC upper limits<sup>7</sup> at the time of the monthly report of information to the Banco de Portugal on the consumer credit agreements (i.e. personal loans, car loans and revolving credit) entered into the previous month.

**Chart III.5.1 • Consumer credit | Number of agreements reported | 2018-2020**



Source: Banco de Portugal. | Note: Total number of agreements reported in 2020 = 1,217,024.

This assessment covered 1,217,024 agreements reported by 55 institutions, corresponding to approximately 101,000 agreements per month<sup>8</sup>.

According to the information reported, consumer credit agreements were down 23.9%.

Irregularities were detected in 4,294 agreements from ten institutions with suggestions of non-compliance with the APRC upper limits. Additional information on these agreements was requested immediately for verification.

7. 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.

8. This analysis does not include the credit agreements in the form of an overdraft facility with a deadline for repayment of up to one month, which are also subject by law to the APRC upper limits.

## 5.2 Inspections

### 5.2.1 Information online on personal loans and car loans

... The Bank assessed the personal loans and car loans offered online  
... by 18 credit institutions.

This assessment focused on:

- **The provision of information on personal loans and car loans**, assessing the description of the products and the channels they are offered through. The Bank also verifies whether the technical vocabulary and abbreviations used are explained in a glossary, in explanatory notes ('tooltips' or equivalent) or in frequently asked questions (FAQs), and the use of hyperlinks.

Five institutions should improve the general information on the credit products they offer. The Bank ascertained that the information provided did not appropriately detail the characteristics of the products and that the customer was not informed on how costs can differ depending on the credit category. In all five credit institutions, there were situations in which acronyms such as ANR or APRC were not explained.

- **The information provided on the cost of credit**, analysing whether the information clearly and prominently specifies the financial conditions for the amount requested, such as the instalment amount, repayment term, ANR, APRC and the total amount payable by the consumer, as well as the fees and charges included in the APRC.

Seven institutions did not provide sufficient information on the cost of credit by not providing information on the fees and expenses included in the APRC.

- The way in which the customer is presented with the possibility of **financing credit-related costs** (insurance, fees, taxes and other expenses), assessing whether this is the result of the customer's express choice.

Two of the credit institutions analysed assumed, incorrectly by default, that the customer required financing for credit-related costs.

- The way in which the customer is presented with the possibility of **purchasing products and services together with the loan**, verifying whether it is clear for the customer that such a purchase is optional.

Five institutions followed incorrect practices when selling insurance contracts together with credit agreements, namely situations where the customer could not go to the next page of the loan simulation if the costs of an insurance contract were not financed by the institution and situations where the purchase of the insurance was included by default. In other situations, the boxes on the online form the customer had to fill out to enter into an insurance contract showed colours and were underlined in a manner that could mislead the customer into purchasing the insurance.

- **The calculation of the APRC**, monitoring whether it reflected the total cost of the credit and whether it observed the ceiling set for that type of credit.

Three credit institutions disclosed an APRC in the representative examples that did not reflect the total cost of credit and the simulation resulted in an APRC above the upper limit in force.

### 5.2.2 Date the consumer credit agreements are entered into

... The Bank assessed the procedures adopted by eight institutions to define the date of entering into consumer credit agreements.

This assessment focused on:

- The **procedures laid down for assessing the customer's creditworthiness**, verifying whether this assessment takes place before the credit agreement is signed.

The Bank found two institutions that failed to assess creditworthiness before entering into the credit agreement and provided no information to the customer if the loan was denied, specifically the information in the credit liabilities databases.

- Compliance with the **procedures for drawing-up the credit agreements and the information provided in the agreement** on the signing-up process and date for entering into the agreement.

In eight institutions the date of entering into an agreement was not the same as that on which the customer or the institution (whichever occurred last) agreed with all the terms of the operation.

- The **reporting duties** to the Banco de Portugal, verifying the accuracy and completeness of the information regarding the date the agreement is entered into.

Four institutions showed irregularities in how the date for entering into an agreement is set for the purposes of this report.

### 5.2.3 Sales using digital channels

The Bank analysed the procedures for five personal loans, three car loans, three credit cards and one line of credit, before they started being marketed<sup>9</sup>.

... The Bank assessed the credit offered through digital channels by 88 credit institutions.

This assessment focused on:

- Compliance with the **pre-contractual and contractual information obligations**, analysing when and how the information is provided to the customer, whether the SIS includes the preferences expressed by the customer and whether it is possible for the customer to ask for a free copy of the draft agreement. The credit offering process was also checked for whether it allows customers to properly view and read pre-contractual and contractual documents and whether it ensures that they cannot conclude the contract before scrolling down the entire information to the very end.

In five institutions<sup>10</sup>, procedures had a compulsory scroll down mechanism but the pre-contractual and contractual information and the documentation for other optional products (such as insurances) were not separate.

- The Bank found 84 institutions that had pre-defined amounts at their maximum limit in the credit simulator and that 81 institutions used expressions such as 'pre-approved', 'pre-accepted' or 'pre-evaluated' during the signing-up process.

9. Circular Letter of Banco de Portugal No. CC/2018/00000004 – "Supply of information to Banco de Portugal on the sale of consumer credit products via digital channels".

10. 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.

- Compliance with the **obligation to provide assistance**, analysing the means available for clarifying bank customers and the information provided in the signing-up process, so as to verify whether it identifies each step of the process and the documents required.

Three credit institutions failed to provide sufficient information and means for clarifying the bank customers and ensuring compliance with the obligation to provide assistance.

- Compliance with the **obligation to inform the customer about the reason for credit denial**, in situations in which such a denial was the result of consulting databases, namely credit liabilities databases.

In four credit institutions, the customer was not informed why credit was denied when the denial was based on information available on credit liabilities databases.

- Information about the possibility of **financing credit-related costs**, namely insurances, fees, taxes and other expenses, assessing whether this is optional and the result of the customer's express choice.

In one of the cases analysed, the financing of credit-related costs was included by default.

- The way in which the customer is presented with the possibility of **purchasing products and services together with the loan**, verifying whether it is clear for the bank customer that such a purchase is optional and whether it is the result of the customer's express choice.

The Bank ascertained that, in all situations analysed, the possibility of purchasing products and services together with the loan was the result of the customer's free and express choice.

- Bank customers' exercise of their **right of withdrawal from the contract and their right of early repayment** through digital channels, ensuring that revocation and early repayment are as accessible and convenient as signing-up.

The draft credit agreements of three institutions failed to fully reflect all the procedures and mechanisms available to the consumer for exercising the rights of withdrawal from the contract and early repayment.

- The use of **robust methods to ensure that bank customers exercise consent** (for instance, qualified electronic signature, digital mobile key or requiring the use of two or more elements, independent between themselves, and belonging to the categories of knowledge, possession and inherence).

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

## 5.3 Agreements incorporated under OASP<sup>11</sup>

Credit institutions launched 652,565 out-of-court arrears settlement procedures (OASPs) associated with consumer credit, involving a total of 482,361 credit agreements and outstanding amounts totaling €1.144. billion. These agreements had a default ratio of 9.1%, compared to 10.9% in 2019. This decrease was observed across the different types of consumer credit agreements (i.e. personal loans, car loans and revolving loans), but more pronounced in personal loans.

ASP proceedings initiated increased by 13% in the first half and decreased by 6% in the second half of the year.

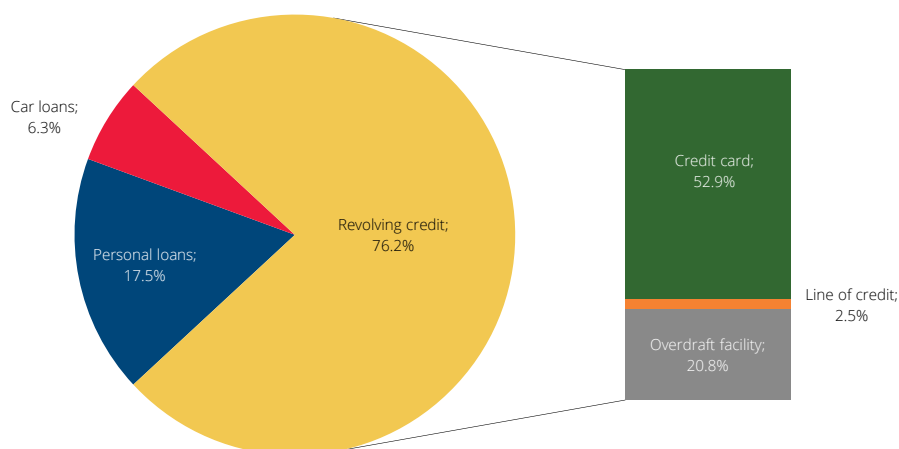
**Table III.5.1 • OASP | Consumer credit | Proceedings launched, under analysis and concluded | 2019-2020**

	Proceedings						Agreements <sup>(a)</sup>	
	2019			2020			2019	2020
	S1	S2	Total	S1	S2	Total		
<b>OASP proceedings launched</b>								
Number	318,304	310,053	628,357	359,717	292,848	652,565	463,972	482,361
Total amount (EUR millions) <sup>(b)</sup>	-	-	-	-	-	-	1,082.8	1,144.2
Default ratio <sup>(c)</sup>	-	-	-	-	-	-	10.9%	9.1%
<b>OASP proceedings under analysis<sup>(d)</sup></b>								
Number	-	-	127,712	-	-	143,296	-	-
<b>OASP proceedings concluded</b>								
Number	312,405	312,976	625,381	340,966	296,015	636,981	447,887	454,340
Total amount (EUR millions)	-	-	-	-	-	-	1,028.1	1,099.3
Default ratio	-	-	-	-	-	-	11.2%	9.4%
<b>Of which:</b>								
OASP proceedings concluded with settlement of arrears <sup>(e)</sup>	139,813	133,553	273,366	139,323	129,994	269,317	-	-
Payment of amounts in arrears	129,563	122,738	252,301	128,566	118,533	247,099	-	-
Agreement between the parties <sup>(f)</sup>	10,250	10,815	21,065	10,757	11,461	22,218	-	-
<b>OASP proceedings concluded with settlement of arrears/OASP proceedings concluded</b>	<b>44.8%</b>	<b>42.7%</b>	<b>43.7%</b>	<b>40.9%</b>	<b>43.9%</b>	<b>42.3%</b>	-	-

Source: Banco de Portugal. | Notes: (a) The total number of OASP agreements does not reflect the situations in which the same credit agreement is included more than once. (b) The total amount corresponds to the sum of the outstanding non-defaulting balance with 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, refinancing of the credit agreement, granting of an additional loan for payment of instalments, transfer in lieu of payment. (f) Renegotiation; consolidation of loans; refinancing; granting of an additional loan for payment of instalments; transfer in lieu of payment.

11. The information provided comes from reporting by credit institutions to 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 completely coincide with that disclosed in the Summary Report on Banking Conduct Supervision referring to the first half of 2020.

**Chart III.5.2 • OASP | Consumer credit | Distribution of agreements integrated in the OASP, by type of credit | 2020**



Source: Banco de Portugal.

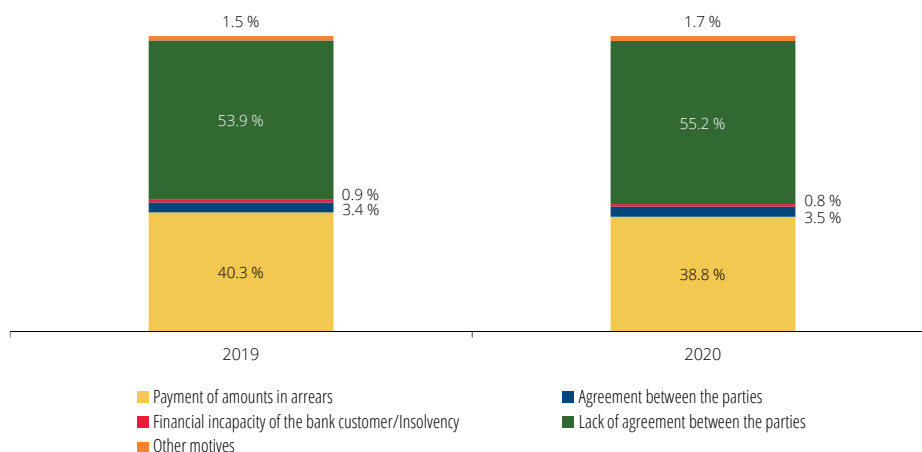
The increase in the number of proceedings occurred in the first half of the year, most notably between March and May 2020. Conversely, in the second half of the year the number of OASP proceedings initiated was lower than in the same period in 2019, which cannot be analysed separately from the exceptional measures to protect the loans of households (credit moratoria) and prevent the risk of default (see Chapter I of this report for a detailed analysis of default indicators).

The majority of consumer credit agreements in OASP were revolving credit products (around 76%), most notably debt incurred with credit cards, which accounted for over half the proceedings initiated (57.8%). Personal loans and car loans represented 17.5% and 6.3% of OASP proceedings initiated respectively.

In 2020, 636,981 OASP proceedings were closed, involving 454,340 agreements, totalling €1,099 billion. These agreements recorded a default ratio of 9.4%, the lowest since 2013, the year in which the general arrears regime entered into force<sup>12</sup>.

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

Chart III.5.3 • OASP | Consumer credit | Reasons for cancellation | 2019-2020



Source: Banco de Portugal.

The share of proceedings closed upon the settlement of default decreased from 2019, from 43.7% to 42.3%. In 55.2% of the proceedings concluded, the default situation was not settled because the parties failed to reach an agreement.

In 38.8% of proceedings concluded, the settlement of arrears resulted from the payment of sums past due by the customer, while in 3.5% the credit institution and the customer entered into an agreement. Of these, the solution most frequently agreed on was the renegotiation of the agreement (83%), amounting to €24.6 million. The main terms renegotiated were the deferral of payment of principal until the last instalment and the extension of the repayment period.

Table III.5.2 • OASP | Consumer credit | Solutions agreed in the proceedings concluded | 2019-2020<sup>(a), (b)</sup>

	2019		2020	
	Number	Amount (EUR millions)	Number	Amount (EUR millions)
Renegotiation of the credit agreement	17,053	9.1	18,625	24.6
Refinancing	1,995	15.2	1,716	13.3
Credit consolidation	1,276	5.8	1,435	6.3
Additional loan for payment of instalments	708	4.9	591	2.6
Transfer in lieu of payment	37	–	37	–

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 2020 covered 20,242 consumer credit agreements.

**Table III.5.3 • OASP | Consumer credit | Terms renegotiated in the proceedings concluded | 2019-2020<sup>(a), (b)</sup>**

	2019	2020
Deferral of the principal until the last instalment	14,322	13,197
Maturity	3,444	4,861
Spread/interest rate	205	1,288
Grace period for principal (and/or interest)	310	993
Other terms <sup>(c)</sup>	2,101	2,913

Source: Banco de Portugal. | Notes: (a) Renegotiations occasionally bring together more than one of the solutions indicated in this table. (b) The OASP proceedings concluded with renegotiations in 2020 covered 11,535 consumer credit agreements. (c) This category covers, namely, payment plans for the settlement of late repayments, changes to the interest rate and changes in ownership. The options are reported in an aggregated way, meaning it is not possible to disaggregate the renegotiated terms included in this category.

## 6 Home loans and mortgage credit

### 6.1 Inspections

Inspections on the provision of pre-contractual information covered five institutions.

These inspections assessed:

- **Compliance with general pre-contractual information obligations** on websites and with ESIS information requirements.

The websites of the five institutions were found not to include all the mandatory elements of general pre-contractual information on home loan and mortgage credit agreements. Irregularities were detected in the ESIS due to non-compliance with the standardised template and omissions and inaccuracies in the information on the main characteristics of the loan, the ANR, the APRC and the instalment amount.

Inspections on credit cost measures (APRC and total amount payable by the consumer) covered 103 institutions.

These inspections assessed:

- **Information on the total amount payable by the consumer and the APRC provided by institutions<sup>13</sup> in the ESIS and in the agreement**, checking the calculation of the APRC with and without bundling, and the consistency of this information in the various documents provided to customers.

13. 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 accounted for separately.

12 institutions were identified as providing information with omissions on the total amount payable by the consumer and the APRC in the ESIS and in credit agreements, and as failing to provide the respective reference amounts without the effect of potential bundling.

- **Information provided to the Banco de Portugal by institutions** on the APRC of agreements included in the annual reporting.

Irregularities were identified in 17 institutions for failure to report agreements entered into or for incorrect information on the APRC.

### ⋮ Inspections on the provision of information during the lifetime of the agreement covered five institutions.

These inspections assessed:

- **Information provided to customers during the lifetime of credit agreements<sup>14</sup>**, analysing its frequency, compliance with the information requirements laid down in the applicable regulations and compliance with specific rules on the provision of information when borrowers default on their obligations.

The five institutions were found not to comply with these rules and requirements, in particular in terms of irregularities in the provision of information in default situations on the credit agreement.

## 6.2 Developments in agreements incorporated under OASP<sup>15</sup>

Institutions reported 54,970 OASP proceedings initiated, involving 39,628 home loan and mortgage credit agreements and a total outstanding amount of €1,846.6 million. These agreements had a default ratio of 1.5%, above that observed in the previous year (1.3%).

### ⋮ The number of OASP proceedings declined by 23.1%.

The drop in the number of OASP proceedings initiated in 2020 cannot be dissociated from the exceptional measures to protect loans to households (credit moratoria) in order to prevent the risk of default. These developments were particularly pronounced in the second half of the year, when the number of OASP proceedings initiated stood markedly below that of the same period in 2019 (see Chapter I of this report for a detailed analysis of developments in default indicators).

14. Notice of the Banco de Portugal No. 5/2017.

15. The information provided was reported by credit institutions to the Banco de Portugal. In this respect, rectifications were made to the information provided in the first half of 2020, which explains why the information contained in this report does not completely coincide with that disclosed in the Summary Report on Banking Conduct Supervision for the first half of 2020.

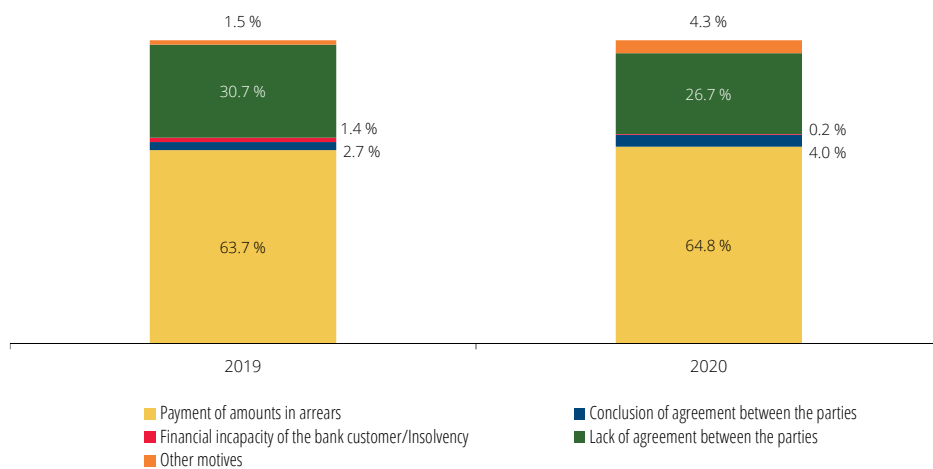
**Table III.6.1 • OASP | Home loans and mortgage credit | Proceedings launched, under analysis and concluded | 2019-2020**

	Proceedings						Agreements <sup>(a)</sup>	
	2019			2020			2019	2020
	1st half	2nd half	Total	1st half	2nd half	Total		
<b>OASP proceedings launched</b>								
Number	37,888	33,609	71,497	37,366	17,604	54,970	45,972	39,628
Total amount (EUR millions) <sup>(b)</sup>	–	–	–	–	–	–	2,139.4	1,846.6
Default ratio <sup>(c)</sup>	–	–	–	–	–	–	1.3%	1.5%
<b>OASP proceedings under analysis<sup>(d)</sup></b>								
Number	–	–	21,476	–	–	20,053	–	–
<b>OASP proceedings concluded</b>								
Number	36,783	35,245	72,028	35,489	20,904	56,393	42,589	38,430
Total amount (EUR millions)	–	–	–	–	–	–	1,994.4	1,807.6
Default ratio	–	–	–	–	–	–	1.5%	1.6%
<b>Of which:</b>								
OASP proceedings concluded with settlement of arrears <sup>(e)</sup>	23,726	24,076	47,802	24,789	13,959	38,748	–	–
Payment of amounts in arrears	23,037	22,827	45,864	23,524	12,993	36,517	–	–
Agreement between the parties <sup>(f)</sup>	689	1,249	1,938	1,265	966	2,231	–	–
<b>OASP proceedings concluded with settlement of arrears/OASP proceedings concluded</b>	<b>64.5%</b>	<b>68.3%</b>	<b>66.4%</b>	<b>69.8%</b>	<b>66.8%</b>	<b>68.7%</b>	–	–

Source: Banco de Portugal. | Notes: (a) The total number of OASP agreements does not reflect the situations in which the same credit agreement is included 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, refinancing of the credit agreement, granting of an additional loan for payment of instalments, transfer in lieu of payment. (f) Renegotiation; consolidation of loans; refinancing; granting of an additional loan for payment of instalments; transfer in lieu of payment.

56,393 OASP proceedings were concluded, involving 38,430 home loan and mortgage credit agreements and a total outstanding amount of €1,807.6 million. At the end of 2020, 20,053 OASP proceedings were under analysis or negotiation.

**Chart III.6.1 • OASP | Home loans and mortgage credit | Reasons for cancellation | 2019-2020**



Source: Banco de Portugal.

Most OASP proceedings concluded led to the settlement of arrears (68.7%), a higher share than in the previous year (66.4%).

The main reason given by credit institutions for closing OASP proceedings continued to be the payment of amounts in arrears<sup>16</sup> by bank customers (64.8%). In 4% of proceedings concluded, an agreement was reached between the institution and the customer, where the most frequent solution was the renegotiation of the terms and conditions of the agreement, representing a total renegotiated sum of €23.7 million.

**Table III.6.2 • OASP | Home loans and mortgage credit | Solutions agreed in proceedings concluded | 2019-2020<sup>(a), (b)</sup>**

	2019		2020	
	Number	Amount (EUR millions)	Number	Amount (EUR millions)
Renegotiation of the credit agreement	1,851	24.1	2,095	23.7
Additional loan for payment of instalments	75	0.3	122	0.2
Consolidation of loans	0	0.0	7	0.0
Refinancing	11	0.5	5	0.2
Transfer in lieu of payment	14	–	5	–

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 2020 covered 1,724 home loan and mortgage credit agreements.

**Table III.6.3 • OASP | Home loans and mortgage credit | Conditions renegotiated in proceedings concluded | 2019-2020<sup>(a), (b)</sup>**

	2019	2020
Grace period for principal (and/or interest)	141	226
Maturity	83	137
Spread/interest rate	42	56
Deferral of the principal until the last instalment	60	18
Other terms <sup>(c)</sup>	1,671	1,816

Source: Banco de Portugal. | Notes: (a) Renegotiations occasionally bring together more than one of the solutions indicated in this table. (b) The OASP proceedings concluded with renegotiations in 2020 covered 1,388 home loan and mortgage credit agreements. (c) This category covers, namely, payment plans for the settlement of late repayments, changes to the interest rate and changes in ownership. The options are reported in an aggregated way, meaning it is not possible to disaggregate the renegotiated terms included in this category.

16. This reason for closure also included the situations in which payment of amounts in arrears was made in various instalments over time.

## 7 Bank fees

### 7.1 Price lists

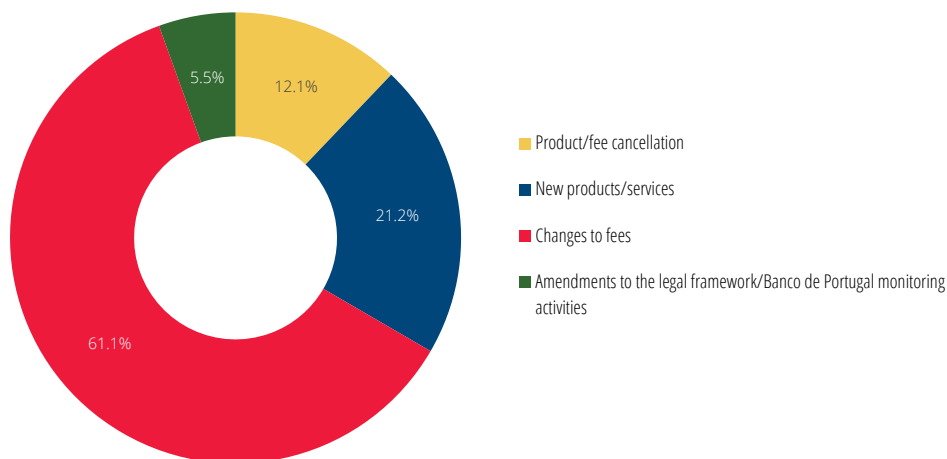
The fees and expenses leaflets of the 181 institutions<sup>17</sup>, in force at the end of 2020, could be consulted on the Bank Customer Website, as well as a record of leaflets from January 2017 onwards. These leaflets include the maximum amount of all fees charged by institutions for the banking products and services they offer.

In 2020, 151 institutions reported 1,500 amended fees and expenses leaflets<sup>18</sup>, a decline compared to 2019 (1,675). Institutions must report a new fees and expenses leaflet every time they wish to change a fee.

Most modifications resulted from changes to fees charged by institutions (61%), followed by the cancellation of products or services (12%) and the introduction of new products or services (21%).

Changes to the information included in the fees and expenses leaflet are also the result of the entry into force of amendments to the applicable legal framework. This is the case of tax changes or changes to the value of the Social Support Index (IAS, in its Portuguese acronym), which is the benchmark for the maximum fee charged on basic bank accounts. The monitoring activities of the Banco de Portugal may also require changes to the information included in the fees and expenses leaflet with a view to correcting and improving the information provided.

Chart III.7.1 • Fees and expenses leaflets | Topics changed | 2020



Source: Banco de Portugal

17. 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.

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

## 7.2 Fees Comparator

The Fees Comparator, available on the Bank Customer Website, received 70,200 visits in 2020, corresponding to around 5,850 visits per month, 48% more than in 2019. This tool provides information on 93 fees for services provided by 127 institutions<sup>19</sup>.

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 published in the Fees Comparator showed the following developments in 2020. 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<sup>20</sup> without taking into account their relative share in the market.

**Table III.7.1 • Fees for the most representative services linked to payment accounts on the Fees Comparator (annual figures) | 2020**

Service	Average	Median	Highest amount	Lowest amount	Δ in the average (Jan.-Dec. 20)	Number of reporting institutions
Account maintenance	€57.60	€62.40	€124.80	€0.00	-1.00%	108
BBA maintenance	€3.58	€3.54	€4.31	€0.00	1.13%	100
Maintaining a standard account	€63.64	€61.78	€124.80	€56.16	0.02%	89
Provision of a debit card	€17.04	€17.68	€31.20	€0.00	1.67%	103
Provision of a credit card	€17.46	€19.24	€36.19	€0.00	0.40%	100
Cash advance						
ATM	€11.87	€11.96	€15.08	€8.49	7.23%	100
Over the counter	€12.15	€12.22	€15.34	€8.65	2.27%	97
Cash withdrawal						
Over the counter	€4.41	€3.90	€20.00	€0.00	19.19%	102
SEPA+ credit transfers						
Over the counter	€7.05	€5.41	€45.76	€2.60	-2.49%	109
Online	€0.61	€0.26	€15.60	€0.00	3.39%	104
Mobile device	€0.82	€1.04	€1.82	€0.00	1.23%	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.

19. Institutions are required to inform the Banco de Portugal of any changes to information previously reported at least five working days prior to the date on which the change takes place. 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.

20. 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.

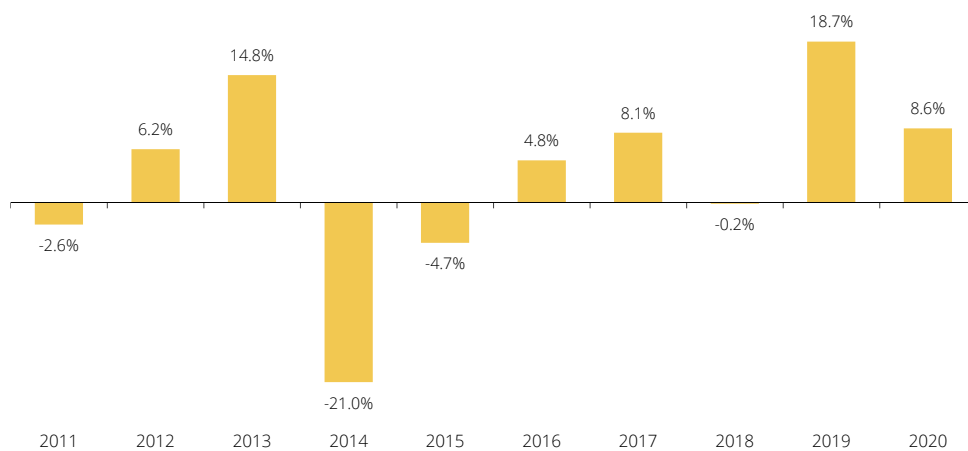
## 8 Bank customer complaints

### 8.1 Recent developments

The Banco de Portugal received 19,660 complaints about matters that fall within the Banco de Portugal's remit, averaging 1,638.3 complaints per month, an 8.6% increase from 2019. This growth was due to complaints linked to the COVID-19 pandemic mitigation measures, including complaints on matters linked to the application of public and private moratoria. If these had not existed, the number of complaints would have been 0.6% lower than in 2019.

The electronic complaints book (e-platform “Livro de Reclamações”) was the channel most used by bank customers (36.3% of submitted complaints), followed by the physical complaints book available at the institutions' branches (29.4%) and by the Bank Customer Website (23.6%). The importance of the electronic complaints book increased not only due to the rise in the number of complaints submitted via this channel (35.5% more compared to the monthly average of 2019<sup>21</sup>), but also due to the decrease in the number of complaints received through the physical complaints book (27.9% less) and the Bank Customer Website (15.5% less). Complaints sent otherwise (by email or letter for example) were also received, accounting for around 10.7% of total complaints received in 2020.

**Chart III.8.1 • Complaints | Developments in the average number of complaints submitted | 2011-2020**



Source: Banco de Portugal.

21. The electronic complaints book has only been in force since the second half of 2019.

**Table III.8.1 • Complaints | Number of submissions, by origin | 2019-2020**

Year	Month	Submissions <sup>(a)</sup>				Total
		RCL <sup>(b)</sup>		RCO <sup>(c)</sup>		
		At the institutions' branches	E-platform 'Livro de Reclamações' <sup>(d)</sup>	Bank Customer Website <sup>(e)</sup>	Others	
2019		8,012	2,635	5,489	1,968	18,104
2020	January	791	518	386	168	1,863
	February	626	462	340	201	1,629
	March	644	531	334	124	1,633
	April	260	675	525	188	1,648
	May	258	640	457	155	1,510
	June	345	767	552	237	1,901
	July	538	694	384	254	1,870
	August	533	403	320	184	1,440
	September	533	747	368	152	1,800
	October	471	601	316	178	1,566
	November	404	571	369	158	1,502
	December	372	530	287	109	1,298
2020		5,775	7,139	4,638	2,108	19,660

Source: Banco de Portugal. | Notes: (a) Figures refer to complaints about banking products and services. In 2019 and 2020, complaints totalling 3,266 and 2,605 respectively were also received which were beyond the remit of the Banco de Portugal, either because they related to situations with no specific applicable regulation (including complaints about service and the quality of credit institutions' premises), or because they fell under the authority of the Portuguese Securities Market Commission or Insurance and Pension Funds Supervisory Authority. (b) Complaints entered through the complaints book. (c) Complaints presented directly to Banco de Portugal. (d) E-platform "Livro de Reclamações". (e) Bank Customer Website

## 8.2 Developments by product and service

Analysing developments in complaints by product and service must take into account the size of the underlying market, with it being necessary to treat the number of complaints in relative terms.

As in previous periods, bank deposits, consumer credit, and credit relating to residential immovable property and credit secured by a mortgage were the products with the highest number of complaints, reflecting the highest relative importance of these markets.

In 2020, claims on matters relating to bank deposits were the most frequent and their relative number increased from 32 to 34 per 100 thousand agreements on deposit accounts.

Consumer credit was the second product with most complaints from bank customers, with the relative number of complaints rising from 36 in 2019 to 40 claims per 100 thousand consumer credit agreements in 2020.

Complaints about home loans and mortgage credit, the third most complained about banking product in 2020, increased from 100 to 119 complaints per 100 thousand credit agreements.

This is followed by payment cards, with the relative number of complaints remaining unchanged at 86 complaints per million cards in circulation, and credit transfers, where the relative number of complaints increased from 50 complaints in 2019 to 52 complaints per 10 million transfers in 2020.

In complaints about loans to enterprises, the relative figure increased from 33 complaints in 2019 to 65 complaints per 100 thousand credit agreements.

As for complaints about cash transactions, the relative number of complaints increased from 107 to 126 per 100 million deposit and withdrawal transactions, while the relative number of complaints about cheques increased slightly from 25 in 2019 to 26 claims per million cheques in 2020.

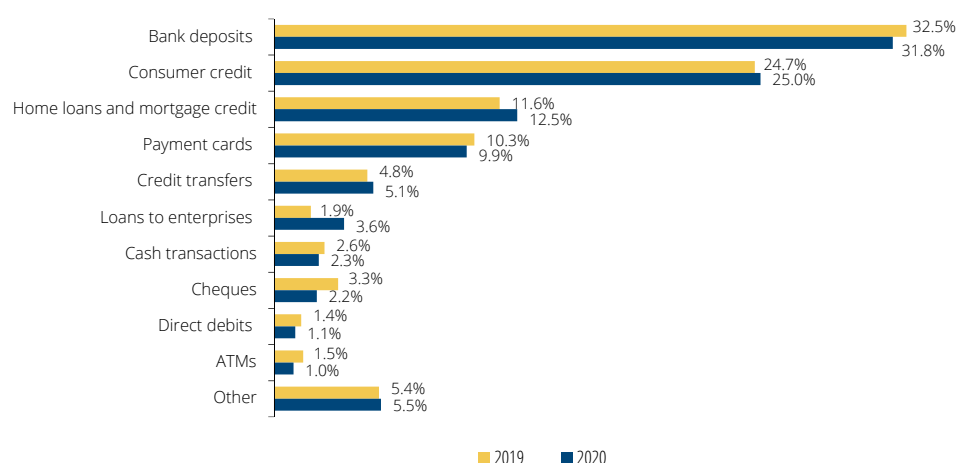
In 2020, there were also declines in the relative number of complaints about direct debits (from 117 to 102 complaints per 100 million transactions) and the operation of Automated Teller Machines (ATMs) (from 174 to 122 complaints per 10 thousand ATMs).

**Table III.8.2 • Complaints | Number of complaints by banking product and service | 2019-2020**

Products and services subject to complaint <sup>(a)</sup>	Absolute values			Relative values <sup>(b)</sup>			
	2019	2020	Δ anual	2019	2020	Δ	Reference unit
Bank deposits	5,864	6,242	6.4%	32	34	7.0%	100 thousand accounts
Consumer credit	4,455	4,916	10.3%	36	40	10.0%	100 thousand agreements
Home loans and mortgage credit	2,109	2,462	16.7%	100	119	18.7%	100 thousand agreements
Payment cards	1,866	1,951	4.6%	86	86	0.4%	million cards
Credit transfers	870	1,000	14.9%	50	52	3.0%	10 million transfers
Loans to enterprises	350	713	103.7%	33	65	93.3%	100 thousand agreements
Cash transactions	476	448	-5.9%	107	126	17.2%	100 million transactions
Cheques	602	437	-27.4%	25	26	3.4%	million cheques
Direct debits	257	222	-13.6%	117	102	-12.5%	100 million transactions
ATMs	272	191	-29.8%	174	122	-30.0%	10 thousand ATMs
Other	983	1,078	9.7%	-	-	-	-
<b>Total</b>	<b>18,104</b>	<b>19,660</b>	<b>8.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: Banco de Portugal. | Notes: (a) The figures presented here refer to matters that fall within the Banco de Portugal's remit. "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 III.8.2 • Complaints | Product and service subject to complaint (per cent) | 2019-2020**



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 69.3% of total complaints – the number of complaints received by each institution was weighted by the level of services they provided or the number of credit agreements signed<sup>22</sup>.

22. Point 8.4 in this Chapter.

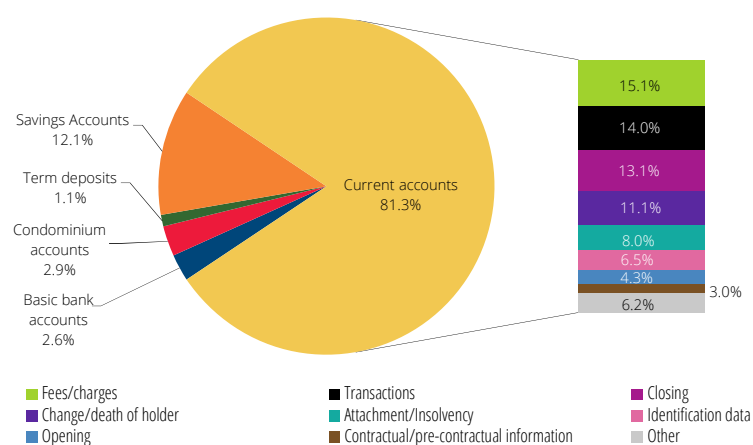
## 8.3 Matters subject to the most complaints

This section focuses on the matters subject to the most complaints in 2020, disregarding the result of analysing those complaints. In 2020, in addition to the issues related to the COVID-19 pandemic mitigation measures, customers mainly complained about the content of the information reported to the Central Credit Register and about the charging of fees, commissions or other charges.

### 8.3.1 Bank deposits

Complaints about bank deposits increased by 6.4% in 2020, reaching a total of 6,242 complaints. Most complaints about bank deposits continued to focus on current accounts (81.3%). However, complaints about bank deposits decreased, notably there was a reduction in the number of complaints about the charging of fees, commissions and other charges and about contractual and pre-contractual information.

Chart III.8.3 • Complaints | bank deposits | 2020



Source: Banco de Portugal.

The most frequent complaints about current accounts concerned:

- Charging fees, commissions or other charges (15.1%), notably complaints about (i) failure to provide information on changes in fees and commissions applicable to current accounts and (ii) the amounts demanded by the institutions for the services provided;
- Constraints on transactions on accounts (14.0%), particularly situations regarding (i) failure to perform customers' instructions for credit and debit transactions of current accounts, (ii) debit transactions carried out by institutions allegedly without the customer's consent and (iii) restrictions on account transactions arising from compliance with obligations imposed on institutions with regard to anti-money laundering and counter-terrorist financing;
- Closing of the account (13.1%), chiefly regarding (i) delay in complying with customers' instructions to close a current account and (ii) the charging of fees, commissions and other charges after the closing of the current account has been requested;
- Change/death of account holder (11.1%), mainly complaints about (i) the procedure for changing the account holder of current accounts, both for adding a new account holder and for excluding one of the existing account holders, (ii) difficulties to perform transactions on the account after the death of the respective account holder, and (iii) the fees, commissions and other charges borne by the heirs for the procedures required by the institutions after the death of the account holder, particularly in proving the status of heir;

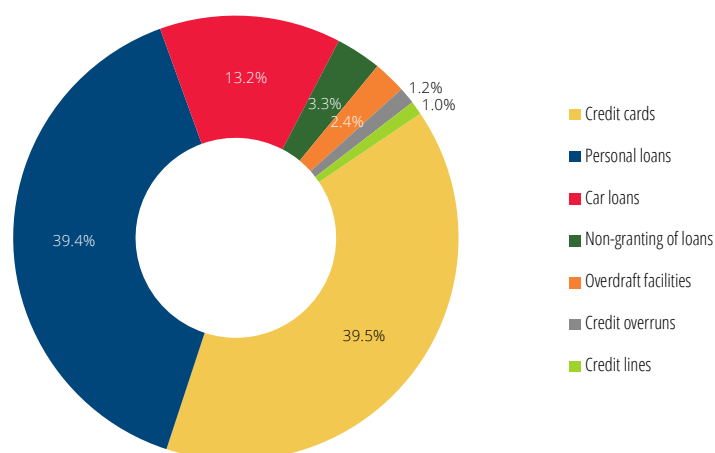
- Attachment/insolvency (8.0%), particularly situations regarding (i) the delay in lifting the attachment after having been ordered to proceed with such lifting and (ii) failure to comply with limits to the unseizability of bank balances.

### 8.3.2 Consumer credit

Complaints about consumer credit increased by 10.3% in 2020, reaching a total of 4,916 complaints. This increase is explained by complaints about private moratoria during the COVID-19 pandemic. Disregarding these complaints, the number of consumer credit complaints would have decreased by 1.4% in 2020, compared to 2019.

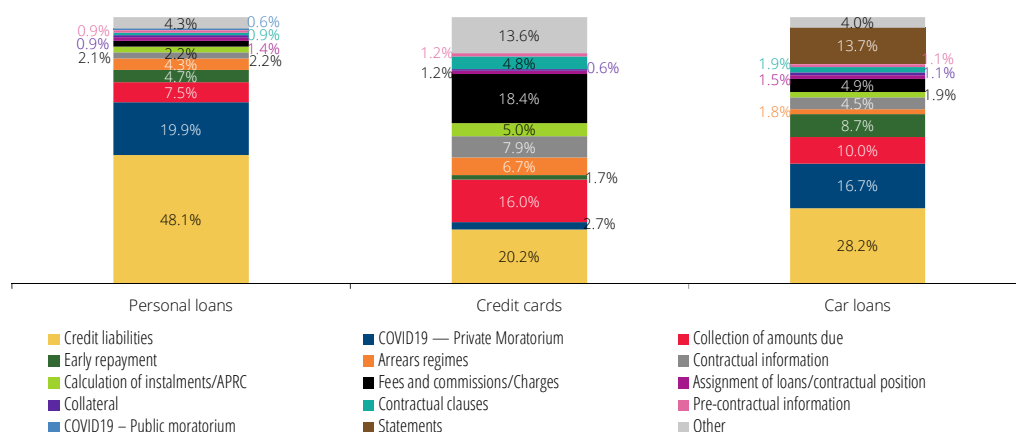
Credit card was the consumer credit product with the highest number of complaints, accounting for 39.5% of the total, followed by personal credit (39.4% of the complaints) and car loans (13.2%).

Chart III.8.4 • Complaints | Consumer credit products | 2020



Source: Banco de Portugal.

Chart III.8.5 • Complaints | Personal loans, credit cards and car loans<sup>(a)</sup> | 2020



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

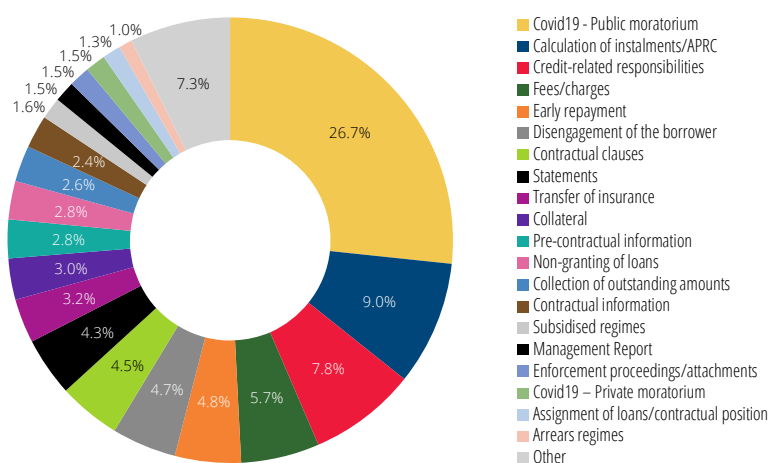
The most frequent consumer credit complaints<sup>23</sup> were about:

- Credit liabilities (33.4%); the participating entities' reporting of information to the Central Credit Register, particularly topics relating to (i) the inaccuracy of the information reported to the Central Credit Register, (ii) the delay in correcting reported information, namely the failure to update information as a result of an order to discharge remaining liabilities in insolvency proceedings and (iii) the failure to communicate the start of reporting defaulted credit liabilities to borrowers or guarantors;
- Private moratorium in the context of the COVID-19 pandemic (11.9%), as detailed in Chapter I entitled "Credit moratoria in the context of the COVID-19 pandemic";
- Collection of outstanding amounts (11.6%); complaints about (i) the calculation of outstanding amounts payable to the credit institution, (ii) assignment of default loans; (iii) judicial appeal by the institutions to recover such amounts and (iv) the procedures used by credit institutions and entities subcontracted by them to collect outstanding amounts.

### 8.3.3 Home loans and mortgage credit

Complaints related to home loans and mortgage credit increased by 16.7% in 2020, reaching a total of 2,462 complaints. This increase was due to complaints about public and private moratoria in the context of the COVID-19 pandemic. Without these, total complaints received about home loans and mortgage credit would have decreased by 16.3%.

Chart III.8.6 • Complaints | Housing and mortgage credit | 2020



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 (26.7%), as detailed in Chapter I entitled "Credit moratoria in the context of the COVID-19 pandemic";

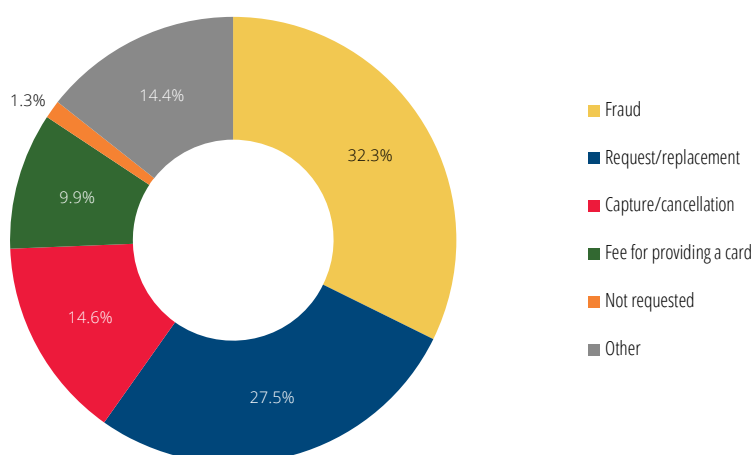
23. The percentages shown relate to complaints about personal loans, credit cards and car loans, the three products most complained about.

- Calculation of instalments and APRC (9.0%), 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 (7.8%), notably complaints about the inaccuracy of the information reported to the Central Credit Register, (ii) the delay in correcting information wrongly reported to the Central Credit Register namely the failure to update information as a result of the order to discharge remaining liabilities as part of insolvency proceedings and (iii) the failure to communicate to borrowers or guarantors about the start of the reporting of defaulted credit liabilities;
- Charging of fees, commissions or other charges (5.7%), particularly related to the amount of fees and commissions associated with (i) the entering into of credit agreements and (ii) the processing of loan instalments.

### 8.3.4 Payment cards

Complaints about payment cards increased by 4.6% in 2020, reaching a total of 1,951 complaints. There was an increase in complaints about fraud.

**Chart III.8.7 • Complaints | Payment cards | 2020**



Source: Banco de Portugal.

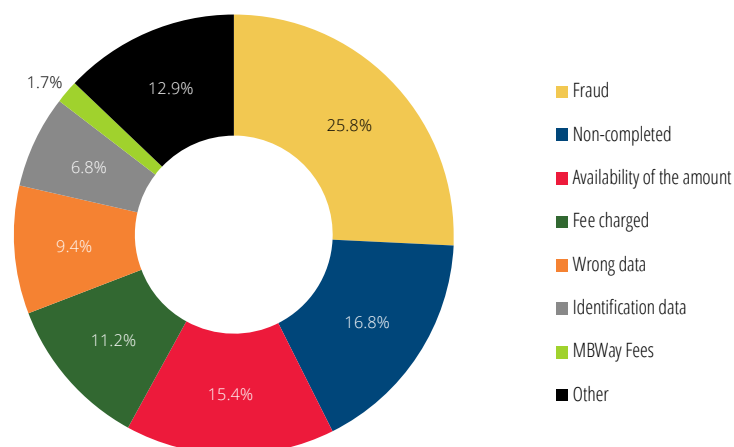
The most frequent complaints about payment cards concerned:

- Fraud (32.3%), 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 (27.5%), mostly focusing on (i) delay in payment card replacement and (ii) fees or commissions charged to issue them;
- Capture and cancellation of cards (14.6%), notably related to (i) the blocking of cards by the relevant card issuers, including for security reasons, and (ii) the termination of contracts for the use of cards, on the institution's initiative or by request of the customer.

### 8.3.5 Credit transfers

Complaints about credit transfers increased by 14.9% in 2020, reaching a total of 1,000 complaints.

Chart III.8.8 • Complaints | Credit transfers | 2020



Source: Banco de Portugal.

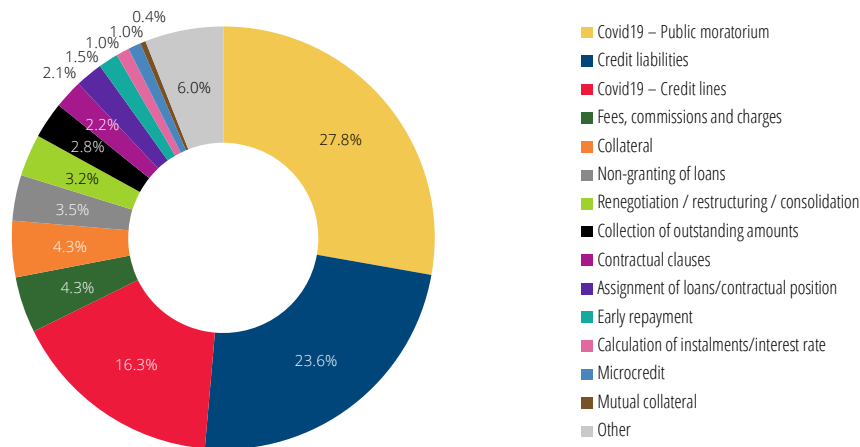
The most frequent complaints about credit transfers concerned:

- Fraudulent transactions (25.8%), 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 (16.8%), essentially complaints about the non-completion of transfers ordered by the complainant as a result of (i) IT anomalies or operational error, and (ii) insufficient identification data necessary for the transfer;
- Availability of the transferred amount (15.4%), particularly complaints about (i) non-compliance with the deadlines for making the transferred amount available in the payee's account, and (ii) failure to comply with the deadline to complete the transfer;
- Charging of fees (11.2%), mainly complaints about the fee charged by the credit institutions to complete transfers, namely in branches and through digital channels.

### 8.3.6 Loans to enterprises

Complaints about loans to enterprises increased by 103.7% in 2020, reaching a total of 713 complaints. This increase was due to complaints about credit lines for business support and the implementation of the public moratorium, both in the context of the COVID-19 pandemic. Disregarding these, the increase in the number of complaints about loans to enterprises would have been 14%, compared to 2019.

Chart III.8.9 • Complaints | Loans to enterprises | 2020



Source: Banco de Portugal.

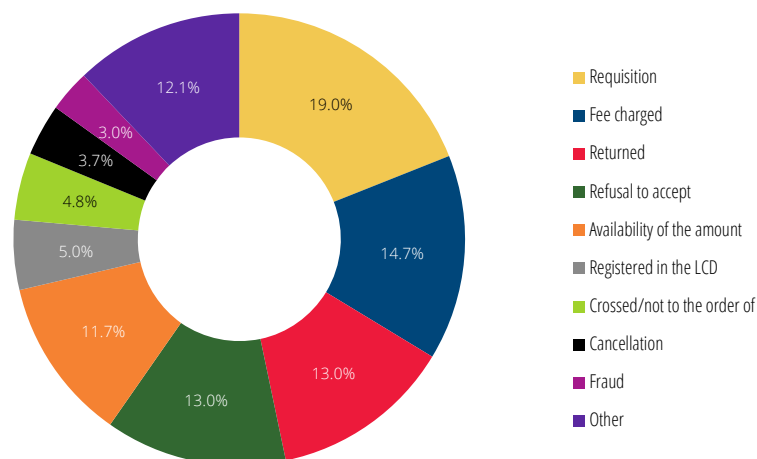
Most complaints regarding loans to enterprises were about:

- Public moratorium in the context of the COVID-19 pandemic (27.8%), as detailed in Chapter I entitled “Credit moratoria in the context of the COVID-19 pandemic”;
- Credit liabilities (23.6%), including complaints about (i) the inaccuracy of the information reported to the Central Credit Register, (ii) the delay in correcting incorrect or wrongly reported information and (iii) the failure to communicate the start of reporting of defaulted credit liabilities to borrowers or guarantors;
- Credit lines for business support in the context of the COVID-19 pandemic (16.3%), including complaints about (i) the access requirements to these credit lines, namely the volume and type of documents required, the interest rates charged and the need not to have failed any credit agreement obligation in advance; (ii) the alleged slowness of institutions when conducting the procedures; and (iii) credit denial for not meeting the requirements laid down or because of constraints on access to the funding made available through these lines.

### 8.3.7 Cheques

Complaints about cheques decreased by 27.4% in 2020, reaching 437 complaints. Complaints also fell regarding the requesting of cheques, the availability of the amount and the refusal to accept cheques as a method of payment.

Chart III.8.10 • Complaints | Cheques | 2020



Source: Banco de Portugal.

The most frequent complaints about cheques concerned:

- Requesting cheques (19.0%), 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;
- Fee charged (14.7%), including complaints about the level of the fee charged by institutions (i) to issue cheques and (ii) for returning cheques;
- Returned cheques (13%), essentially issues concerning the non-payment of cheques, particularly due to insufficient funds;
- Refusal to accept cheques (13%), mainly related to (i) the presentation of a cheque for payment by a person other than its beneficiary, (ii) incorrect completion of cheques and (iii) compliance with the date for the presentation of a cheque for payment.

## 8.4 Institutions subject to the most complaints

### 8.4.1 Bank deposits

The table below shows the number of complaints per 1,000 current accounts, by institution, for 2020. Complaints about bank deposits were considered, irrespective of whether non-compliance or irregularity by the institutions was detected by the Bank.

The institutions listed below received, on average, more than one complaint per quarter in 2020.

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 do Brasil AG – Sucursal em Portugal, Banco Efisa, S. A., Banco Finantia, S. A., Banco L. J. Carregosa, S. A., BNI – Banco de Negócios Internacional (Europa), S. A., BNP Paribas, Caixa de Crédito Agrícola Mútuo de Leiria, C. R. L. and Caixa de Crédito Agrícola Mútuo de Mafra, C. R. L.

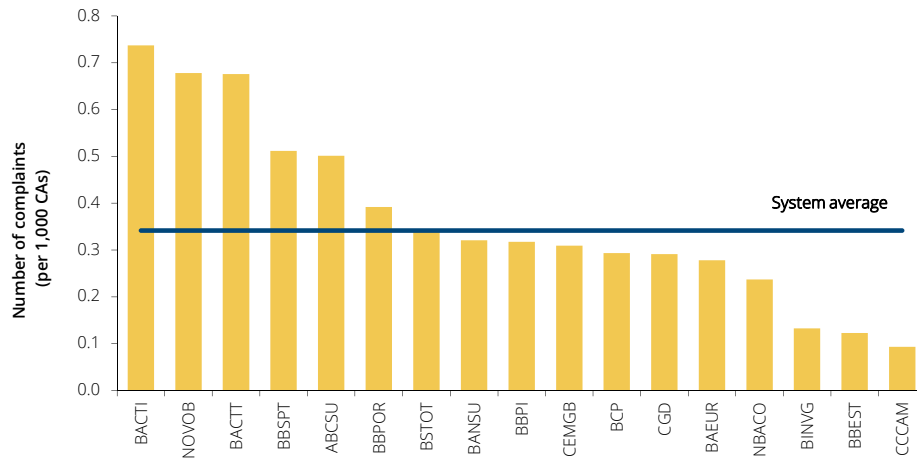
No complaint was received about other institutions operating in the area of deposit accounts, namely: Banco BAI Europa, S. A., Banco Invest S. A., Banco Português de Gestão, S. A., Caixa – Banco de Investimento, S. A., Caixa de Crédito Agrícola Mútuo do Bombarral, C. R. L., Caixa de Crédito Agrícola Mútuo da Chamusca, C. R. L., 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 Haitong Bank, S. A.

**Table III.8.3 • Complaints | Per 1,000 current accounts | 2020**

Abbreviation	Credit institution	2020
BACTI	BANCO ACTIVOBANK, S. A.	0.74
NOVOB	NOVO BANCO, S. A.	0.68
BACTT	BANCO CTT, S. A.	0.68
BBSPT	BANCO BILBAO VIZCAYA ARGENTARIA, S. A., SUCURSAL EM PORTUGAL	0.51
ABCSU	ABANCA CORPORACIÓN BANCARIA, S. A., SUCURSAL EM PORTUGAL	0.50
BBPOR	BANCO BIC PORTUGUÊS, S. A.	0.39
System average		0.34
BSTOT	BANCO SANTANDER TOTTA, S. A.	0.34
BANSU	BANKINTER, S. A. – SUCURSAL EM PORTUGAL	0.32
BBPI	BANCO BPI, S. A.	0.32
CEMGB	CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, S. A.	0.31
BCP	BANCO COMERCIAL PORTUGUÊS, S. A.	0.29
CGD	CAIXA GERAL DE DEPÓSITOS, S. A.	0.29
BAEUR	BANCO ATLÂNTICO EUROPA, S. A.	0.28
NBACO	NOVO BANCO DOS AÇORES, S. A.	0.24
BINVG	BANCO DE INVESTIMENTO GLOBAL, S. A.	0.13
BBEST	BEST – BANCO ELECTRÓNICO DE SERVIÇO TOTAL, S. A.	0.12
CCCAM	CAIXAS DE CRÉDITO AGRÍCOLA MÚTUO INTEGRADAS NO SICAM	0.09

Source: Banco de Portugal. | Note: The system average equates to 34 complaints per 100 thousand current accounts.

Chart III.8.11 • Complaints | Per 1,000 current accounts | 2020



Source: Banco de Portugal.

#### 8.4.2 Consumer credit

The table below shows the number of complaints per 1,000 consumer credit agreements in 2020, by institution. Complaints 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 2020<sup>24</sup>.

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: Banco BAI Europa, S. A., Banco CTT, S. A., Banco Efisa, S. A., Banco Finantia, S. A., Banco Atlântico Europa, S. A., BNP Paribas Lease Group, S. A., Caixa de Crédito Agrícola Mútuo de Leiria, C. R. L, FCA Capital Portugal – Instituição Financeira de Crédito, S. A., Novo Banco dos Açores, S. A. e Toyota Kreditbank GmbH – Sucursal Em Portugal.

No complaint was received in relation to other institutions operating in the area of consumer credit, namely: Banco de Investimento Global, S. A., Caixa Económica da Misericórdia de Angra do Heroísmo – Caixa Económica Bancária, S. A.

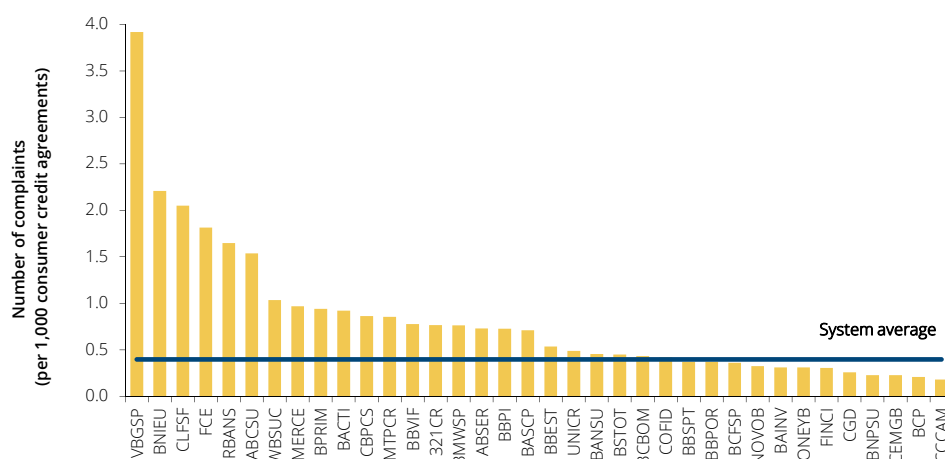
24. Institutions with head office in another Member State of the European Union and operating in Portugal under the freedom to provide services, such as the CaixaBank Payments, E. F. C., E. P., S. A. have not been considered.

**Table III.8.4 • Complaints | Per 1,000 consumer credit agreements | 2020**

Abbreviation	Credit institution	2020
VBGSP	VOLKSWAGEN BANK GMBH – SUCURSAL EM PORTUGAL	3.92
BNIEU	BNI – BANCO DE NEGÓCIOS INTERNACIONAL (EUROPA), S. A.	2.21
CLFSF	CAIXA LEASING E FACTORING – SOCIEDADE FINANCEIRA DE CRÉDITO, S. A.	2.05
FCE	FCE BANK PLC	1.82
RBANS	RCI BANQUE SUCURSAL PORTUGAL	1.65
ABCSU	ABANCA CORPORACIÓN BANCARIA, S. A., SUCURSAL EM PORTUGAL	1.54
WBSUC	WIZINK BANK, S. A. U. – SUCURSAL EM PORTUGAL	1.04
MERCE	MERCEDES-BENZ FINANCIAL SERVICES PORTUGAL – SOCIEDADE FINANCEIRA DE CRÉDITO, S. A.	0.97
BPRIM	BANCO PRIMUS, S. A.	0.94
BACTI	BANCO ACTIVOBANK, S. A.	0.92
CBPCS	CAIXABANK PAYMENTS & CONSUMER, E. F. C., E. P., S. A. – SUCURSAL EM PORTUGAL	0.86
MTPCR	MONTEPIO CRÉDITO – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	0.85
BBVIF	BBVA, INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	0.78
321CR	321 CRÉDITO – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	0.77
BMWSP	BMW BANK GMBH, SUCURSAL PORTUGUESA	0.76
ABSER	ABANCA SERVICIOS FINANCIEROS, E. F. C., S. A. – SUCURSAL EM PORTUGAL	0.73
BBPI	BANCO BPI, S. A.	0.73
BASCP	BANCO SANTANDER CONSUMER PORTUGAL, S. A.	0.71
BBEST	BEST – BANCO ELECTRÓNICO DE SERVIÇO TOTAL, S. A.	0.53
UNICR	UNICRE – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	0.49
BANSU	BANKINTER, S. A. – SUCURSAL EM PORTUGAL	0.45
BSTOT	BANCO SANTANDER TOTTA, S. A.	0.45
BCBOM	BANCO CREDIBOM, S. A.	0.43
COFID	COFIDIS	0.42
<b>System average</b>		<b>0.40</b>
BBSPT	BANCO BILBAO VIZCAYA ARGENTARIA, S. A., SUCURSAL EM PORTUGAL	0.37
BBPOR	BANCO BIC PORTUGUÊS, S. A.	0.37
BCFSP	BANKINTER CONSUMER FINANCE, E. F. C., S. A. – SUCURSAL EM PORTUGAL	0.36
NOVOB	NOVO BANCO, S. A.	0.33
BAINV	BANCO INVEST, S. A.	0.31
ONEYB	ONEY BANK – SUCURSAL EM PORTUGAL	0.31
FINCI	FINANCEIRA EL CORTE INGLÉS PORTUGAL, S. F. C., S. A.	0.30
CGD	CAIXA GERAL DE DEPÓSITOS, S. A.	0.26
BNPSU	BNP PARIBAS PERSONAL FINANCE, S. A. – SUCURSAL EM PORTUGAL	0.23
CEMGB	CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, S. A.	0.23
BCP	BANCO COMERCIAL PORTUGUÊS, S. A.	0.21
CCCAM	CAIXAS DE CRÉDITO AGRÍCOLA MÚTUO INTEGRADAS NO SICAM	0.18

Source: Banco de Portugal. | Note: The system average equates to 40 complaints per 100 thousand consumer credit agreements.

Chart III.8.12 • Complaints | Per 1,000 consumer credit agreements | 2020



Source: Banco de Portugal.

### 8.4.3 Home loans and mortgage credit

The table below shows the number of complaints per 1,000 home loan and mortgage credit agreements in 2020, by institution. Complaints 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 2020.

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: Banco Finantia, S. A., Banco Primus, S. A., BNI – Banco de Negócios Internacional (Europa), S. A., Caixa Económica da Misericórdia de Angra do Heroísmo – Caixa Económica Bancária, S. A., Caixa Leasing e Factoring – Sociedade Financeira de Crédito, S. A., and Novo Banco dos Açores, S. A.

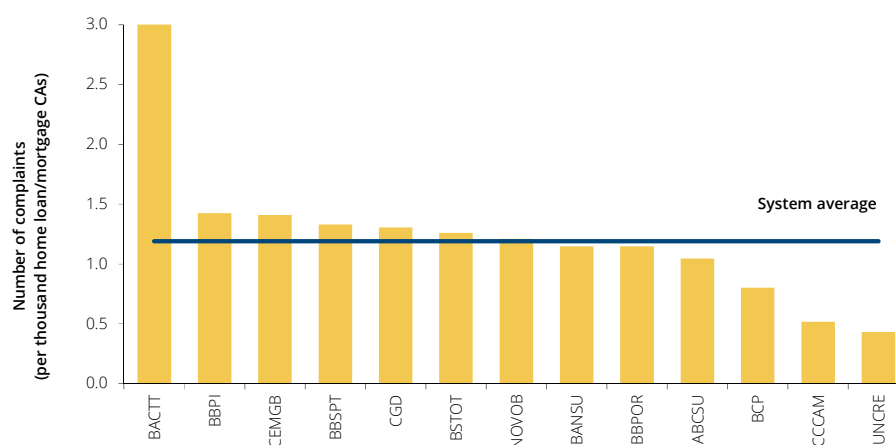
No complaints were received about other institutions operating in mortgage credit, such as Caixa de Crédito Agrícola Mútuo de Leiria, C. R. L.

**Table III.8.5 • Complaints | Per 1,000 home loan and mortgage credit agreements | 2020**

Abbreviation	Credit institution	2020
BACTT	BANCO CTT, S. A.	3.26
BBPI	BANCO BPI, S. A.	1.43
CEMGB	CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, S. A.	1.41
BBSPT	BANCO BILBAO VIZCAYA ARGENTARIA, S. A., SUCURSAL EM PORTUGAL	1.33
CGD	CAIXA GERAL DE DEPÓSITOS, S. A.	1.30
BSTOT	BANCO SANTANDER TOTTA, S. A.	1.26
NOVOB	NOVO BANCO, S. A.	1.21
<b>System average</b>		<b>1.19</b>
BANSU	BANKINTER, S. A. – SUCURSAL EM PORTUGAL	1.15
BBPOR	BANCO BIC PORTUGUÊS, S. A.	1.15
ABCSU	ABANCA CORPORACIÓN BANCARIA, S. A., SUCURSAL EM PORTUGAL	1.04
BCP	BANCO COMERCIAL PORTUGUÊS, S. A.	0.80
CCCAM	CAIXAS DE CRÉDITO AGRÍCOLA MÚTUA INTEGRADAS NO SICAM	0.52
UNCRE	UNION DE CRÉDITOS INMOBILIÁRIOS, S. A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO (SOCIEDAD UNIPERSONAL) – SUCURSAL EM PORTUGAL	0.43

Source: Banco de Portugal. | Note: The system average equates to 119 complaints per 100 thousand home loan and mortgage credit agreements.

**Chart III.8.13 • Complaints | Per 1,000 home loan and mortgage credit agreements | 2020**



Source: Banco de Portugal.

## 8.5 Results of closed complaints<sup>25</sup> and closure time frame

As reclamações encerradas em 2020 não apresentaram indícios de infração em 61,1% dos casos (61,4% em 2019), enquanto em 38,9% se verificou a resolução da situação reclamada pela instituição, por sua iniciativa ou na sequência da atuação do Banco de Portugal (38,6% em 2019).

Das reclamações em que se verificou a resolução da situação reclamada, em 15,3% dos casos essa resolução ocorreu na sequência da atuação do Banco de Portugal, nomeadamente através da instauração de Processos de Contraordenação (13,2%) ou da emissão de Determinações Específicas ou Recomendações (2,1%)<sup>26</sup>, envolvendo 1096 reclamações.

O **prazo médio de encerramento** das reclamações foi de 48 dias, que compara com 58 dias em 2019. O prazo médio de encerramento das reclamações apresentadas diretamente ao Banco de Portugal foi de 68 dias (84 dias em 2019), enquanto no caso das reclamações apresentadas no Livro de Reclamações ao balcão da instituição, este prazo foi de 36 dias (o que compara com 41 dias em 2019) e nas entradas pelo LRE foi de 38 dias (28 dias em 2019).

O canal de envio das reclamações ao Banco de Portugal determina diferentes prazos de análise, que decorrem de quadros normativos diferentes que determinam procedimentos distintos consoante a reclamação seja apresentada diretamente ao Banco de Portugal (RCO) ou inscrita num Livro de Reclamações de uma instituição de crédito em formato físico ou eletrónico (RCL).

O prazo médio de encerramento inclui o tempo de análise da reclamação pelo Banco de Portugal e pelas próprias instituições de crédito. O Banco de Portugal tem sempre de ouvir a instituição reclamada, dependendo o prazo médio de análise da resposta e do prazo de resposta às questões formuladas à instituição pelo Banco de Portugal.

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

26. Details can be found in point 9 of Chapter III: "Correction of irregularities and sanctions".

## 9 Correction of irregularities and sanctions

### 9.1 Specific orders and recommendations

A total of 3,025 specific orders and recommendations were issued to 144 institutions<sup>27</sup>, following inspections, including the analysis of complaints from bank customers.

Most specific orders and recommendations concerned bank deposits and basic bank accounts (BBAs).

**Table III.9.1 • Specific orders and recommendations | By topic | 2020**

Topics	Number	Institutions covered
BBAs	943	92
Advertising	122	35
Bank deposits	957	120
Consumer credit	537	99
Home loans and mortgage credit	169	21
Corporate credit	4	2
Payment services	6	2
Price lists	3	2
Credit moratoria <sup>(a)</sup>	284	100
<b>Total</b>	<b>3,025</b>	<b>–</b>

Source: Banco de Portugal. | Notes: The total number of specific orders and recommendations includes recommendations on consumer credit offering through digital channels. In 2020 specific orders and recommendations were issued to 144 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 accounted for separately. (a) Details on specific orders and recommendations related to credit moratoria can be found in Chapter I.

#### 9.1.1 BBAs

A total of 942 specific orders were issued to 92 institutions and one recommendation to one institution to ensure compliance with the obligations imposed on the supervised institutions for the provision of BBAs.

27. 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 accounted for separately.

**Table III.9.2 • Specific orders and recommendations | BBAs | 2020**

Topics	Specific orders		Recommendations		Total	
	Number	Institutions covered	Number	Institutions covered	Number	Institutions covered
Provision of information to current account holders on BBAs	15	11	1	1	16	11
Provision of information on access conditions and features of BBAs	80	80			80	80
Provision of BBAs to customers complying with the access conditions provided by law	206	82			206	82
Adherence to the fees and charges cap	160	80			160	80
Provision of services included in BBAs	79	79			79	79
Prohibition of access limitation to other products and services to the BBA holder	79	79			79	79
Overrunning prohibition in BBAs	80	80			80	80
Termination of the agreement governing BBAs	84	80			84	80
Reporting to the Banco de Portugal of information on the marketing of BBAs	159	80			159	80
<b>Total</b>	<b>942</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>943</b>	<b>–</b>

Source: Banco de Portugal. | Note: In 2020 specific orders were issued to 92 institutions and recommendations to one institution.

The supervisory measures taken concerned:

- Provision of information on BBAs to customers that are current account holders<sup>28</sup>; with an order to send a current account statement referring to the possibility of switching from a current account to a BBA to five credit institutions which had not included that reference in the first current account statement they had sent to their customers in 2020. Three of these institutions were also urged to send the information document on BBAs to all customers, as a number of situations were detected where this document was not provided.

Seven institutions were also ordered to adopt measures to ensure compliance with the associated formal requirements for the provision of such information, namely the minimum font size required in the statement for referring to the possibility of switching from a current account (order issued to five institutions), and the template to which the information document concerning the BBA must conform (order issued to two institutions).

One institution was told that, should it wish to continue sending the information document on BBAs together with other documents by email, it had to ensure that the information document on the BBAs is adequately highlighted, to allow customers to identify the information being sent to them.

- The information provided to customers on the access conditions and features of BBAs, with 79 institutions being ordered to take measures to ensure the delivery of the standard information sheet (SIS) and the general terms and conditions of the BBA agreement prior to its conclusion.

One institution was also ordered to amend the BBA agreement in order to include all mandatory information in the contractual provisions<sup>29</sup>.

28. 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.

29. Articles 2, 4, 4-A and 4-C of Decree-Law No. 27-C/2000 of 10 March 2000.

- Provision of BBAs to customers that comply with the access conditions set out by law and request the provision of those services, with 82 institutions being required to change practices that gave rise to instances of undue refusal of access to BBAs<sup>30</sup>. Particularly, these concern situations in which customers were informed that a BBA was intended for retired, poor or unemployed persons, as well as cases in which access to such accounts was refused on the grounds of the customer being a borrower in credit transactions.

Also, 79 institutions were required to change their procedures to ensure that customers who had been denied access to a BBA were informed about the reasons for that decision on paper or another durable medium<sup>31</sup>.

- Adherence to the fees and charges cap for maintaining a BBA<sup>32</sup>. 80 institutions were identified as charging fees additional to the BBA maintenance fee for the provision of services legally linked to such accounts, namely the provision of debit card, online banking transfers within the statutory limit, withdrawal of cash over the counter or the deposit of coins.
- The provision of services included in BBAs was required from 79 institutions following the identification of significant delays in allocating a debit card to BBA customers<sup>33</sup>.
- Prohibition of limited access to other financial products and services by the BBA holder. 79 institutions were informed to no longer limit BBA holders' access to products and services such as credit card and MBway<sup>34</sup>.
- Overrunning prohibition in BBAs, with a change being ordered in the conduct of 80 institutions allowing overrunning in BBAs as a result of direct debits and the charging of fees<sup>35</sup>.
- Termination of the agreement governing a BBA at the institution's initiative<sup>36</sup>, with one institution being ordered to take appropriate measures to ensure that the termination of the agreement only occurs when one of the situations provided for by law arises and that customers are informed of the termination of their contractual relationship.

Eighty institutions were also ordered to correct the procedures associated with the closing of BBAs in order to ensure that, in a number of situations specified by law, the BBA is closed after 60 days have elapsed since the customer is notified of the termination of the relevant agreement.

- Reporting of information on the offering of BBAs to the Banco de Portugal<sup>37</sup>, with 80 institutions being asked to correct reported information, particularly the grounds for refusal of access to and closing a BBA.

Under Article 7-C(2) of Decree-Law No. 27-C/2000 of 10 March 2000 establishing access to BBAs, the Banco de Portugal assesses the implementation of the rules laid down in this Framework, by publishing the results of that assessment in its banking conduct report. Non-compliance by financial institution is broken down by type as detected under its supervisory powers and detailed in the following table:

30. Articles 4, 4-A and 4-B of Decree-Law No. 27-C/2000 of 10 March 2000.

31. Article 4(7) of Decree-Law No. 27-C/2000 of 10 March 2000.

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

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

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

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

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

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

Table III.9.3 • BBAs | Type of non-compliance by credit institution | 2020

Non-compliance	Institution
Provision of information to current account holders on BBAs	Banco Activobank, S. A. Banco Atlântico Europa, S. A. Banco BIC Português, S. A. Banco Bilbao Vizcaya Argentaria, S. A., Sucursal em Portugal Banco Comercial Português, S. A. Banco CTT, S. A. Banco de Investimento Global, S. A. Caixa de Crédito Agrícola Mútuo da Chamusca, C. R. L. 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.
Provision of information on access conditions and features of BBAs	Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L., e Caixas de Crédito Agrícola Mútuo Integradas no SICAM Caixa Geral de Depósitos, S. A.
Provision of BBAs to customers complying with the access conditions provided by law	Banco BPI, S. A. Banco CTT, S. A. Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L., e Caixas de Crédito Agrícola Mútuo Integradas no SICAM Caixa Geral de Depósitos, S. A.
Adherence to the fees and charges cap	Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L., e Caixas de Crédito Agrícola Mútuo Integradas no SICAM Caixa Geral de Depósitos, S. A.
Provision of services included in BBAs	Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L., e Caixas de Crédito Agrícola Mútuo Integradas no SICAM
Prohibition of access limitation to other products and services to the BBA holder	Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L., e Caixas de Crédito Agrícola Mútuo Integradas no SICAM
Overrunning prohibition in BBAs	Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L., e Caixas de Crédito Agrícola Mútuo Integradas no SICAM Caixa Geral de Depósitos, S. A.
Termination of the agreement governing BBAs on the institution's initiative	Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L., e Caixas de Crédito Agrícola Mútuo Integradas no SICAM Caixa Geral de Depósitos, S. A.
Reporting to the Banco de Portugal of information on the marketing of BBAs	Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L., e Caixas de Crédito Agrícola Mútuo Integradas no SICAM Caixa Geral de Depósitos, S. A.

Source: Banco de Portugal.

### 9.1.2 Advertising

122 specific orders related to the monitoring of advertising were issued to 35 institutions within advertising inspections, covering a total of 367 advertisements.

Table III.9.4 • Specific orders | Advertising | 2020

Topics	Number	Corrected advertisements	Institutions covered
Products and services	118	340	35
Consumer credit	87	231	27
Payment services	10	20	9
Corporate credit	9	45	6
Home loans and mortgage credit	5	17	4
Deposits	3	21	3
Multi-product	4	6	3
Institutional	4	27	3
<b>Total</b>	<b>122</b>	<b>367</b>	<b>–</b>

Source: Banco de Portugal. | Note: In 2020 specific orders were issued to 35 institutions.

The specific orders concerned mainly advertising campaigns for consumer credit products, involving 231 advertisements. The following changes were required of these advertisements:

- Reference to the APRC with similar prominence to the highlighted characteristics of the credit products advertised<sup>38</sup> (23 institutions);
- Presentation of consistent and complete information on credit products or the designation of fees in line with their price list, particularly in the representative APRC example (19 institutions);
- An indication of the access conditions and restrictions with a similar emphasis given to the product characteristics highlighted in the advertising message<sup>39</sup> (16 institutions);
- The dissemination of mandatory information using characters of a size no less than the minimum size established<sup>40</sup> (12 institutions);
- The dissemination of mandatory information in an advertising message broadcast in an audio-visual medium, during sufficient time for an adequate reading and hearing<sup>41</sup> (11 institutions);
- A clear and transparent indication of the nature and purpose of the products<sup>42</sup> (12 institutions).

Following the analysis of advertising for payment services, ten specific orders were issued, involving 20 advertisements. The following changes were required of these advertisements:

- Unambiguous identification of the institution responsible for the products and services being advertised, notably when using a brand name that was not unambiguously associated to that institution<sup>43</sup> (three institutions);
- A clear and transparent indication of the nature and purpose of the products<sup>44</sup> (three institutions);
- The provision of clear information on the access conditions and restrictions to the product characteristics highlighted in the advertising message<sup>45</sup> (three institutions).

Nine specific orders were issued concerning 45 advertisements for corporate credit. Notably, the order issued to four institutions to provide consistent and complete information on credit products or the correct designation of fees in line with their price list<sup>46</sup>.

In the context of advertising home loans and mortgage credit, five specific orders were issued, involving 17 advertisements. These orders required four institutions to provide clear information on the access conditions and restrictions to the product characteristics highlighted in the advertising message<sup>47</sup>.

### 9.1.3 Bank deposits

A total of 957 specific orders and recommendations were issued to 120 institutions to correct irregularities and deficiencies detected in the offering of bank deposits, focusing mainly on matters relating to current accounts.

38. 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 5 of Notice of the Banco de Portugal No. 10/2008.

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

41. Article 8 of Notice of Banco de Portugal No. 10/2008.

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

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

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

45. Article 5 of Notice of the Banco de Portugal No. 10/2008.

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

47. Article 5 of Notice of the Banco de Portugal No. 10/2008.

**Table III.9.5 • Specific orders and recommendations | Bank deposits | 2020**

Topics	Number	Institutions covered
Provision of pre-contractual information and requirements	237	79
Provision of periodic information	2	2
Provision of the statement of fees	459	120
Information on switching accounts	218	109
Use of harmonised terminology in the provision of information on fees and commissions	28	26
Other obligations	13	6
<b>Total</b>	<b>957</b>	<b>-</b>

Source: Banco de Portugal. | Note: In 2020 specific orders and recommendations were issued to 120 institutions.

The supervisory measures taken concerned:

- Provision of pre-contractual information to the customer, with 79 institutions being required to take measures to ensure that the customer is provided with the standard information sheet (SIS)<sup>48</sup>, the information leaflet for depositors<sup>49</sup> and the fee information document<sup>50</sup> before the deposit is opened.
- Provision of periodic information on the current account, with two credit institutions being ordered to send statements to the holders of current accounts with no transactions in 2019<sup>51</sup>.
- Provision of the statement of fees<sup>52</sup>, with three institutions being ordered to send it to all their customers holding a current account, including to corporate customers or customers whose accounts were closed in the course of 2019, and five credit institutions being ordered to take measures to ensure that it was sent to all customers in January.

120 institutions were also ordered to implement measures to ensure compliance with the applicable requirements.

Recommendations were made to 97 institutions to provide the statement of fees through digital channels under conditions that allow customers to identify and access it easily and inform those customers by email or text message of the availability of the statement of fees through digital channels<sup>53</sup>.

- Information disclosed on the websites regarding the account switching service<sup>54</sup>, with 96 credit institutions being required to make this information available in a prominent and easily identifiable place for consumers and micro-enterprises.

A total of 107 institutions were required to correct the information disclosed on this service, which omitted mandatory elements.

Five institutions were also required to correct irregularities detected in information on the fees charged for carrying out tasks associated with the account switching service.

48. Article 4 of Notice of the Banco de Portugal No. 4/2009.

49. Article 157 of the Legal Framework of Credit Institutions and Financial Companies.

50. Article 6 of Decree-Law No. 107/2017 of 30 August 2017.

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

52. Article 10 of Decree-Law No. 107/2017 of 30 August 2017 and Article 77 of the Legal Framework of Credit Institutions and Financial Companies.

53. Circular Letter No. CC/2019/0000083.

54. Article 25 of Decree-Law No. 107/2017 of 30 August 2017.

- Use of harmonised terminology in providing information on fees and commissions related to current account services, with 26 credit institutions being required to modify materials containing information that did not comply with harmonised terminology<sup>55</sup>.

#### 9.1.4 Consumer credit

A total of 537 specific orders and recommendations were issued to 99 institutions in the consumer credit segment.

**Table III.9.6 • Specific orders and recommendations | Consumer credit | 2020**

Topics	Number	Institutions covered
Pre-contractual information obligations	248	97
Obligation to provide assistance	3	3
Financing of charges at the customer's option	3	3
Optional acquisition of other products and services	11	5
Creditworthiness assessment	10	6
Contractual information obligations	120	91
ANR and APRC calculation	33	9
Duties of information during the lifetime of the agreement	5	3
Right of early repayment	8	3
Reporting to the Banco de Portugal	50	10
Reporting to the Central Credit Register	31	2
Other obligations	15	5
<b>Total</b>	<b>537</b>	<b>-</b>

Source: Banco de Portugal. | Note: In 2020 specific orders and recommendations were issued to 99 institutions.

The supervisory measures taken concerned:

- Provision of pre-contractual information to customers, with eight 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 agreement<sup>56</sup>.

Seven institutions were ordered to make the necessary modifications to ensure that the SIS provided to customers complies with the set template and contains the mandatory information, particularly the credit characteristics and its cost<sup>57</sup>.

Five institutions were advised to strengthen the general information on personal and car loan products made available in the open access areas of their websites, and they were warned of the need to improve the information provided on the characteristics of credit products and their cost<sup>58</sup>.

A total of 83 institutions were recommended to ensure that simulators show the amount of credit selected for the minimum available limit, with the choice of a different amount being the result of

55. Article 5 of Decree-Law No. 107/2017 of 30 August 2017, Instruction of the Banco de Portugal No. 11/2018 and Instruction of the Banco de Portugal No. 19/2018.

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

57. Annex II of Decree-Law No. 133/2009 of 2 June 2009 and Instruction of the Banco de Portugal No. 12/2013.

58. Article 77 of the Legal Framework of Credit Institutions and Financial Companies.

the customer's express choice<sup>59</sup>, and that they refrain from using terms such as "pre-approved", "pre-accepted" or "pre-assessed"<sup>60</sup> on the simulator page.

In addition, seven credit institutions were advised to incorporate information on the total amount payable by the consumer and the fees, expenses and other costs included in the APRC in the summary of customers' simulations and in the illustrative examples presented on their websites<sup>61</sup>.

- Compliance with the obligation to provide assistance<sup>62</sup>, with one institution being required to provide information and adequate means for customers to be able to clarify any questions they may have, in the digital channels used for the offering of agreements.

Two credit institutions were recommended to put mechanisms in place to properly explain the main abbreviations used in the information provided through the digital channels, e.g. APRC and ANR.

- The way in which customers are offered the possibility of obtaining funding to meet the charges associated with credit<sup>63</sup>, with three institutions being required to change their signing-up processes to ensure that such funding is granted only if the customer has explicitly requested it.
- The way in which customers are offered the possibility of acquiring products and services ancillary to the credit agreement<sup>64</sup>, with five institutions being recommended to amend their signing-up processes to ensure that such acquisition is optional and is the result of the customer's express choice. Therefore, the checkboxes for those products must not be pre-selected and they must use uniform graphic elements.
- Assessment of consumers' creditworthiness<sup>65</sup>, with three institutions being required to make such an assessment prior to entering into consumer credit agreements.

For the refusal to grant credit based on the consultation of databases used in the assessment of creditworthiness, six institutions were ordered to inform customers immediately and justifiably of the reason for such a refusal and the information contained in those databases substantiating the refusal<sup>66</sup>.

- Contractual information obligations<sup>67</sup>, with 90 institutions – most of which following an assessment of the signing-up processes through digital channels – being required to include mandatory information in consumer credit agreements. These obligations concern, namely, the cost of the credit (total amount of credit payable by the customer, ANR, APRC and charges considered when calculating the APRC), the consequences of defaulting on the agreement, the facts liable to give rise to communications to the Central Credit Register and the mechanisms that the customers may use to exercise the right of withdrawal and the right of early repayment, and to the amendment. Adequate information on the signing-up process and the date of conclusion of the credit agreement was also required.

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

60. Article 77 of the Legal Framework of Credit Institutions and Financial Companies and paragraph 12 of Circular Letter of the Banco de Portugal No. CC/2020/00000044.

61. Article 77 of the Legal Framework of Credit Institutions and Financial Companies.

62. Article 7 of Decree-Law No. 133/2009 of 2 June 2009.

63. Article 74 of the Legal Framework of Credit Institutions and Financial Companies and Circular Letter of the Banco de Portugal No. 45/2011/DSC.

64. Article 74 of the Legal Framework of Credit Institutions and Financial Companies and paragraph 13 of Circular Letter of the Banco de Portugal No. CC/2020/00000044.

65. Article 10 of Decree-Law No. 133/2009 of 2 June 2009.

66. Article 10 of Decree-Law No. 133/2009 of 2 June 2009.

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

One institution was also recommended to ensure that customers are informed about the methods available to confirm their willingness to enter into an agreement for marketing through digital channels<sup>68</sup>.

- The calculation of the ANR and APRC, with five institutions being required to analyse the agreements entered into in order to correct any situation similar to those detected<sup>69</sup>, having been found to have issued credit agreements where an interest rate different to the contractually agreed rate had been applied.

Three institutions were also required to change the calculation of the APRC in order to meet the established legal assumptions. Two institutions were also ordered to ensure that the total cost of the instalment payment methods does not exceed the APRC of credit agreement<sup>70</sup>.

- Reporting to the Banco de Portugal, with six institutions being required to ensure they report all consumer credit agreements entered into each month. Nine institutions were also ordered to correct the information reported on the APRC and ANR of the credit agreements, the date on which those agreements were concluded, the amount and the characteristics of the credit transactions entered into, among other aspects<sup>71</sup>.

Two institutions were required to comply with the rules applicable to the reporting to the Banco de Portugal of the standard overdraft facility agreements<sup>72</sup>, and one institution was ordered to report information on credit products offered through digital channels<sup>73</sup>.

### 9.1.5 Home loans and mortgage credit

A total of 169 specific orders and recommendations were issued to 21 institutions in the home loans and mortgage credit segment.

**Table III.9.7 • Specific orders and recommendations | Home loans and mortgage credit | 2020**

Topics	Number	Institutions covered
Pre-contractual information obligations	55	8
Contractual information obligations	27	15
Duties of information during the lifetime of the agreement	19	6
APRC calculation	5	5
Reporting to the Banco de Portugal	38	17
Other obligations	25	6
<b>Total</b>	<b>169</b>	<b>-</b>

Source: Banco de Portugal. | Note: In 2020 specific orders and recommendations were issued to 21 institutions.

68. Article 77 of the Legal Framework of Credit Institutions and Financial Companies and paragraph 20 of Circular Letter of the Banco de Portugal No. CC/2020/00000044.

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

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

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

72. Instruction of the Banco de Portugal No. 24/2010.

73. CC/2018/00000004.

The supervisory measures taken concerned:

- General pre-contractual information provided on the institutions' websites, with five institutions being required to amend the information they disclosed on their websites in order to ensure that such information is kept up to date and that all mandatory elements are included<sup>74</sup>.
- Provision of pre-contractual information on the characteristics and conditions of home loans and mortgage credit products, with five credit institutions being ordered to take measures to ensure strict compliance with the harmonised ESIS template.

Eight institutions were required to correct the information presented in the ESIS, namely the APRC, the ANR and the instalment amount<sup>75</sup>.

- Information contained in home loans and mortgage credit agreements<sup>76</sup>, with 14 credit institutions being required to modify their draft agreements to ensure the inclusion of all mandatory information, particularly the characteristics of the agreements, the conditions applicable to early repayment, information on contractual default, fees and charges imposed on the customer and the terms and conditions for maintaining the agreement, the total amount payable by the consumer, and the applicable ANR and APRC.

Furthermore, one institution was recommended to ensure that the home loans and mortgage credit agreements detail the fees and commissions included in the APRC and do not contain information on fees and commissions not applicable to the relevant transaction.

- Information provided to the customer during the lifetime of the agreement, with three institutions being ordered to comply with the obligation to send a statement to the borrowers of home loans and mortgage credit agreements<sup>77</sup>.

Five institutions were also required to ensure they provide information in situations where there is a change in the interest rate<sup>78</sup>, non-compliance with contractual obligations, settlement of arrears or early repayment of the credit<sup>79</sup>.

- The way in which institutions calculate the APRC, with five institutions being required to adhere to the formula and additional assumptions set out by law to calculate the APRC, notably the inclusion of all fees and charges related to a credit transaction<sup>80</sup>.
- Reporting information to the Banco de Portugal relating to credit agreements<sup>81</sup>, with errors detected in the APRC information provided (17 institutions) and in the category of credit agreements (two institutions) needing to be corrected.

Six institutions were also ordered to provide the Banco de Portugal with information on home loans and mortgage credit agreements, which was found not to have been reported.

74. Article 12 of Decree-Law No. 74-A/2017 of 23 June 2017.

75. Article 13 of Decree-Law No. 74-A/2017 of 23 June 2017 and Instruction of the Banco de Portugal No. 19/2017.

76. Article 11 of Notice of the Banco de Portugal No. 5/2017.

77. Article 12 of Notice of the Banco de Portugal No. 5/2017.

78. Article 13 of Notice of the Banco de Portugal No. 5/2017.

79. Article 15 of Notice of the Banco de Portugal No. 5/2017.

80. Article 15 of Decree-Law No. 74-A/2017 of 23 June 2017.

81. Instruction of the Banco de Portugal No. 33/2018.

### 9.1.6 Payment services

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

**Table III.9.8 • Specific orders and recommendations | Payment services | 2020**

Topics	Number	Institutions covered
Exercise of the right to unilaterally change the framework agreement	5	1
Blocking payment instruments	1	1
<b>Total</b>	<b>6</b>	<b>–</b>

Source: Banco de Portugal. | Note: In 2020 specific orders were issued to two institutions.

The supervisory measures taken concerned:

- Information provided to customers in situations where institutions exercise contractual prerogatives allowing them to unilaterally modify the terms and conditions of agreements concluded for an indefinite period, with one institution being required to ensure compliance with the requirements laid down<sup>82</sup>.
- Information provided to customers in the event of blocking the payment instrument, with one institution being ordered to provide information to customers about the block and its justification, except where such information cannot be provided for objectively justified security reasons or is prohibited by other applicable legal provisions<sup>83</sup>.

### 9.1.7 Credit moratoria

A total of 284 specific orders were issued to 100 institutions on credit moratoria.

A detailed analysis of the supervisory measures taken in relation to credit moratoria is in Chapter I of this Report.

## 9.2 Administrative offence proceedings

With regard to banking conduct supervision, 86 administrative offence proceedings were initiated against 25 institutions. Most of the proceedings are the result of analysing bank customers' complaints (87%), as well as inspections and assessing compliance with cap rates for consumer credit.

... The administrative offence proceedings initiated involved 1,001 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.

82. Note that, according to Article 93 of the Legal Framework for Payment Services and Electronic Money, institutions must inform the holders of such accounts of the changes they intend to make at least two months before the date the changes apply, and of the rights of customers who do not agree to such changes to resolve the contracts immediately and free of charge. In situations where, by agreement between the parties, the lack of any response from the customer may be considered acceptance of the changes, it is also incumbent on the institutions to draw the customers' attention to such effect.

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

In the course of 2020, the Banco de Portugal completed its assessment by deciding on 55 administrative offence proceedings concerning banking conduct offences<sup>84</sup>. Fines totalling €574,700, of which €7,000 had their enforcement suspended, were imposed in the context of those decisions.

**Table III.9.9 • Administrative offence proceedings | By topic | 2020**

Topics	Number	Institutions covered
Bank deposits	40	12
Consumer credit	17	13
Home loans and mortgage credit	6	5
Corporate credit	2	2
Payment services	9	8
Complaints book	1	1
Bank secrecy	3	3
Credit moratoria <sup>(a)</sup>	5	5
Others <sup>(b)</sup>	3	2
<b>Total</b>	<b>86</b>	<b>–</b>

Source: Banco de Portugal. | In 2020 administrative offence proceedings were initiated against 25 institutions. (a) Information on administrative offence proceedings initiated in respect of indications of a breach of the rules applicable to credit moratoria can be found in Chapter I. (b) These include infringement proceedings that, for reasons of procedural economy, indications of an infringement of the rules governing the offering of different retail banking products and services.

### 9.2.1 Bank deposits

The 40 administrative offence proceedings initiated against 12 institutions for rules governing the offering of bank deposits include irregularities detected in 877 complaints.

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

- Crediting or debiting a deposit account must be authorised by the respective holder, observing the credit and debit conditions agreed upon between the credit institution and the bank customer<sup>85</sup>;
- Institutions must allow credits or debits in a time deposit in accordance with the agreed conditions<sup>86</sup>;
- Institutions must guarantee the closing of current accounts immediately upon the customers' request, unless a notice period has been agreed, which cannot exceed one month<sup>87</sup>;
- Institutions must make a copy of the general terms and conditions of the agreement to be concluded available to their customers<sup>88</sup>;

84. Information available on Banco de Portugal's website: <https://www.bportugal.pt/comunicado/sintese-da-atividade-sancionatoria-do-banco-de-portugal-no-1o-trimestre-de-2020> (in Portuguese only); <https://www.bportugal.pt/comunicado/sintese-da-atividade-sancionatoria-do-banco-de-portugal-no-2o-trimestre-de-2020-0> (in Portuguese only); <https://www.bportugal.pt/comunicado/sintese-da-atividade-sancionatoria-do-banco-de-portugal-no-3o-trimestre-de-2020> (in Portuguese only); <https://www.bportugal.pt/comunicado/sintese-da-atividade-sancionatoria-no-4o-trimestre-de-2020-0> (in Portuguese only).

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

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

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

88. Article 4 of Notice of the Banco de Portugal No. 4/2009.

- Institutions must ensure that the statement containing information on the debit and credit entries in the current accounts is sent to customers at least once a month, except where no debit or credit has occurred in the month concerned; nevertheless, such a statement must be sent at least once a year<sup>89</sup>;
- Institutions must act with diligence, impartiality, loyalty, discretion and respect for the interests entrusted to them, both in the direct relationship with bank customers and in the relationship with other institutions<sup>90</sup>;

### 9.2.2 Consumer credit

The 17 administrative offence proceedings initiated against 13 institutions for rules governing the offering of consumer credit include irregularities detected in ten complaints and in the inspections of the information as reported by the institutions on consumer credit agreements.

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

- Institutions must provide consumers with pre-contractual information by giving them the standard information sheet<sup>91</sup>;
- Institutions must observe the APRC upper limits released by the Banco de Portugal for each type of consumer credit agreement<sup>92</sup>;
- Institutions must not provide statements of credit cards in digital form when customers have expressed explicitly that they prefer such information to be provided in physical form<sup>93</sup>;
- Institutions may invoke the forfeiture of the term or the termination of the agreement only if, cumulatively, the customer fails to pay two consecutive instalments in excess of 10% of the total credit amount and in addition the customer has been granted a further 15-day period, at least, to pay the instalments in arrears<sup>94</sup>;
- Institutions must comply with the obligation to integrate the customer into the OASP between the 31st and the 60th day following the due date for the obligation under the relevant credit agreement if default persists<sup>95</sup>;
- Institutions must report information on the consumer credit agreements entered into each month to the Banco de Portugal, within ten working days of the end of the relevant month<sup>96</sup>;
- Institutions must inform customers they will report a defaulted credit agreement, prior to reporting this to CCR<sup>97</sup>.

### 9.2.3 Home loans and mortgage credit

The six administrative offence proceedings against five institutions for rules governing the offering of home loans and mortgage credit include irregularities detected in 15 complaints.

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

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

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

92. Article 28 of Decree-Law No. 133/2009 of 2 June 2009.

93. Article 7 of Notice of Banco de Portugal No. 10/2014.

94. Article 20 of Decree-Law No. 133/2009 of 2 June 2009.

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

96. Article 4 of Instruction of the Banco de Portugal No. 14/2013.

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

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, in order to update insured capital<sup>98</sup>;
- Institutions must ensure the customer's right to early repayment, in whole or in part, of the credit agreement, at any time during the term of the agreement<sup>99</sup>;
- Institutions must reflect a negative interest rate on home loans and mortgage credit agreements<sup>100</sup>;
- Institutions must integrate the customer into the OASP between the 31st and the 60th day following the date for the obligation under the mortgage credit agreement if default persists<sup>101</sup>.

#### 9.2.4 Corporate credit

The two administrative offence proceedings initiated against two institutions for rules governing the offering of corporate credit cover incidents detected in two complaints. The proceedings initiated concern non-compliance with the obligation to inform customers about the start of reporting a defaulted credit agreement prior to reporting this to CCR<sup>102</sup>.

#### 9.2.5 Payment services

The nine administrative offence proceedings initiated against eight institutions for rules governing the offering of payment services include irregularities detected in 25 complaints.

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

- Institutions must inform the payer, as agreed, if the payment instrument is to be blocked and the reasons for it, where possible before the block 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 relevant legal provisions<sup>103</sup>;
- 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 day<sup>104</sup>.

#### 9.2.6 Complaints book

The administrative offence proceeding initiated against one institution in relation to the complaints book covers events detected within the analysis of one complaint. The proceedings initiated concern non-compliance with the obligation to reply to complainants within the deadline set by law of 15 working days from the date of the complaint to the email address indicated in the form and inform the complainant, where applicable, of the measures taken in response to the complaint<sup>105</sup>.

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

99. Article 23 of Decree-Law No. 74-A/2017 of 23 June 2017.

100. Article 21-A of Decree-Law No. 74-A/2017 of 23 June 2017.

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

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

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

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

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

### **9.2.7 Credit moratoria**

The three administrative offence proceedings against three institutions in respect of bank secrecy matters were initiated following irregularities detected upon the analysis of three complaints. The administrative offence proceedings initiated concern non-compliance with the duty of banking secrecy to which members of the management or supervisory bodies of institutions and their staff are subject<sup>106</sup>.

### **9.2.8 Credit moratoria**

The five administrative offence proceedings initiated against five institutions for rules governing the application of credit moratoria include irregularities detected in 36 complaints.

The detailed analysis of non-compliance to which these proceedings relate is in Chapter I of this Report.

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

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## IV Supervision of credit intermediaries

- 1 Authorisation and registration
- 2 Monitoring of activities
- 3 Information requests
- 4 Reporting unauthorised activity
- 5 Correction of irregularities and sanctions



# 1 Authorisation and registration

## 1.1 Applications for authorisation

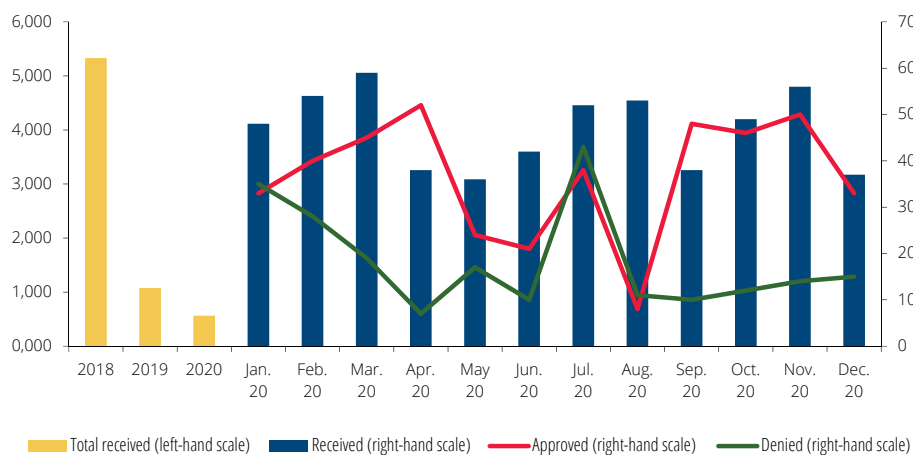
562 applications for authorisation to operate as credit intermediary were received.

The number of applications for authorisation to operate as credit intermediary received in 2020 fell by 47.8% from 2019, chiefly because the early stage of the process of integrating credit intermediaries into the perimeter of supervision had been concluded in July 2019. During the year, 47 authorisation applications were received on average every month.

Over this period, 659 applications for authorisation to operate as credit intermediary were decided upon, some of which were presented at the end of 2019. Of all the applications decided upon, 438 (66.5%) were approved and 221 (33.5%) were denied.

Between the entry into force on 1 January 2018 of the legal framework governing credit intermediaries and 31 December 2020, the total number of applications submitted to the Banco de Portugal stood at 6,969. Over the same period, the Bank decided on 6,882 applications, of which 5,126 (74.5%) were approved and 1,756 (25.5%) were denied.

Chart IV.1.1 • Credit intermediaries | Status of applications for authorisation | 2018-2020



Source: Banco de Portugal.

## 1.2 Registration

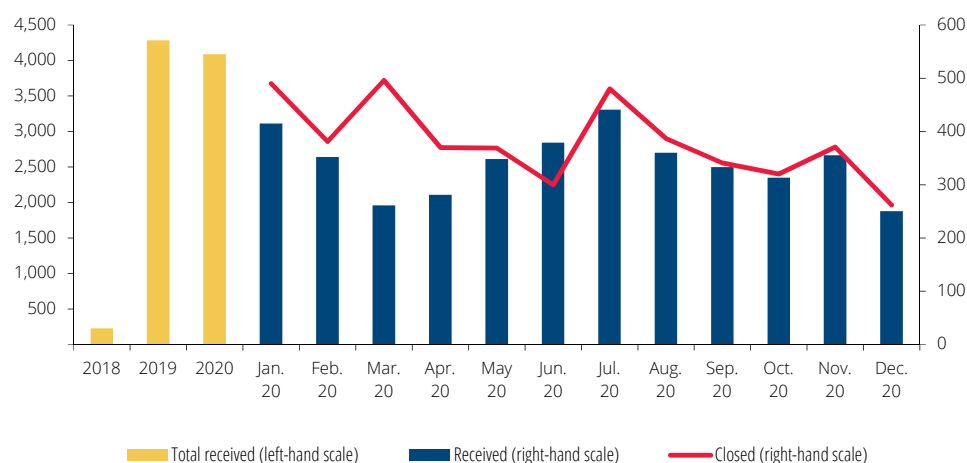
At the end of 2020, there were 5,079 credit intermediaries registered with the Banco de Portugal, 8.5% (395) more than at the end of 2019. Over this period, no credit intermediaries from other European Union Member States were registered.

The list of credit intermediaries is published on the Bank Customer Website (PCB)<sup>1</sup>, where those elements subject to public disclosure for each credit intermediary may be consulted.

4,088 applications were submitted through the electronic form available on the Bank Customer Website to amend the elements subject to registration of credit intermediaries. The Bank decided on 4,567 applications to amend the elements subject to registration and approved the vast majority of applications (94.8%).

As a rule, applications to amend registrations aimed at incorporating the lending institutions into the registration with which the credit intermediaries have binding agreements and at changing the elements of the professional indemnity insurance resulting from the activity of credit intermediary.

**Chart IV.1.2 • Credit intermediaries | Status of applications to amend registrations | 2018-2020**



Source: Banco de Portugal.

Credit intermediary registrations are cancelled due to lapsed authorisations or the revocation of the authorisation granted to exercise the activity of credit intermediary.

The Banco de Portugal cancelled the registration of 43 credit intermediaries, due to lapsed authorisations. In 35 of these cases, the lapsing of the authorisation was the result of the express renunciation of the authorisation granted to exercise the activity of credit intermediary, while the other cases were due to the winding-up of the credit intermediary.

No registrations were cancelled due to the revocation of the authorisation granted to exercise the activity of credit intermediary.

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

## 1.3 Communications on cross-border activities

One communication received was related with the exercise of credit intermediary activity in Portugal, namely home loans and mortgage credit by an entity authorised to do so in another European Union Member State.

At the end of the year, there were 20 credit intermediaries from other European Union Member States operating in Portugal, nine (45%) of which were from the United Kingdom<sup>2</sup>, eight (40%) from France and three (15%) from the Netherlands. All entities carried out their activities as non-tied credit intermediaries and, as a rule, acted under the freedom to provide services. Only one of these credit intermediaries had chosen to operate in Portugal through the establishment of a branch.

No notifications were received from credit intermediaries authorised in Portugal to carry out activities related to home loan and mortgage credit agreements regarding their intention to carry out such activities in another European Union Member State<sup>3</sup>.

At the end of 2020, only one credit intermediary authorised in Portugal to carry out activities related to home loan and mortgage credit agreements operated in another European Union Member State, by way of the establishment of a branch in Spain.

## 1.4 Communications from financial institutions acting as credit intermediaries

The list of credit institutions, financial companies, payment institutions and electronic money institutions providing credit intermediation services, published on the Bank Customer Website<sup>4</sup>, was comprised of 19 entities.

Four communications were received, sent by two financial institutions providing credit intermediation services, on changes to the identity of lenders or groups of lenders with whom they have binding agreements.

2. Under the terms of the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community which came into effect on 1 February 2020, credit intermediaries from the United Kingdom were able to continue to operate in Portugal under the freedom to provide services or the freedom of establishment during the transition period that ended on 31 December 2020.

3. Credit intermediaries authorised in Portugal who aim to exercise the activity of credit intermediary and to provide consultancy services related to home loan agreements in other Member States of the European Union must notify the Banco de Portugal of this intention. Having received this notification, the Banco de Portugal informs the host Member State of the intention of the credit intermediary and of the authorisation granted in Portuguese territory.

4. At <https://www.bportugal.pt/en/instituicoes-financeiras-intermediacao>.

## 2 Monitoring of activities

The COVID-19 pandemic obliged supervisory activities to focus on the analysis of advertisements released by credit intermediaries and the assessment of complaints about the conduct of such entities.

### 2.1 Advertising

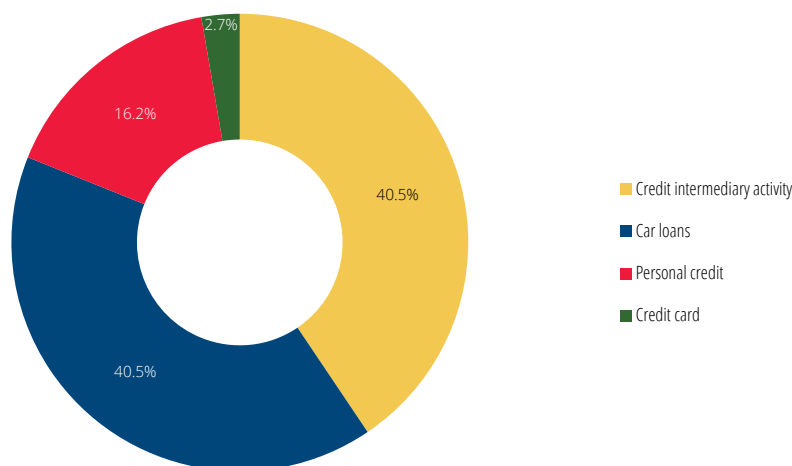
74 advertising materials released by credit intermediaries were analysed.

The Bank analysed 30 advertising materials on credit intermediation activities and demanded the rectification of irregularities detected in 27 advertising materials, by issuing specific orders to the credit intermediaries responsible for disseminating them<sup>5</sup>.

It also analysed 44 materials relating to advertising for credit products generated by credit intermediaries. Most of these materials related to car loan agreements (30), while the others related to personal loan agreements (12) and credit cards (2). 38 materials did not identify the lending institutions responsible for the advertised credit products, and it was found that those materials had not been approved by the lending institutions. This led to the initiation 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 III.2 in this report.

Chart IV.2.1 • Credit intermediaries | Advertising materials monitored, by subject | 2020



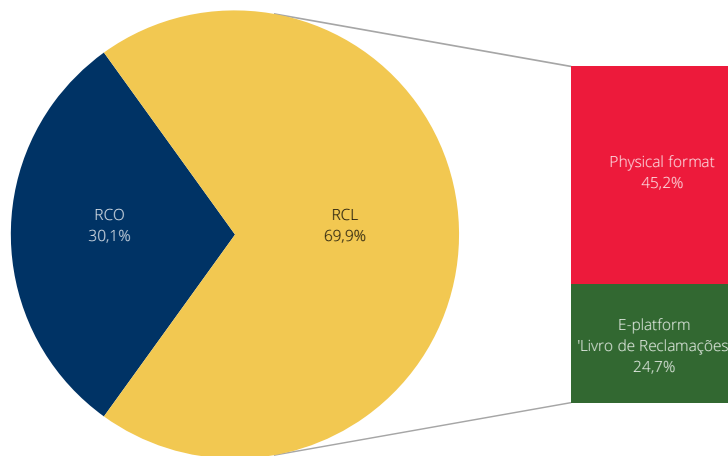
Source: Banco de Portugal.

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

## 2.2 Bank customer complaints

The Bank received 73 complaints about the conduct of entities authorised to provide credit intermediation services. Approximately half (45.2%) of the complaints were submitted through the physical complaints book made available in the institutions' branches open to the public, 30.1% were lodged directly with the Banco de Portugal (RCO) and the other complaints (24.7%) were submitted through the e-platform 'Livro de Reclamações' (which, together with the physical complaints book, makes up the RCL).

**Chart IV.2.2 • Credit intermediaries | Complaints submitted, by origin | 2020**



Source: Banco de Portugal.

The complaints received mainly concerned the conduct of credit intermediaries with regard to consumer credit agreements (71.2%), a market in which the vast majority of credit intermediaries operate. Only 6.8% of the complaints focused on the conduct of credit intermediaries with regard to home loans and mortgage credit agreements. The remaining complaints (21.9%) focused on other matters related to the pursuit of credit intermediation activities, such as the credit intermediation agreement or the delivery/reception of funds. No complaints were received about the provision of consultancy services.

The Bank closed 67 complaints about the conduct of the entities authorised to provide credit intermediation services<sup>6</sup>, while no signs of breaches to the rules applicable to this activity were detected. Complaints about the conduct of entities authorised to provide credit intermediation services took, on average, 224 days to close<sup>7</sup>.

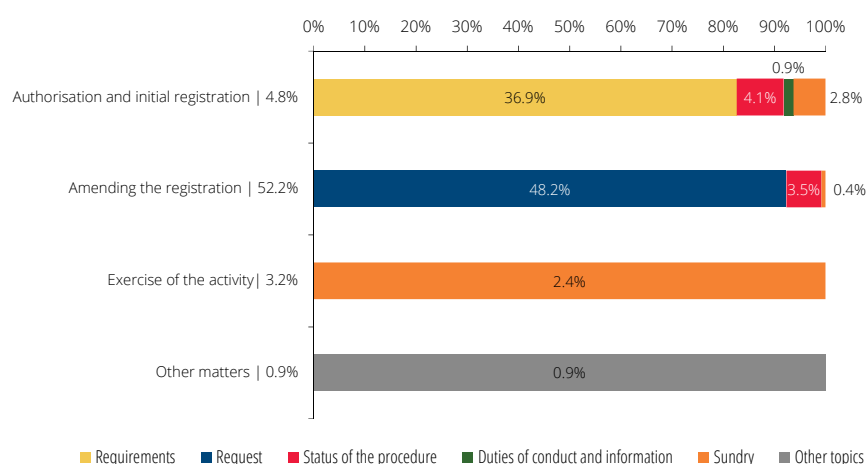
6. Information on complaints closed refers to complaints that fall within the remit of the Banco de Portugal.

7. When handling complaints from bank customers, credit intermediaries must comply with similar rules to those applicable to financial institutions, as described in Section III.8.6 in this report.

### 3 Requests for information

The Bank received 930 requests for information about the access to and pursuit of the activity of credit intermediation, with most requests (485) focusing on the procedure for changing the elements subject to registration of credit intermediaries. In turn, 407 information requests focused on the authorisation and initial registration of credit intermediaries, mostly related to the requirements for taking up the activity (343 requests). The Bank received 30 requests for information about credit intermediary activity and eight requests on other matters.

Chart IV.3.1 • Credit intermediaries | Requests for information, by topic | 2020



Source: Banco de Portugal.

The Bank replied to 965 requests for information, 91.2% of which were submitted during that period.

### 4 Reporting unauthorised activity

The Bank received six reports on the pursuit of the activity of credit intermediation by entities not authorised for such purpose, most of which were submitted by consumers (83.3%). Following an assessment, proceedings were initiated to investigate the reported facts.

The assessment of reports on the pursuit of the activity of credit intermediation by entities not authorised for such purpose is one of the tools used by the Banco de Portugal in the fight against illicit financial activity.

## 5 Correction of irregularities and sanctions

50 specific orders were issued and 22 administrative offence proceedings were initiated against credit intermediaries.

The Bank demanded the rectification of irregularities detected in 27 advertising materials, by issuing 18 specific orders to credit intermediaries.

In 17 of the 18 specific orders issued, the Bank demanded the rectification of irregularities related to the use of expressions liable to create confusion between services provided by credit intermediaries and lending<sup>8</sup>.

In four of the 18 specific orders issued, the Bank demanded the rectification of irregularities related to the use of brands that do not differentiate the credit intermediary responsible for the advertising material.

22 administrative offence proceedings were initiated against 21 credit intermediaries, following the monitoring of advertising for credit products.

These administrative offence proceedings were initiated due to non-compliance in 38 advertising materials with the obligation for credit intermediaries to release advertising for credit products provided that it had been previously approved by the lending institution responsible for the advertised credit product.

**Table IV.5.1 • Credit intermediaries | Sanctions | 2020**

Topics	Specific orders		Administrative offence proceedings	
	Number	Entities covered	Number	Entities covered
Advertising for the activity	18	18	–	–
Advertising for credit products	–	–	22	21
Amending the registration	32	32	–	–

Source: Banco de Portugal.

32 credit intermediaries did not request amendments to their registration within 30 days of the termination of the binding agreements with lending institutions. The Bank issued 32 specific orders, calling upon credit intermediaries to update the information contained in their registration regarding the lending institutions with which they are contractually bound.

8. The specific orders issued by the Banco de Portugal can cover various advertising materials and require the correction of one or more irregularities.

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## V Monitoring of training entities

1 Certification

2 Following-up of the activity



# 1 Certification

The Banco de Portugal received four applications for certification submitted by entities that intended to provide training courses for professional certification in the drafting, offering and conclusion of home loans and mortgage credit agreements and credit intermediation.

One application for certification was approved and the other was refused for not complying with the minimum requirements.

At the end of 2020 there were eight training entities certified by the Banco de Portugal. This information is available for consultation on the Bank Customer Website<sup>1</sup>.

## 2 Following-up of the activity

Certified training entities granted 3,144 certifications, of which 1,314 for completing the “Offering of mortgage credit” training course, 708 for the “Offering of consumer credit” training course and 1,122 for the “Credit intermediation” training course.

**Table V.2.1 • Training entities | Professional certifications granted | 2018-2020**

	2018	2019	2020	Total
“Offering of mortgage credit” training course	4,879	23,767	1,314	29,960
“Offering of consumer credit” training course	232	907	708	1,847
“Credit intermediation” training course	631	1,727	1,122	3,480

Source: Banco de Portugal.

The Banco de Portugal granted 23,257 fewer certifications than the year before because, from 21 March 2019, credit intermediaries and workers of these institutions assigned to the drafting, offering and conclusion of home loans and mortgage credit agreements could no longer prove compliance with the knowledge and skills requirements for exercising such activities through their professional experience.

The decrease in the number of certifications granted in 2020 could also be justified by the impact of the measures adopted during the state of emergency declared in the first half of the year, which restricted trainees from attending training courses and from taking their final assessments.

1. <https://cliente bancario.bportugal.pt/en/certification-training-entities>.

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## VI Financial information and education initiatives

1 Financial information

2 Financial education

3 Participation in the National Plan  
for Financial Education



# 1 Financial information

## 1.1 Bank Customer Website (BCW)

In 2020 the Bank Customer Website was visited by 614,687 users, who viewed 1,988,571 webpages (165,714 webpages per month on average)<sup>1</sup>. As the main communication channel with bank customers, the BCW was particularly useful in 2020 to disclose the legal and regulatory amendments with an impact on their rights and obligations.

∴ The number of visits to the Bank Customer Website increased by 25%.

In the context of the COVID-19 pandemic, the BCW continuously released information on mitigation measures taken in retail banking markets, which was the focus of its special features and news (see Chapter I of this report for a more detailed analysis).

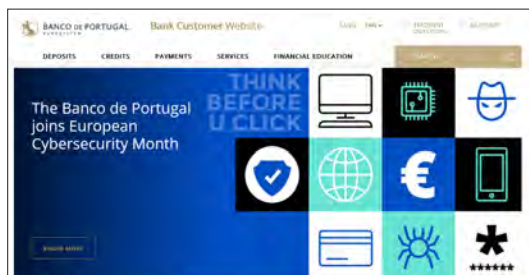
∴ Cybersecurity when accessing banking products and services was one of the main topics on the Bank Customer Website.

**Figure VI.1.1 • Bank Customer Website | Special feature on the EBA's key tips**



Source: Bank Customer Website ([https://clientebancario.bportugal.pt/sites/default/files/relacionados/noticia/EBA\\_ServicosBancarios-CanaisDigitais\\_0.pdf](https://clientebancario.bportugal.pt/sites/default/files/relacionados/noticia/EBA_ServicosBancarios-CanaisDigitais_0.pdf)).

**Figure VI.1.2 • Bank Customer Website | Special feature on the European Cybersecurity Month**



Source: Bank Customer Website (<https://clientebancario.bportugal.pt/en/noticias/banco-de-portugal-joins-european-cybersecurity-month>).

The Banco de Portugal again joined the European Cybersecurity Month in October by disclosing weekly tips on the BCW on how to access banking products and services safely from your computer, tablet or mobile phone. During this initiative, the tips focused on how to safely access a bank account online (home banking), online shopping, strong authentication procedures and how to detect and react to possible fraud.

The disclosure of basic bank accounts remained a priority for the Banco de Portugal, since access to a BBA is a right conferred on customers by law, which they may exercise provided they express interest in this service.

1. On 7 November 2019, a cookies policy was implemented on the Bank Customer Website requiring consent from users to process any data obtained from cookies, particularly for statistical analysis purposes. Data provided refer to users that have accepted the Banco de Portugal's Cookies Policy of.

## ∴ The disclosure of basic bank accounts remained a priority.

In 2020 a new decoder and video was launched on the BCW and on social networks entitled “Did you know that you can convert your account into a low-cost account?”.

**Figure VI.1.3 • Bank Customer Website | BBA decoder**



Source: Bank Customer Website (<https://cliente bancario.bportugal.pt/pt-pt/material/servicos-minimos-bancarios-sabia-que-pode-converter-sua-conta-numa-de-custo-reduzido-0>).

**Figure VI.1.4 • Bank Customer Website | Statement of fees decoder**



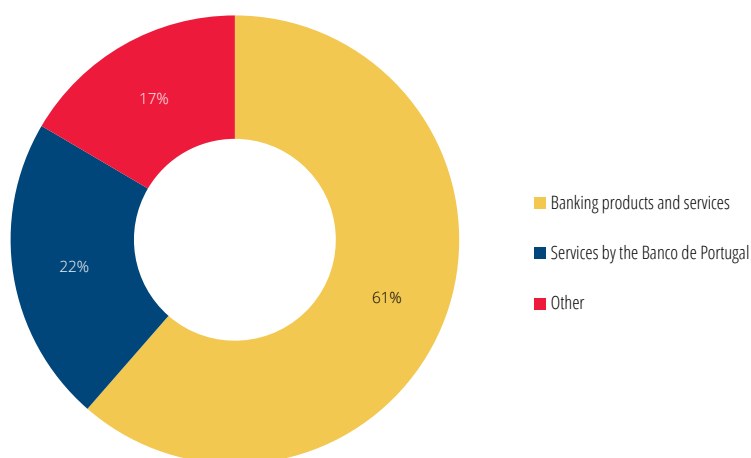
Source: Bank Customer Website (<https://cliente bancario.bportugal.pt/pt-pt/material/o-extrato-de-comissoes-chega-em-janeiro-ja-consultou-o-seu>).

The Bank also disclosed a decoder and a video on the current account statement of fees, which credit institutions must send their customers every January.

## 1.2 Requests for information

The Banco de Portugal received 3,634 requests for information, most of which came through the Bank Customer Website. The most frequent questions concerned the sale of banking products and services (61%), followed by questions on the services provided by the Banco de Portugal (22%).

**Chart VI.1.1 • Requests for information from bank customers | Breakdown by topic | 2020**



Source: Banco de Portugal.

The number of requests for information increased by 32% from 2019. Requests for information regarding services provided by the Banco de Portugal went up 51%, most of which were on how to obtain and read the credit liabilities report and on the current status of complaints.

The increase in requests for information on the sale of banking products and services (35.7% higher than in 2019), was the result of the application of the public moratorium regime and access to private moratoria (Chapter I of this report).

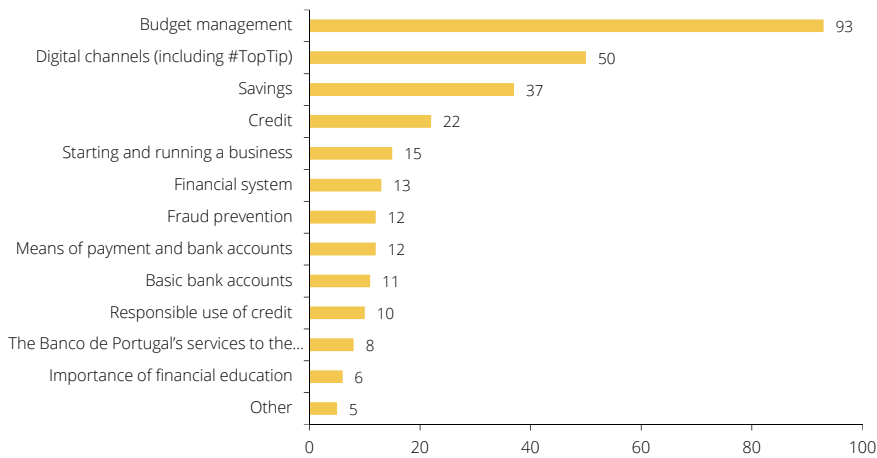
## 2 Financial education

The Banco de Portugal promotes financial training initiatives through courses and awareness campaigns backed by its regional network.

... The Bank held 213 financial education courses involving 7,000 participants.

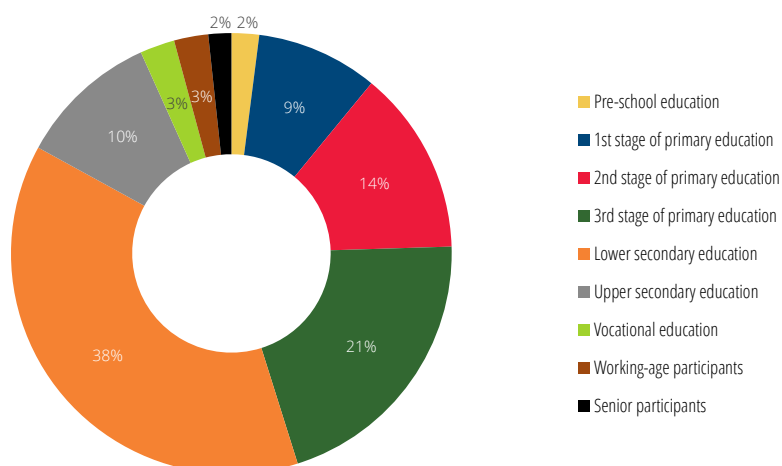
Training courses were mostly aimed at students (96%), in particular students in upper (38%) and lower (21%) secondary education, with a focus on budget management and digital channels.

Chart VI.2.1 • Financial education | Topics of courses



Source: Banco de Portugal.

Chart VI.2.2 • Financial education | Participants by target group



Source: Banco de Portugal.

### ... Digital financial training for young people remains a priority ... for the Banco de Portugal.

On 13 February, the Banco de Portugal held a #TopTip financial education campaign session at Escola Secundária de Lagoa, on São Miguel Island (the Azores) attended by Luís Máximo dos Santos, the Vice-Governor of the Banco de Portugal. Approximately 70 upper-secondary students were present and played the game “Armoured Mission”, which aims to draw young people’s attention to the importance of adopting security procedures when using digital channels on computers, tablets or smartphones, and prevent fraud.

Figure VI.2.1 • The Banco de Portugal's YouTube channel | #TopTip in the Azores



Source: Banco de Portugal's YouTube channel ([https://www.youtube.com/watch?v=4E\\_Cl0lIXXw](https://www.youtube.com/watch?v=4E_Cl0lIXXw)).

Figure VI.2.2 • Bank Customer Website | #TopTip in the Azores



Source: Bank Customer Website (<https://cliente.bancario.bportugal.pt/en/acao-formacao-financieira/banco-de-portugal-holds-toptip-financial-education-campaign-session-azores>).

As part of the #TopTip campaign in 2020, the Bank distributed around 1,000 copies of the brochure “5 tips for staying safer online” to lower and upper secondary schools in mainland Portugal as well as in the Autonomous Regions of Madeira and the Azores.

The Banco de Portugal hosted a webinar on digital financial training for 1,469 teachers at the invitation of the Ministry of Education, through the Directorate-General for Education, to better promote financial education in schools.

### 3 Participation in the National Plan for Financial Education

Banco de Portugal continued to play an active role in the National Plan for Financial Education as a member of the National Council of Financial Supervisors (CNSF). The activities carried out in 2020 are described in the Plan's annual report<sup>2</sup>. The pandemic led to a revision of the scheduled activities in the National Plan for Financial Education, moving all in-person training and events online.

Under the protocol between the CNSF and the Portuguese Institute for Employment and Vocational Training (IEFP), financial supervisors continued to do the IEFP's train-the-trainer courses, to include financial literacy in the vocational training provided by these trainers to the more vulnerable segments of the population.

Financial supervisors and the IEFP also developed a pilot project for fully remote financial training in the workplace using the Todos Contam e-learning platform. This project took a cross-cutting approach on the issues that were most relevant for financial consumers in the context of the COVID-19 pandemic and counted on the participation of around 100 IEFP employees.

Also in 2020, financial supervisors and the General-Secretariat of the Ministry of Labour, Solidarity and Social Security signed a cooperation protocol for financial training in the workplace using the Todos Contam e-learning platform for the ministry's employees.

The financial supervisors, IAPMEI, I.P. – Agência para a Competitividade e Inovação (Portuguese Agency for Competitiveness and Innovation) and Turismo de Portugal held the 3rd edition of train-the-trainer courses to increase the pool of certified trainers that provide training to micro, small and medium-sized enterprises, to implement the Core Competencies for Financial Education applicable to such enterprises. Throughout the year, trainers already in this pool promoted 22 training courses involving over 600 entrepreneurs and managers of micro and small-sized enterprises.

Under the cooperation protocol with the António Sérgio Cooperative for the Social Economy (CASES in its Portuguese acronym), financial supervisors continued to support the "António Sérgio Cooperation and Solidarity Award".

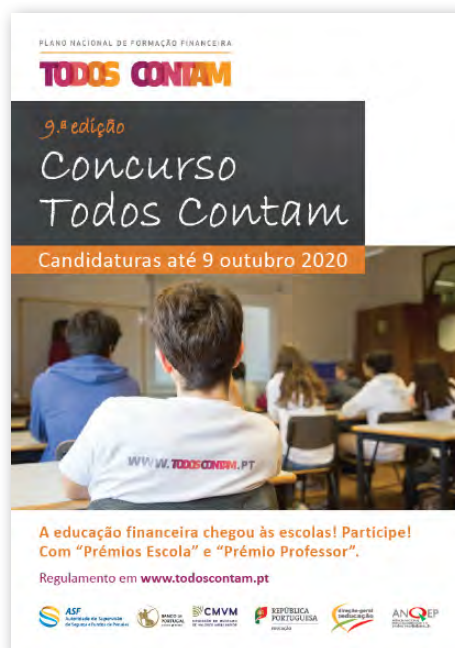
Financial education initiatives in schools remained a strategic priority for the Plan. The Banco de Portugal and the other financial supervisors, with the support of the Ministry of Education through the Directorate-General for Education (DGE), hosted two webinars for 5,256 teachers on digital financial training online using the digital communication channels of the financial supervisors and of the DGE.

2. The Annual Report of the National Plan for Financial Education is available on the Todos Contam website ([www.todoscontam.pt](http://www.todoscontam.pt)).

The Todos Contam Competition was organised to promote and foster the development of financial education projects in schools for the ninth year in a row. In 2020, the competition attracted 38 applications for the School Awards, involving over 7,500 students from 65 schools covering most districts in mainland Portugal as well as the Autonomous Region of the Azores and six applications for the “Teacher Award”.

Due to the COVID-19 pandemic, only one of the awards of the 8th Todos Contam Competition was given away in person in 2020. On 14 February, the Vice-Governor of the Banco de Portugal, Luís Máximo dos Santos, on behalf of the National Council of Financial Supervisors, presented the award for kindergarten to Colégio Divertiláxia, in Praia da Vitória, on Terceira Island, in the 8th Todos Contam competition.

**Figure VI.3.1 • National Plan for Financial Education | Poster for the 9th Todos Contam Competition**



Source: National Plan for Financial Education – Todos Contam website > Todos Contam Competition (<https://www.todoscontam.pt/pt-pt/noticias-termo/concurso-todos-contam>).



Presentation of the award by the Vice-Governor of the Banco de Portugal, Luís Máximo dos Santos, to Colégio Divertiláxia (Praia da Vitória – Terceira Island – the Azores).

Under the motto ‘Na Formação Financeira Todos Contam! À distância de um clique’ (Everybody Counts in Financial Literacy! One click away), the Banco de Portugal, the other financial supervisors and the Plan’s strategic partners held the 2020 Financial Literacy Week from 26 to 30 October. Adapting to the restrictions imposed by the COVID-19 pandemic, this initiative adopted an innovative model using digital platforms.

On 26 October, the formal session of Financial Literacy Week took place at the Banco de Portugal's Money Museum and was streamed live for the first time, simultaneously on the Todos Contam website and YouTube channel and on the websites of the financial supervisors. The winning schools of the 9th Todos Contam Competition and the winner of the Teacher Award were announced during this initiative, dedicated entirely to the school community. The award-winning schools gave their testimonies, live and remotely, on the implementation of financial education projects in schools.



Formal session of the Financial Literacy Week, Money Museum. Left to right, Ana Paula Serra, member of the Board of Directors of the Banco de Portugal, Mário Centeno, President of the National Council of Financial Supervisors and Governor of the Banco de Portugal, João Costa, Deputy Minister for Education, Margarida Corrêa de Aguiar, Chairperson of ASF, and Rui Pinto, member of the Management Board of CMVM.

Between 27 and 30 October, financial supervisors launched a campaign on Facebook and on the Todos Contam website to disclose the main financial training tools and content available on the latter. The campaign published four videos viewed by 103,849 people.

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## VII Agenda and International cooperation

- 1 Participation in international forums
- 2 International cooperation



# 1 Participation in international forums

The Banking Conduct Supervision Department takes part in the standing committees of the European Banking Authority (EBA), the Joint Committee of the European Supervisory Authorities (JCESA), the International Financial Consumer Protection Organisation (FinCoNet), the G20-OECD Task Force on Financial Consumer Protection and the OECD/International Network on Financial Education (INFE). The agenda of these international forums was marked by the impact of the COVID-19 pandemic (Chapter I), although the planned work programmes were followed through, as detailed in the following paragraphs.

## 1.1 European Banking Authority (EBA) and Joint Committee of the European Supervisory Authorities

At the EBA, the Banco de Portugal sits on in the Standing Committee on Consumer Protection and Financial Innovation (SCConFin), the Subgroup on Consumer Protection (SGCP) and the Subgroup on Innovative Products (SGIP), along with the Standing Committee on Payment Services (SCPS).

The SCConFin's work programme **promotes convergence of supervisory practices** of the national authorities responsible for implementing Guidelines on product oversight and governance arrangements for retail banking products (Product Oversight and Governance – POG). In 2020, this supervisory convergence exercise led to the publication of a second report, identifying a set of best practices to be observed in the context of the implementation of the Guidelines, with a view to promoting a level playing field at European level.

The SCConFin was also involved in the publication of the **guidelines on loan origination and monitoring**<sup>1</sup> (Chapter II of this Report).

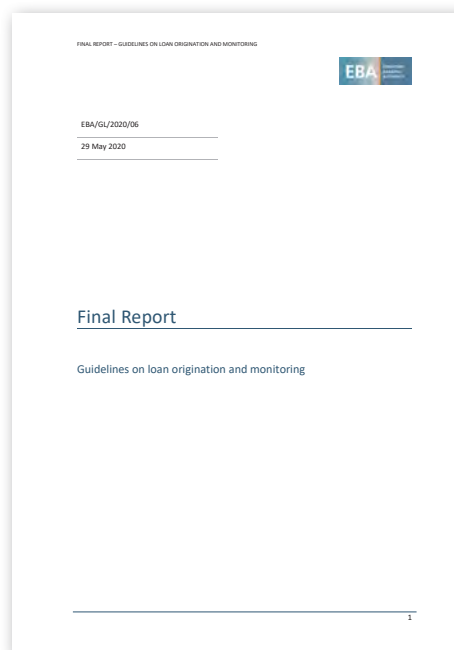
1. "Final Report – Guidelines on loan origination and monitoring" (EBA/GL/2020/06), of 29 May 2020, available at <https://www.eba.europa.eu/>.

**Figure VII.1.1 • EBA Report on the Application of the Guidelines on Product Oversight and Governance (POG) Arrangements (EBA/GL/2015/18)**



Source: EBA (<https://www.eba.europa.eu/>).

**Figure VII.1.2 • EBA guidelines on loan origination and monitoring**

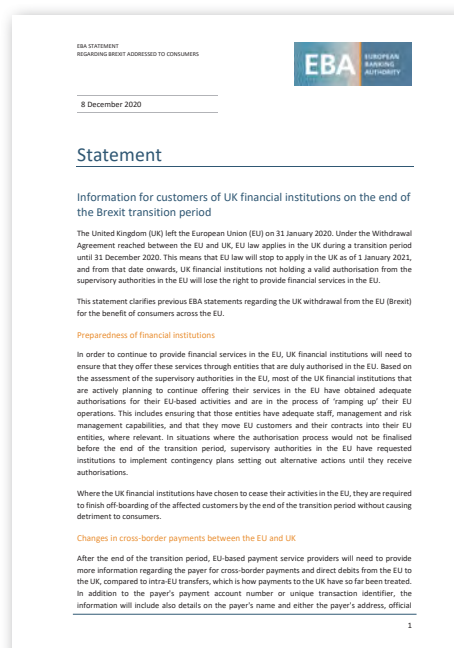


Source: EBA (<https://www.eba.europa.eu/>).

From a consumer protection standpoint, at the end of 2020, a statement was addressed to customers of financial institutions established in the United Kingdom. It looked at the implications of the end of the Brexit transition period<sup>2</sup> for cross-border payments between the European Union and the UK, access to bank accounts, depositor protection and the availability and continuity of the provision of banking services

Work also began in 2020 on the preparation of the biannual report, the EBA Consumer Trends Report 2020/21, which analyses at European level, the main topics on the agenda for consumer protection in terms of retail banking products. The report also analyses relevant topics identified by the national competent authorities. A specific working group was set up within SCConFin to prepare this report, and it counted on the involvement of the banking conduct supervision department of the Banco de Portugal.

**Figure VII.1.3 • EBA statement for customers of UK financial institutions on the end of the Brexit transition period**



Source: EBA (<https://www.eba.europa.eu/>).

2. "Statement – Information for customers of UK financial institutions on the end of the Brexit transition period", of 8 December 2020.

The SCConFin, as part of the mandate given to the EBA to coordinate financial training initiatives implemented by national competent authorities, participated in the publication, in 2020, of the Financial Education Report 2019/2020 on financial training actions carried out in 22 Member States, based on a repository of 123 initiatives. The launch conference of this report had to be postponed and the webinar “Digital financial education and literacy in the Covid-19 context” took place instead, which looked at the role of digital financial education and literacy in the context of the COVID-19 pandemic.

The Subgroup on Innovative Products conducted an exercise to study innovative solutions to ensure institutions’ compliance with legal and regulatory standards (RegTech) in 2020 and launched two questionnaires for this purpose, one for financial institutions and one for technology providers. The aim of this exercise is to better understand RegTech solutions to identify the main barriers and risks associated with their use.

This exercise will result a report, drafted with the support of the Banco de Portugal’s Banking Conduct Supervision Department, alongside other competent national authorities.

The subgroup is also reflecting on financial institutions’ adoption of business models based on digital platforms and launched two questionnaires to obtain more information on them, one for the industry and one for national competent authorities. The deadlines for responding to these questionnaires expired in December 2020.

This work aims to deepen the analysis of the risks and opportunities of using digital platforms in the marketing of financial products and services, including in a cross-border context, and will culminate in the presentation of a report on the subject.

As a member of the Sub-Committee on Consumer Protection and Financial Innovation of the European Supervisory Authorities (ESAs), the Banco de Portugal continued to participate in the working group accompanying how the different national competent authorities implemented the guidelines from the ESAs on handling complaints about financial products<sup>3</sup>. The Bank also participated in the working group accompanying the implementation of the “PRIIPs Regulation” and collaborated in drafting a proposal submitted to the European Commission on changes to the technical standards that regulate the Key Information Document (KID), in particular concerning performance scenarios and the cost of offered products<sup>4</sup>.

**Figure VII.1.4 • EBA Report on Financial Education Report 2019/2020**



Source: EBA (<https://www.eba.europa.eu/>).

3. [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2021/Report%20on%20the%20application%20of%20their%20Guidelines%20on%20complaints-handling/972147/JC%202021%2024%20Report%20on%20complaints-handling.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2021/Report%20on%20the%20application%20of%20their%20Guidelines%20on%20complaints-handling/972147/JC%202021%2024%20Report%20on%20complaints-handling.pdf).

4. [https://www.eiopa.europa.eu/content/final-report-following-consultation-draft-regulatory-technical-standards-amend-priips-kid\\_en](https://www.eiopa.europa.eu/content/final-report-following-consultation-draft-regulatory-technical-standards-amend-priips-kid_en).

## 1.2 European Commission

The Bank followed the work on the revision of the Consumer Credit Directive within the scope of the Consumer Credit Directive Expert Group. In 2020 the European Commission published the report containing the main results of the evaluation on the Directive's implementation<sup>5</sup>. Through this assessment, launched in June 2018, the European Commission seeks to verify whether the Directive's objectives have been met and remain appropriate in the light of the current characteristics of the consumer credit market. While it concludes that the Directive largely fits its purpose and is effective in ensuring consumer protection and promoting the development of a single consumer credit market, it identified a number of areas that could warrant revision, including the provisions on consumer creditworthiness assessments. The results of this evaluation will be taken into account in the proposal for revision to be presented by the European Commission in 2021.

The Banking Conduct Supervision Department follows the work of the Government Expert Group on Retail Financial Services<sup>6</sup> (GEGRFS), which has been considering the role of the European Commission in financial literacy since 2019. In 2020 four countries (France, Italy, the Netherlands and Portugal) prepared a discussion paper on the approaches that the European Commission might take to promote financial literacy. This topic has been analysed in the context of the significant economic impacts resulting from the COVID-19 pandemic, a context where it is recognised that higher levels of financial literacy contribute to greater financial resilience of households.

## 1.3 International Financial Consumer Protection Organisation (FinCoNet)

The Banking Conduct Supervision Department was involved in the implementation of FinCoNet's work programme, an organisation it presides over on behalf of the Banco de Portugal.

In addition to its involvement in FinCoNet's various standing committees, it continued to coordinate work on responsible lending, focusing on studying supervisory approaches to assess borrowers' creditworthiness, taking into account the challenges and risks for bank customers arising from the increased use of technology and increased availability of consumer data. This study follows other reports published since 2014, the last one in 2019 on "Digitalisation of short-term, high-cost consumer credit – Guidance to Supervisors".

In 2020 FinCoNet reflected on the use and implementation of SupTech tools when monitoring the offering of products and services. After a first report on the subject in 2018, FinCoNet published "SupTech Tools for Market Conduct Supervisors"<sup>7</sup> in 2020, addressing the use by banking conduct supervisors of innovative technological tools, presenting the findings taken from the experience of 21 national authorities in defining and developing SupTech strategies and instruments.

5. "Report from the Commission to the European Parliament and the Council on the implementation of Directive 2008/48/EC on credit agreements for consumers", of 5 November 2020.

6. Expert Group where Portugal is represented by the GPEARI of the Ministry of Finance, which is followed by the Banco de Portugal, CMVM and ASF.

7. SupTech Tools for Market Conduct Supervisors, FinCoNet, November 2020.

In 2020 FinCoNet continued to reflect on supervising the advertising of retail banking products and published the report “Financial Advertising and Consumer Protection: Supervisory Challenges and Approaches”<sup>8</sup>, which focuses on the challenges and approaches of banking conduct supervision for advertising of such products and services, taking into account the experience of the supervisory authorities in 20 jurisdictions.

The analysis of financial product governance and culture conducted jointly by FinCoNet and the G20/OECD Task Force on Financial Consumer Protection continued in 2020.

FinCoNet’s General Assembly took place virtually in November 2020 due to the COVID-19 pandemic. On this occasion, conduct supervisors worldwide shared the latest challenges they faced, in particular those related to the digitalisation of retail banking markets and the initiatives taken to mitigate the effects of the COVID-19 pandemic.

In addition to the General Assembly, FinCoNet organised an international seminar on credit risk assessments (“Creditworthiness assessments: current issues and challenges”), where topics and challenges for banking conduct supervisors were discussed, including the role of artificial intelligence and the impact of the COVID-19 pandemic<sup>9</sup>.

**Figure VII.1.5 • FinCoNet Report “SupTech Tools for Market Conduct Supervisors”**



Source: FinCoNet ([http://www.finconet.org/FinCoNet-Report-SupTech-Tools\\_Final.pdf](http://www.finconet.org/FinCoNet-Report-SupTech-Tools_Final.pdf)).

**Figure VII.1.6 • FinCoNet Report “Financial Advertising and Consumer Protection: Supervisory Challenges and Approaches”**



Source: FinCoNet ([http://www.finconet.org/FinCoNet-Report\\_Financial-Advertising\\_Final.pdf](http://www.finconet.org/FinCoNet-Report_Financial-Advertising_Final.pdf)).

8. “Financial Advertising and Consumer Protection: Supervisory Challenges and Approaches”, FinCoNet, November 2020 ([http://www.finconet.org/FinCoNet-Report\\_Financial-Advertising\\_Final.pdf](http://www.finconet.org/FinCoNet-Report_Financial-Advertising_Final.pdf)).

9. Report of the International Seminar on “Creditworthiness assessments: current issues and challenges” ([http://www.finconet.org/Summary\\_Report-Creditworthiness--assessments.pdf](http://www.finconet.org/Summary_Report-Creditworthiness--assessments.pdf)).

## 1.4 Organization for Economic Cooperation and Development (OECD)

### 1.4.1 G20/OECD Task Force on Financial Consumer Protection

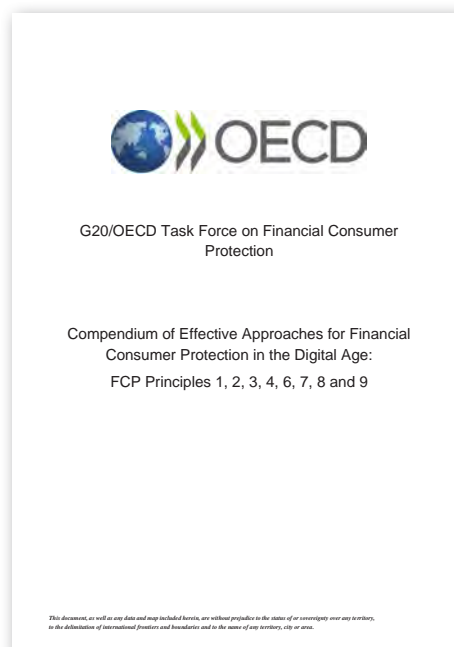
A *G20/OECD Task Force on Financial Consumer Protection* esteve envolvida nas iniciativas dinamizadas pela OCDE, tal como descrito no ponto 1.3 deste Capítulo, relativas aos desafios colocados aos consumidores financeiros pelo atual contexto, colaborando, para o efeito, com a FinCoNet.

... The OECD and the G-20 reflected on the implications of digitalisation for consumers of financial products and services.

Considering the context of increasing digitalisation of financial services, the G20/OECD Task Force on Financial Consumer Protection has been reflecting on its implications for consumers of retail banking products and services. Building on the approaches followed by the different jurisdictions, the OECD has thus been developing “effective” approaches to the application and implementation of the “G20/OECD High Level Principles on Financial Consumer Protection” in a digital environment. The Banking Conduct Supervision Department participated in the team that developed these approaches. The “Compendium of Effective Approaches for Financial Consumer Protection in the Digital Age: FCP Principles 1, 2, 3, 4, 6, 7, 8 and 9”<sup>10</sup> was published in 2020 and presents the approaches followed by supervisory authorities of various countries, including the Banco de Portugal.

Alongside this document, and in order to guide the implementation of the “G20/OECD High Level Principles on Financial Consumer Protection” in a digital environment, the G20/OECD Task Force on Financial Consumer Protection also published “Financial Consumer Protection Policy Approaches in the Digital Age – Protecting consumers’ assets, data and privacy”<sup>11</sup>, focusing on the principles of “Protection of Consumer Assets against Fraud and Misuse and Protection of Consumer Data and Privacy”.

**Figure VII.1.7 • G20/OECD Task Force on Financial Consumer Protection**  
*“Compendium of Effective Approaches for Financial Consumer Protection in the Digital Age: FCP Principles 1, 2, 3, 4, 6, 7, 8 and 9”*



Source: G20/OECD ([https://www.oecd.org/daf/fin/financial-education/financial-consumer-protection/Effective-Approaches-FCP-Principles\\_Digital\\_Environment.pdf](https://www.oecd.org/daf/fin/financial-education/financial-consumer-protection/Effective-Approaches-FCP-Principles_Digital_Environment.pdf)).

10. “Compendium of Effective Approaches for Financial Consumer Protection in the Digital Age: FCP Principles 1, 2, 3, 4, 6, 7, 8 and 9” ([https://www.oecd.org/daf/fin/financial-education/financial-consumer-protection/Effective-Approaches-FCP-Principles\\_Digital\\_Environment.pdf](https://www.oecd.org/daf/fin/financial-education/financial-consumer-protection/Effective-Approaches-FCP-Principles_Digital_Environment.pdf)).

11. “Financial Consumer Protection Policy Approaches in the Digital Age Protecting consumers’ assets, data and privacy”, OCDE, 2020 (<https://www.oecd.org/daf/fin/financial-education/Financial-Consumer-Protection-Policy-Approaches-in-the-Digital-Age.pdf>).

### 1.4.2 International Network on Financial Education (OECD/INFE)

Banco de Portugal is a founding member of the OECD's International Network on Financial Education (INFE) and is part of its Advisory Board, the body that sets the strategic guidelines, and of several of the financial literacy network's specialised working groups.

#### OECD/INFE disclosed the results of an international survey on financial literacy, in which Portugal participated.

In 2020 the OECD/INFE disclosed the results of an international survey conducted on the financial literacy of the adult population, in which Portugal participated. In the 2020 International Survey of Adult Financial Literacy, Portugal was above the OECD average, ranking seventh in the global financial literacy indicator among 26 countries.

#### OECD/INFE issued a recommendation on national financial literacy strategies.

In 2020 the OECD published its Recommendation on Financial Literacy to assist governments, public authorities and other stakeholders in their efforts to design, implement and evaluate financial literacy policies. This document includes principles and recommendations covering three main areas: (i) the design of national financial literacy strategies; (ii) development of financial literacy programmes in specific areas such as savings, investments, pension plans, credit and insurance; and (iii) the delivery of national strategies and financial literacy programmes. This document was initially prepared by the OECD/INFE standards, implementation and evaluation working group, of which the Banco de Portugal is a member.

#### OECD/INFE issued guidelines to mitigate the impact of the COVID-19 pandemic on financial consumers.

To address the challenges resulting from the COVID-19 pandemic, the OECD/INFE published the note "Strengthening seniors' financial well-being throughout the COVID-19 crisis and its aftermath", which aims to support national authorities in managing the financial impacts of the pandemic on the senior population. The OECD also published two infographics, one on the "Financial Consumer Protection responses to COVID-19", with guidance to minimise the impacts of the pandemic on financial consumers, and one on "Supporting the financial resilience of citizens throughout the COVID-19 crisis", with guidance on how to improve the financial resilience of households.

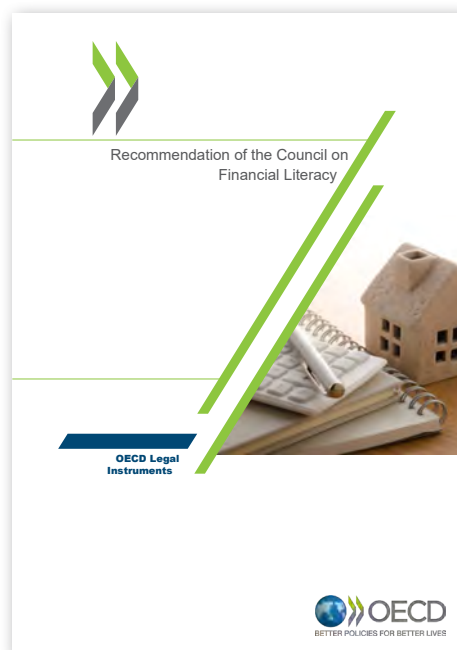
The Banking Conduct Supervision Department participated in the work carried out by the OECD/INFE throughout 2020, including the biannual meetings in May and October, where initiatives to disclose government support measures for bank customers affected by the current pandemic were presented, as well as key challenges in adapting face-to-face financial training initiatives to the digital environment.

**Figure VII.1.8 • OECD/INFE 2020 International Survey of Adult Financial Literacy**



Source: OECD (<http://www.oecd.org/financial/education/oecd-infe-2020-international-survey-of-adult-financial-literacy.pdf>).

**Figure VII.1.9 • Recommendation of the Council on Financial Literacy**



Source: OECD (<https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0461>).

The Banking Conduct Supervision Department also supported OECD/INFE initiatives by participating in events and workshops sharing its experience.

On 20 October, the department participated remotely in the Austria Financial Literacy Strategy Project Workshop, organised by the OECD/INFE and the Austrian Ministry of Finance as part of the project to develop a national financial education strategy in Austria, with the support of the European Commission.

During the discussion panel “Stakeholders platforms and coordination within national strategy”, the Bank presented the governance model of Portugal’s National Plan for Financial Education and the role of the Plan’s strategic partners in the implementation of financial training initiatives.

On 18 and 19 November, the Banking Conduct Supervision Department participated remotely in the Annual meeting of the OECD/INFE Technical Assistance Project for South East Europe (SEE) on the topic “Financial Education for Children and Youth in SEE: Policies, Good Practices and Challenges in the New Digital Reality”, an event organised by OECD/INFE, the Ministry of Finance of the Netherlands and the National Bank of Romania.

The Department also took part in the panel on the “Integration of financial education into the school curriculum”, in which its representative presented the National Plan for Financial Education project, analysing the main stages that have been instrumental since 2011 in integrating financial education into Portuguese school curricula.

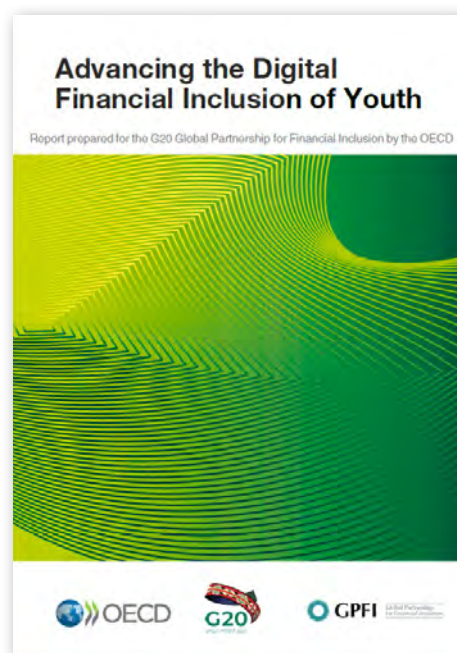
The Bank also participated in the webinar on “Designing and Implementing National Strategies on financial education in South East Europe”, organised by the OECD/INFE and the Ministry of Finance of the Netherlands on 10 December, where it presented the short and long-term evaluation and monitoring methodologies adopted by the National Plan for Financial Education.

The Banking Conduct Supervision Department participated remotely in the High-level Event on Financial Education in the Commonwealth of Independent States (CIS), organised by the OECD/INFE and the Russian Ministry of Finance on 15 and 16 December, as part of the OECD-INFE Technical Assistance Project on Financial Education in the CIS. This project provides technical support and guidelines for the design, implementation and monitoring of financial education strategies in countries such as Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.

The Banco de Portugal was part of the discussion panel on “Digital delivery of financial education becoming the ‘new normal’, accentuated by COVID-19”, during which it presented the main financial education initiatives driven through digital channels and analysed their advantages and challenges.

The OECD published the report “Advancing the Digital Financial Inclusion of Youth”, prepared for the G20/Global Partnership for Financial Inclusion under the Saudi Arabian Presidency of the G20. The report analyses the factors contributing to the financial inclusion of young people and the role of digital financial services and presents opportunities and challenges to promote the financial inclusion of young people through digital channels. The report also describes the initiatives adopted in Portugal for safe digital financial inclusion, highlighting the #TopTip campaign promoted by the Banco de Portugal since 2018 to raise youth awareness of the care needed when accessing banking products and services through digital channels.

**Figure VII.1.10 • Advancing the Digital Financial Inclusion of Youth**



Source: OECD (<http://www.oecd.org/daf/fin/financial-education/advancing-the-digital-financial-inclusion-of-youth.pdf>).

## 2 International cooperation

The Banking Conduct Supervision Department was called upon to set up cooperation initiatives with other central banks and supervisory authorities, in particular with the central banks of Cabo Verde, North Macedonia and Kosovo, and collaborated on initiatives of the Alliance for Financial Inclusion (AFI).

### 2.1 Banco de Cabo Verde

On 13 and 14 July 2020, the Banco de Portugal conducted a technical assistance initiative for the Banco de Cabo Verde, sharing its approach in terms of banking conduct supervision strategy. In particular, the procedures adopted in connection with on-site inspections, at branches and central services, and off-site inspections were discussed.

## 2.2 European Union Twinning programmes

Under the Twinning programmes – the European Union (EU) instrument for cooperation between public administrations of EU Member States and partner countries – the Bank undertook cooperation activities with the National Bank of the Republic of North Macedonia (July) as well as with the Central Bank of the Republic of Kosovo (November). The approaches taken by the Banco de Portugal in terms of the Fees Comparator and the management of complaints from bank customers were presented in the context of banking conduct supervision.

## 2.3 Alliance for Financial Inclusion (AFI)

Between 23 and 25 November the Banco de Portugal, at the invitation of the Alliance for Financial Inclusion, launched a joint online course on **“Designing a National Strategy for Financial Education and its Implementation and Evaluation”** attended by 135 central bank technical staff and other supervisory experts from 40 AFI member countries.

This was the third course designed by the Banco de Portugal and the AFI, for central bank staff, since the cooperation protocol between the central banks of Portuguese-speaking countries (BCPLP) and the AFI was signed in July 2017. This protocol provides for a broader mandate to promote financial inclusion and training in those countries.

This course was opened for the first time to technical staff from all the central banks and supervisory authorities of AFI member countries, given the interest that many had shown in participating in the course, which had initially only targeted BCPLP staff.

On the first day, the four main stages in the development of a national financial education strategy were identified and analysed: diagnosing training needs, designing a strategy, its implementation, as well as monitoring and evaluation. The Banco de Portugal presented its experience in the development and implementation of the National Plan for Financial Education, highlighting the importance of permanently working together with its strategic partners.

The second day saw the analysis of the national strategy's governance models, as well as the importance and challenges of monitoring and evaluating such a strategy. On that day, the Banco de Portugal also gave a presentation on the Plan's governance model and on how financial training is integrated in the Bank's Banking Conduct Supervision Department as a complement to banking regulation and supervision.

The last day of training was devoted to the importance of digital financial education. The Banco de Portugal presented its strategic plan for digital financial education, which led to the launch in 2018 of the #TopTip campaign, which raises awareness among young people of school age about the care they should take on digital channels. The Bank also stressed that adults had become a higher priority target public in the context of the COVID-19 pandemic.

In cooperation with the AFI, the Banco de Portugal also took part in the meeting on “Adapting to the Crisis - Financial Sector Supervision in times of COVID-19”, which was part of the Annual African Financial Inclusion Policy Initiative (AfPI) Meeting (17 and 20 August). In this initiative to foster dialogue and share experiences between Europe and Africa, the Banco de Portugal was invited to participate in the panel of speakers alongside the European Central Bank, the Bank Al-Maghrib (central bank of Morocco), the Central Bank of Nigeria and the Bank of Tanzania. The panel reflected on the risks and challenges of the current pandemic and the approaches used by supervisors during the crisis, including the need to adapt their conduct supervision tools for the future.

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## Annexes

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



# 1 Legislative and regulatory initiatives

**Table VII.1.1 • Legislative and regulatory initiatives**

Date	Diploma Identification	Subject matter
16 March	Circular Letter No. CC/2020/00000017	Discloses measures for more flexible regulatory and supervisory requirements in the context of the COVID-19 pandemic.
26 March	Decree-Law No. 10-J/2020	Establishes extraordinary measures in the context of the COVID-19 pandemic to protect the loans of households, firms, private social solidarity institutions and other entities of the social economy, as well as a special regime for State guarantees, approving the public moratorium regime.
26 March	Decree-Law No. 10-H/2020	Establishes exceptional and interim measures to promote the acceptance of card-based payments in view of the COVID-19 pandemic.
31 March	Instruction of the Banco de Portugal No. 7/2020	Releases for the second quarter of 2020 the maximum rates to be applied in consumer credit agreements under Decree-Law No. 133/2009 of 2 June 2009.
1 April	Circular Letter No. CC/2020/00000021	Issues a set of additional recommendations and easing measures related to the Banco de Portugal's duties in the areas of banking supervision and cash circulation, in the context of the COVID-19 pandemic.
8 April	Circular Letter No. CC/2020/00000022	Emphasises the importance of credit institutions and financial companies complying with the Guidelines of the European Banking Authority on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis (EBA/GL/2020/02).
10 April	Law No. 7/2020	Sets forth exceptional and temporary regimes in the context of the COVID-19 pandemic, among them the suspension of the collection of fees on payment transactions through the digital platforms of payment service providers under certain circumstances.
10 April	Law No. 8/2020	Introduces the first amendment to Decree-Law No. 10-J/2020, of 26 March 2020, which created the public moratorium regime, clarifying the list of beneficiaries and establishing the obligation to provide information to bank customers.
7 May	Notice of the Banco de Portugal No. 2/2020	Regulates the obligation to provide information to customers to be observed by credit institutions in credit operations under the exceptional and temporary measures in response the COVID-19 pandemic set forth in Decree-Law No. 10-J/2020, of 26 March 2020 (public moratorium), as well as under the private moratoria.
21 May	Instruction of the Banco de Portugal No. 13/2020	Establishes the information institutions must report to the Banco de Portugal on the application of the credit moratoria created as a response to the COVID-19 pandemic.
4 June	Instruction of the Banco de Portugal No. 15/2020	Releases for the third quarter of 2020 the maximum rates to be applied in consumer credit agreements under Decree-Law No. 133/2009 of 2 June 2009.
16 June	Decree-Law No. 26/2020	Introduces the second amendment to Decree-Law No. 10-J/2020, of 26 March 2020, extending the public moratorium and broadening the list of beneficiaries and credits included.
18 June	Circular Letter No. CC/2020/00000041	Announces the cessation of the measures for more flexible handling of complaints, defined in Circular Letter No. CC/2020/00000017.
7 July	Circular Letter No. CC/2020/00000044	Establishes a set of recommendations to be adopted when offering retail banking products and services (for instance bank deposits, credit products, payment services and electronic money) through (online and mobile) digital channels.
24 July	Law No. 27-A/2020	Introduces the third amendment to Decree-Law No. 10-J/2020, of 26 March 2020, extending the deadline for the application of the public moratorium and changing access criteria.
29 July	Circular Letter No. CC/2020/00000051	Discloses the Guidelines amending the Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis (EBA/GL/2020/08).

Table VII.1.1 • Legislative and regulatory initiatives

Date	Diploma Identification	Subject matter
19 August	Law No. 44/2020	Introduces the sixth amendment to Decree-Law No. 27-C/2000, of 10 March 2000, which approved access to basic banking services, establishing that transfers carried out via payment applications operated by third parties are part of the set of operations included in the basic bank account.
26 August	Law No. 53/2020	Establishes rules for protecting financial consumers in terms of bank fees and when using payment applications operated by third parties, introduces the first amendment to Decree-Law No. 3/2010, of 5 January 2010, prohibiting the collection of fees for providing payment services and for transactions in ATMs of the Multibanco network.
27 August	Instruction of the Banco de Portugal No. 23/2020	Amends Instruction of the Banco de Portugal No. 13/2020.
28 August	Law No. 57/2020	Establishes rules for protecting financial consumers in terms of bank fees, home loans and consumer loans, introducing the fourth amendment to Decree-Law No. 133/2009, of 2 June 2009, the first amendment to Law No. 66/2015, of 6 July 2015, and the third amendment to Decree-Law No. 74-A/2017, of 23 June 2017.
9 September	Instruction of the Banco de Portugal No. 24/2020	Releases for the fourth quarter of 2020 the maximum rates to be applied in consumer credit agreements under Decree-Law No. 133/2009 of 2 June 2009.
29 September	Decree-Law No. 78-A/2020	Introduces the fourth amendment to Decree-Law No. 10-J/2020, of 26 March 2020, extending the duration of the public moratorium and extending the maturity of the loans, among other changes.
7 October	Corrigendum No. 37/2020	Corrects Law No. 53/2020, of 26 August 2020 (which establishes rules for protecting financial consumers and introduces the first amendment to Decree-Law No. 3/2010, of 5 January 2010) clarifying that this Law enters into effect on 1 January 2021.
7 October	Corrigendum No. 38/2020	Corrects Law No. 57/2020, of 28 August 2020 (which establishes rules for protecting financial consumers and introduces the fourth amendment to Decree-Law No. 133/2009, of 2 June 2009, the first amendment to Law No. 66/2015, of 6 July 2015, and the third amendment to Decree-Law No. 74-A/2017, of 23 June 2017) clarifying that this Law enters into effect on 1 January 2021 (except for Article 7).
7 December	Instruction of the Banco de Portugal No. 28/2020	Regulates the obligation to provide information on basic bank accounts, setting out the format of the poster and the template for the document with information on basic bank accounts.
7 December	Instruction of the Banco de Portugal No. 29/2020	Releases for the first quarter of 2021 the maximum rates to be applied in consumer credit agreements under Decree-Law No. 133/2009 of 2 June 2009.
31 December	Decree-Law No. 107/2020	Introduces the fifth amendment to Decree-Law No. 10-J/2020, of 26 March 2020, extending the deadline to apply for the public moratorium until 31 March 2021.
31 December	Law No. 75-B/2020	Approves the 2021 State budget, giving the Banco de Portugal powers to monitor compliance by credit institutions with the obligation to prominently disclose, until 30 September 2021, the possibility of redeeming retirement savings plans, education savings plans and retirement/education savings plans on their websites and in account statements.

## 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 2019 and 2020, and whose subject matter falls within its scope. The complaints were either submitted through the complaints book made available in credit institutions, the e-platform 'Livro de Reclamações' or sent directly to the Banco de Portugal by bank customers.

This analysis excludes complaints received by the Banco de Portugal 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 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, the complaints are classified as follows:

- Payment cards – complaints regarding the issue and use, as a means of payment, of debit and credit cards;
- Cheques – complaints regarding the issue and use of cheques;
- Home loans and mortgage loans – complaints related to the access to, and execution and contractual conditions of credit agreements relating to residential immovable property and credit secured by a mortgage under Decree-Law No. 74-A/2017 of 23 June 2017;
- Consumer credit – complaints related to the access to, and execution and contractual conditions of credit agreements, other than credit agreements relating to residential immovable property and credit secured by a mortgage under Decree-Law No. 74-A/2017 of 23 June 2017. These are complaints related to consumer or other credit granted to private individuals through credit cards or other means;
- Loans to enterprises – complaints about agreements relating to loans to enterprises, including agreements concluded with private entrepreneurs, within the scope of their professional activity;
- Deposit accounts – complaints related to the opening, debiting, crediting and management of deposit accounts, as well as to their contractual conditions. This includes complaints about any type of deposit, namely current accounts and time deposits, deposits with a special regime or other deposits, defined in Decree-Law No. 430/91 of 2 November 1991;
- Direct debits – complaints related to the processing of direct debit instructions on a current account;
- ATMs – complaints related to the operation of Automated Teller Machines (ATMs);
- Cash operations – complaints related to coin and banknote operations, namely exchange of coins and differences in withdrawal and deposit operations;
- Credit transfers – complaints related to 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 operations, the accounts database, banking guarantees, non-presentation of the complaints book, account switching service, as well as complaints about sundry operations and banking conduct that do not fit into the usual subject matter classification.

### Reference units

For the main issues subject to complaint, the number of complaints is assessed and analysed in relative terms, through recourse to reference units. The following were used:

- Payment cards – number of debit and credit cards in circulation in 2019 and 2020 (average between the values of the start and end of each period). Data are gathered from the 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 (Sistema de Compensação Interbancário – SICOI) in 2019 and 2020 (average number of cheques issued and drawn). Data are collected from the information regularly reported by SIBS;
- Home loans and mortgage loans – number of credit agreements relating to residential immovable property and credit secured by a mortgage under Decree-Law No. 74-A/2017, in force in 2019 and 2020 (average between the values of the start and end of each period). Data are gathered from the information reported by credit institutions under Instruction of the Banco de Portugal No. 8/2010;
- Consumer credit – number of agreements in force in 2019 and 2020 (average between the values of the start and end of each period) relating to consumer credit, including credit cards. Data are gathered from the information reported by credit institutions under Instruction of the Banco de Portugal No. 8/2010;
- Loans to enterprises – number of agreements in force in 2019 and 2020 (average between the values of the start and end of each period) relating to loans to enterprises and private entrepreneurs. Data are gathered from the information reported by credit institutions under Instruction of the Banco de Portugal No. 8/2010;
- Deposit accounts – number of current accounts in 2019 and 2020 (average between the values of the start and end of each period). Data are gathered from the 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 as part of SEPA (Single European Payments Area) in 2019 and 2020. Data are collected from the information regularly reported by SIBS;
- ATMs – number of automated teller machines (ATMs), including dedicated networks, existing in 2019 and 2020 (average between the values of the start and end of each period). Data are collected from the information regularly reported by SIBS and credit institutions;
- Cash operations – number of cash deposit and withdrawal operations in the Multibanco network (ATMs) in 2019 and 2020 (excluding international deposit and withdrawal operations). Data are collected from the information regularly reported by SIBS;
- Credit transfers – number of transfers processed through SICOI in 2019 and 2020. Data are collected from the information regularly reported by SIBS.

## **Institutions**

The above-described reference units were also used to calculate the relative number of complaints per institution about bank deposits, consumer credit and home loans and mortgage loans.

The relative number of complaints was calculated for the institutions that carried out activity throughout the whole year and in relation to which the Banco de Portugal received, in 2020, on average, more than one complaint per quarter on each matter subject to complaint, as a lower number is not considered representative of complaints submitted 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 Central Mutual Agricultural Credit Bank (Caixa Central de Crédito Agrícola Mútuo) and the Mutual Agricultural Credit Banks (caixas de crédito agrícola mútuo), that are members of the Integrated Mutual Agricultural Credit Scheme (Sistema Integrado do Crédito Agrícola Mútuo – SICAM), were considered together as one single institution. The mutual agricultural credit banks of Bombarral, Chamusca, Leiria, Mafra and Torres Vedras are not members of SICAM.

