

# BANKING CONDUCT SUPERVISION REPORT

2021



BANCO DE  
PORTUGAL  
EUROSISTEMA



# BANKING CONDUCT SUPERVISION REPORT

2021



**BANCO DE PORTUGAL**  
EUROSISTEMA

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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
BBA	Basic bank account
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
EC	European Commission
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
PRAP	Pre-Arrears Action Plan
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

The annual publication of the *Banking Conduct Supervision Report* is a prominent feature of the Banco de Portugal's accountability to the community on a topic that has become increasingly important for its missions.

This Report describes the Bank's activities in 2021 as banking conduct supervision authority for retail banking markets and highlights two very important and current topics: the promotion of financial education and banking conduct supervision within the context of the COVID-19 pandemic.

Indeed, the importance of financial education, namely at digital level, for a full and responsible citizenship and a sound development of financial markets is increasingly recognised and, for years, the Bank has shown a growing commitment to this topic both at national and international level.

2021 was still fairly marked by the COVID-19 pandemic, albeit in a context of progressive improvement of the pandemic situation.

It was therefore essential to highlight how the Banco de Portugal has acted in order to contribute to the effectiveness of the measures adopted by the legislator in response to the pandemic and prevent the risks associated with the expiration of the moratoria.

2021 also saw a number of amendments to the regulatory framework, which strengthened consumer rights and are taken note of in Part II of this Report.

The Bank's intense activity in the various areas specifically assigned to it in the field of banking conduct supervision is set out in Parts III to V of this Report, which ends with a mention to financial information and education initiatives and the international cooperation agenda (Parts VI and VII).

In 2021 we once again overcame many challenges. Always aware that every year we strive to do even better than before, I would like to leave a word of thanks to all the staff in the Banking Conduct Supervision Department, as well as other departments of the Bank, for their achievements in this domain in 2021.

Luís Máximo dos Santos  
Vice-Governor



# Executive Summary

In this edition of the *Banking Conduct Supervision Report*, the Banco de Portugal describes the activities undertaken to monitor retail banking markets in 2021.

The Report begins by highlighting two relevant topics in 2021. It underlines the growing importance of financial education as a priority public policy, as recognised by major international organisations. It shows the contribution of banking conduct supervision to mitigating the impact of the COVID-19 pandemic on consumers of banking products and services. This is followed by the usual chapters describing the evolution of the regulatory framework and the supervision of financial institutions and credit intermediaries, with detailed information on the matters supervised and the breaches identified. It also describes the financial information and education initiatives carried out by the Bank and its participation in international banking conduct supervision forums, as well as its response to international cooperation requests.

Important international initiatives were promoted in the field of financial education, most notably the benchmark approved by the European Commission.

Marked by the impact of the COVID-19 pandemic, financial education is increasingly seen as a priority public policy, which recognises the urgency of promoting financial resilience, digital financial education and sustainable finance.

In January 2022, the European Commission, in cooperation with the OECD, published the EU/OECD-INFE Financial competence framework for adults in the European Union, which defines the financial competences that are deemed essential for making sound financial decisions. The European Commission recommended that Member States draw up and implement national financial education strategies. The framework adopts the OECD's concept of financial literacy, which covers the financial knowledge, attitudes and behaviours that European citizens need to make sound decisions when managing their money. The Banco de Portugal was part of the working group, established by the European Commission under the aegis of the Government Expert Group on Retail Financial Services (GEGRFS), which prepared this benchmark. The European Commission launched the benchmark at a conference on 25 January 2022, where the head of the Banco de Portugal's Banking Conduct Supervision Department, Lúcia Leitão, was guest speaker.

The EBA, ESMA and EIOPA established a working group in May 2021 to develop joint initiatives on financial education, as part of their Joint Committee, of which the Banco de Portugal is a member. The first joint conference on digital financial education topics was held on 1 and 2 February 2022. The head of the Banco de Portugal's Banking Conduct Supervision Department was also guest speaker at this conference.

Digital financial education was of strategic importance for the Banco de Portugal.

Recognising its growing importance, the Banco de Portugal had already promoted digital financial education in its Strategic Plan for 2021-25. Meanwhile, the Bank's application for the European Commission's support (through DG REFORM) for the development of a digital financial education strategy for Portugal was approved in February 2021. Work started in October 2021, also with the support of the OECD/INFE.

## ... The national legislator adopted measures to protect bank customers in order to prevent risks associated with the expiration of the moratoria.

In August 2021, the national legislator defined a strategy to support the end of the credit moratoria, introducing amendments to the Pre-Arrears Action Plan (PRAP) established in the general arrears regime in order to prevent credit agreements covered by moratoria from defaulting. Institutions were required to take steps in connection with the PRAP at least 30 days before the date set for the end of the support measures. According to the provisional data reported by the credit institutions, 68% of the PRAP proceedings initiated for credit agreements covered by moratoria were finalised because there was no risk of default and 24% because the customers did not provide the necessary information. In 4% of the cases, the PRAP proceeding was concluded with the renegotiation of the agreement; in only 1% of the cases, the proceeding was terminated because the customer defaulted, and was then covered by the Out-of-court Arrears Settlement Procedure (OASP).

In the second half of the year, the number of OASP proceedings increased in home loans and mortgage credit, and, in the last quarter, consumer credit, although reaching levels below those observed in the pre-pandemic period.

In early 2021, as entrusted by the legislator, the Banco de Portugal monitored compliance by credit institutions with their duty to disclose information on the possibility of penalty-free redemption of retirement, education and retirement/education savings plans. Following the inspections, 286 specific orders and recommendations were issued to 97 institutions.

Regarding the application of the credit moratoria regime, the Banco de Portugal received 500 complaints from bank customers in 2021, 70% less than in 2020. 44% of the closed complaints on this regime showed no indication of infringement. 17 administrative offence proceedings were initiated against nine institutions, involving 130 complaints from bank customers.

## ... Amendments to the regulatory framework strengthened consumer rights.

In 2021 new rules entered into force for arrears prevention and management in credit agreements (in addition to the specific measures adopted for credit agreements under moratoria), offering of home loans and mortgage credit agreements and consumer credit agreements, as well as basic bank accounts (BBAs). Amendments were also introduced to the framework for general contractual clauses; particularly important was the task entrusted to the Banco de Portugal of monitoring compliance with the provisions of this legal framework regarding agreements on retail banking products and services.

## ... Monitoring amendments to regulations governing fees and business practices was a priority.

In home loans and mortgage credit, the Bank assessed whether the information provided by 86 institutions on their websites complied with the legal provisions preventing lending institutions from requiring their customers to have a current account linked to a credit agreement with the same institution and specific orders were issued to 83 institutions to correct the irregularities detected. The draft credit agreements of 86 institutions were also checked for compliance and 83 institutions were ordered to correct irregularities.



For consumer credit, the Bank analysed the draft credit agreements of 97 institutions for compliance with the legal provisions preventing the conclusion or renegotiation of consumer credit agreements being conditional on the purchase or maintenance of other financial products or services, in particular on a current account. Specific orders were issued to 81 institutions to correct the irregularities detected.

### Further inspections were conducted on all the institutions offering Basic Bank Accounts.

The Bank conducted inspections of 100 institutions to assess compliance with the obligations to disclose BBAs and of one institution to monitor its practices when offering this type of account, and 488 specific orders and recommendations were issued to correct the irregularities detected.

### A growing number of advertising materials was monitored.

19,857 institutional advertising materials and advertising materials for banking products and services were monitored, 73% more than in the previous year; particularly noteworthy was the increase in materials released on digital channels, which increased from 5% in 2020 to 18% in 2021. Of the advertising materials analysed following their public disclosure, 2.6% were non-compliant. Default rates were higher in advertising for credit lines and home loans.

### The information provided to customers on current account fees was monitored.

The Bank conducted inspections of 118 institutions to assess compliance with the obligation to send the statement of fees for all current accounts. The information provided by 111 institutions in the fee information document was assessed. The Bank examined whether 118 institutions used the harmonised terminology and whether 111 institutions provided the respective glossary. It also conducted inspections of 111 institutions to verify whether they provided the standard information sheet to their customers. To correct the instances of non-compliance detected, the Bank issued 559 specific orders and recommendations to 117 institutions.

### The information provided to customers and the practices for offering consumer credit on digital channels were assessed.

Through inspections in the field of consumer credit, the Banco de Portugal assessed compliance of the information provided by 100 institutions on personal credit, car loans and credit cards, the procedures adopted by 83 institutions to offer credit on digital channels and the practices adopted by 81 institutions in the contracting and lifetime of agreements. The Bank assessed the procedures adopted by 84 institutions to address arrears on personal credit loans and the application of the arrears regime by 76 institutions. Following these inspections of consumer credit agreements, the Bank issued 4,024 specific orders and recommendations to 105 institutions.

## ∴ Compliance with the arrears regime was monitored in home loans.

The Bank conducted inspections of 99 institutions to assess compliance with the rules applicable when charging interest and other fees in case of default in the payment of home loans. To correct the irregularities detected in these inspections, the Banco de Portugal issued 160 specific orders to 80 institutions.

## ∴ The Bank received a lower number of complaints by bank customers against financial institutions.

The Bank received 19,322 bank customer complaints, averaging 1,610 complaints per month, down 1.7% from 2020. More than 70% of the complaints focused on matters associated with the offering of consumer credit, bank deposits and home loans and mortgage credit. In consumer credit, the number of complaints per 100 thousand agreements grew by 13.0%. On the contrary, the number of complaints per 100 thousand accounts/agreements on bank deposits and home loans and mortgage credit dropped by 10.8% and 6.8% respectively.

61.7% of the closed complaints showed no indication of infringement and in 34.8% the situation was resolved by the institution in question. Irregularities were found in the remaining 3.5%, leading to 37 specific orders addressed to 12 institutions (covering 37 complaints) and 117 administrative sanctioning proceedings against 30 institutions (535 complaints).

## ∴ 5,926 specific orders and recommendations were issued to 143 financial institutions and 121 administrative sanctioning proceedings were initiated against 31 institutions.

Most of the specific orders and recommendations (68%) aimed to correct irregularities and deficiencies detected in the offering of consumer credit products.

In administrative offence proceedings, the issues most targeted related to the offering of bank deposits (29 proceedings against 12 institutions), consumer credit (21 proceedings against 16 institutions) and the provision of payment services (17 proceedings against 12 institutions).

## ∴ The supervision of credit intermediaries was intensified.

5,476 credit intermediaries were registered at the end of 2021, up by 7.2% from the previous year. When monitoring these credit intermediaries, 73 advertising materials released by these entities were analysed, with irregularities being identified in 71. Compliance of the information in the registration of credit intermediaries was also verified by assessing compliance with the obligation to update the elements subject to registration, the requirements for taking up business and the prohibition of engaging third parties for the provision of credit intermediary services. Inspections were carried out to assess compliance of information on the websites of credit intermediaries and the availability of appropriate means online for customer service, covering 94 entities. Inspections were also carried out to assess the information provided in the establishments open to the public, involving eight credit intermediaries, and the availability of a complaints book.

The Bank received 83 complaints against the conduct of entities authorised to provide credit intermediary services. In 58% of the closed complaints, no evidence was found of any breach, in 20% the situation was resolved by the institution and irregularities were detected in the remaining 22%, which prompted the Banco de Portugal's intervention.

As a result of inspections on these credit intermediary activities, 1,575 specific orders were issued to 1,398 credit intermediaries and 62 administrative sanctioning proceedings were initiated against 48 credit intermediaries.

In 2021 the Banco de Portugal published the *Relatório de Avaliação do Impacto do Regime Jurídico dos Intermediários de Crédito* (Impact Assessment Report of the Legal Framework for Credit Intermediaries)<sup>1</sup>, which analysed the impact of applying this framework from 1 January 2018, the date of its entry into force, to 31 December 2020.

### Financial education activities promoted the safe use of digital channels.

Financial information and education remained one of the Banco de Portugal's priorities. On the Bank Customer Website, the Bank continued to promote the rights and obligations of customers in the offering of banking products and services and answered 2,101 requests for information on the subject.

It carried out 351 financial education activities throughout the country, supported by its regional network, with a total of 9,612 participants, and promoted an awareness campaign on BBAs using the information desks of the Ministry of Labour, Solidarity and Social Security, which involved training around 700 of its staff members, alongside the activities of the National Plan for Financial Education.

### The Bank's representation in international forums was strengthened.

In 2021 the Bank continued to chair the International Financial Consumer Protection Organisation (FinCoNet) and took part in the work of the European Banking Authority (EBA) and the Joint Committee of the European Supervisory Authorities (JCESA). In March 2022, it became vice-chair of the OECD's International Network on Financial Education (OECD/INFE).

1. Available at <https://cliente.bancario.bportugal.pt/pt-pt/publicacao/relatorio-de-avaliacao-do-impacto-do-regime-juridico-dos-intermediarios-de-credito> (In Portuguese only).

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## I Special issues

Financial education on the international agenda

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



# Financial education on the international agenda

Financial literacy skills are increasingly relevant for experiencing a full citizenship, and financial education is recognised as a priority public policy.

The growing complexity of financial products and services, spurred by the strong acceleration of technological innovation, and the importance of fostering financially resilient households that can withstand exogenous financial shocks, require consumers to have greater financial literacy skills.

The most basic financial decisions related to the planning and management of the family budget, which remain at the heart of consumers' daily lives, can today be supported by digital tools or even innovative financial services. Consumers must choose between payment services, savings and investment products, or credit products amid greater diversity in the features of the products sold, alongside new products, new service providers and new marketing channels.

Growing digitalisation has also allowed Portuguese consumers to access financial products and services sold across borders. These are not subject to the same regulatory framework and the level of consumer protection is not the same.

The new and dynamic financial ecosystem makes it urgent to promote financial literacy in addition to regulating and supervising retail financial markets. Consumers must acquire key skills to properly consider their choices and understand the mandatory information that institutions must provide to them. The wider range of financial products and services has the advantage of allowing them to be better tailored to consumers specific needs, but requires consumers to be able to properly assess the characteristics and risks of the various options.

The impact of the COVID-19 pandemic and, more recently, of Russia's war in Ukraine has also made it even more pressing to foster households' financial resilience by providing them with the skills to consider and mitigate exogenous shocks with possible negative financial consequences for the management of their personal finances.

Financial education, by empowering consumers to make their financial decisions, promotes an inclusive and informed financial citizenship, which is essential to achieve resilience and individual financial welfare. A comprehensive financial education policy reduces information asymmetries between consumers and financial institutions, which facilitates better financial inclusion, a lower risk of exclusion from the financial system and a more informed choice of financial products and services, factors that contribute to reducing economic and social inequality. Making informed and financially sustainable individual financial decisions also helps to promote the stability of the financial system.

As financial education increasingly becomes a priority in public policy, national authorities are ever more called upon to take on the coordination, implementation and evaluation of national financial education strategies that should also address the challenges faced by consumers, due to the fast digital transformation and its contribution to sustainability. National authorities' additional responsibilities have been acknowledged and strongly emphasised by the different relevant international organisations.

... The Banco de Portugal has started to define a digital financial education strategy as part of its Strategic Plan for 2021-25.

For over a decade, the Banco de Portugal has been taking on financial education as a course of action in the field of banking conduct supervision. Throughout these years, the Bank has been involved with the main international forums, reflecting and working, sharing the vision that attaches increasing importance to the promotion of financial education.

**Figure 1 • Report *Inclusão Financeira e Digital e Escolha de Produtos Bancários em Portugal* (Financial and digital inclusion and banking product choice in Portugal), published by the Banco de Portugal**



Source: Banco de Portugal.

The new challenges on the international agenda have also been incorporated by the Banco de Portugal in its own financial education initiatives, especially the promotion of digital financial literacy.

The Banco de Portugal started work on a digital financial literacy strategy, supported by the Organisation for Economic Co-operation and Development (OECD) and the European Commission (EC) as part of their structural reform support plan.

This project started in October 2021 and the first step was diagnosing digital financial literacy initiatives<sup>1</sup>. Meanwhile, the Banco de Portugal organised a workshop, together with the OECD and the EC, to analyse the results achieved and, together with the partners, deepen the priorities to be considered in the design of the strategy, which took place on 8 March 2022. During the diagnosis stage, the project includes conducting a survey on the digital financial inclusion of the Portuguese population.

This will be followed by drafting recommendations for a digital financial literacy strategy and an implementation plan for this strategy, with the finalisation of the strategy design and implementation plan scheduled for mid-2023.

1. Available at <https://www.bportugal.pt/sites/default/files/anexos/pdf-boletim/relatorioinclusaofinanceiradigital.pdf>.





Vice-Governor of the Banco de Portugal, Luís Máximo dos Santos, opening the joint EC/OECD/Banco de Portugal workshop on “Digital Financial Literacy: relevance, initiatives and the way forward”.



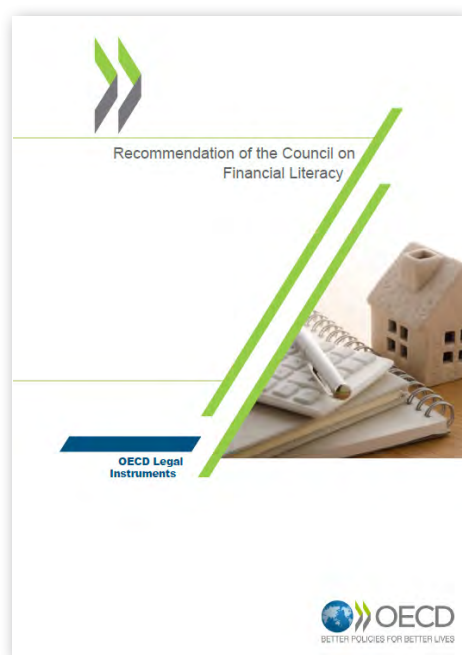
Panel on “The way forward and the future strategy” at the “Digital Financial Literacy: relevance, initiatives and the way forward” workshop. In person, from left to right, the head of the Banking Conduct Supervision Department of the Banco de Portugal, Maria Lúcia Leitão, the member of the Board of the Instituto Nacional de Administração, Sofia Crisóstomo, and the Vice-Chair of the Portuguese Institute for Employment and Vocational Training, António Leite. Attending by video conference, from left to right, the President-elect of the International Association for Research in Economic Psychology and Member of the Research Committee of the OECD/INFE, Vera Rita Ferreira, and the Policy Officer of the Directorate-General for Financial Stability, Financial Services and Capital Markets Union of the European Commission, Alexandra Jansen.

The Banco de Portugal has been increasingly involved in the work of the various international organisations, such as the OECD's International Network on Financial Education (OECD/INFE), the European Supervisory Authorities (ESAs) and the EC, recognising that international cooperation and the knowledge it provides will be increasingly relevant in promoting financial education in Portugal. The Bank also commits to the adoption of recommendations and best practices issued and defined by these entities, such as the recent initiatives by the OECD and the EC.

## The OECD Council adopted the Recommendation on Financial Literacy that commits its members to the implementation and evaluation of national strategies for financial literacy.

At its October 2020 meeting, the OECD's Ministerial Council adopted the Recommendation of the Council on Financial Literacy (the Recommendation)<sup>2</sup>, which commits national authorities to design, implement and evaluate financial literacy policies.

**Figure 2 • OECD Recommendation on Financial Literacy**



Source: OECD.

This Recommendation recognises that financial literacy policies are important for the informed and responsible use of a wide range of financial products and services, including those provided through digital channels.

It also acknowledges that financial education policies promote the development of competitive financial markets and financial stability and are a necessary complement to enhancing financial inclusion and consumer protection.

The Recommendation was endorsed by the G20 finance ministers and central bank governors in July 2021, who recognised that financial literacy is essential to empower consumers, for supporting individual and societies' well-being, financial inclusion, and transformation in the post-pandemic era.

The OECD's adoption of this Recommendation was accompanied by the decision to assess its implementation every five years, which will also allow for assessing and adjusting its content, so that it remains relevant and up-to-date. The Recommendation defines financial literacy as a

combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and achieve individual financial well-being.

It provides guidance to be followed in three key areas: the definition of national strategies for financial literacy, the emphasis on the main areas of financial literacy and the principles to be applied for the effective delivery of financial literacy programmes.

2. Available at <https://www.oecd.org/finance/OECD-Recommendation-on-Financial-Literacy.htm>.

The document recommends that the implementation and assessment of national strategies for financial literacy be based on the collection and analysis of data and surveys, involve a wide range of partners, establish governance and coordination mechanisms, and address the needs of specific audiences, such as young people, older generations, migrants and refugees and other vulnerable groups, women and micro, small and medium-sized enterprises. The topics of financial education raised in the Recommendation are those related to decision-making about saving, investment, retirement and pensions, credit and insurance. The use of various channels and methods to deliver initiatives and assess impact and effectiveness is recommended for the implementation of financial education programmes.

The Recommendation merges into a single document the work carried out over the years by OECD/INFE, replacing the 2005 Recommendation of the Council on Principles and Good Practices for Financial Education and Awareness, the 2008 Recommendation of the Council on Good Practices for Financial Education Relating to Private Pensions, and the 2009 Recommendation of the Council on Good Practices on Financial Education and Awareness Relating to Credit. The Recommendation also seeks to incorporate lessons from strategic documents, such as the OCDE/INFE High-level Principles on National Strategies for Financial Education and the OCDE/INFE Policy Guidance on Digitalisation and Financial Literacy.

In 2008, the Banco de Portugal was a founding member of the OECD/INFE. This network is nowadays made up of 280 organisations from over 130 countries and has been developing a wide range of principles and best practices for promoting financial literacy. The Banco de Portugal participates in the various OECD/INFE working groups and in its Advisory Board, of which the head of the Banking Conduct Supervision Department, Lúcia Leitão, has been Vice-Chair since March 2022.

### The European Commission approved a financial competence framework for adults in the European Union and announced that its implementation would be monitored by the Member States.

On January 2022 the EC and the OECD published the joint EU/OECD-INFE Financial competence framework for adults in the European Union (FinComp for adults), which defines the financial skills that are deemed essential for making sound financial decisions<sup>3</sup>.

By publishing FinComp for adults, drawn up in the second half of 2021, the Commission emphasises the urgency of providing financial education to the European population, recommending that Member States design and implement public financial education policies. In order to promote the swift implementation of FinComp for adults in the Member States and to assess the need for additional measures, the EC simultaneously announced that its implementation would be monitored through frequent questionnaires and workshops that foster sharing best practices and learning between Member States for the design of financial literacy programmes and educational materials.

FinComp for adults adopted the OECD's financial literacy concept, corresponding to the financial knowledge, attitudes, and behaviours that European citizens need to make sound financial decisions while managing their money. It identifies 564 competences, 114 of which under the money and transactions content area, 239 under planning and managing finances, 49 under risk and reward, and 162 under financial landscape.

3. Available at <https://www.oecd.org/finance/financial-competence-framework-for-adults-in-the-europeanunion.htm>.

**Figure 3 • EU/OECD-INFE Financial competence framework for adults in the European Union**



Source: EU/OECD-INFE.

FinComp for adults identifies as cross-cutting and priority topics the promotion of financial resilience, digital financial competences and sustainable financial competences, for which it defines 269, 114 and 59 skills, respectively. Financial resilience is considered essential in order to help households mitigate unexpected financial risks, whether associated with individual factors (e.g. unemployment, illness or divorce) or unexpected external shocks, as was the case with the COVID-19 pandemic. Meanwhile, the acceleration of digitalisation, spurred by the COVID-19 pandemic, has brought to light how urgently consumers need the skills to access and purchase financial products and services through digital channels in an informed and safe manner, preventing fraud and cyber security risks and behavioural biases, which tend to be exacerbated in the digital environment. On the other hand, it is acknowledged that financial education can promote behaviours that contribute to a circular economy and sustainable finance.

The drafting of this publication was preceded by a feasibility assessment on the development of a financial competence framework in the EU published in April 2021. The feasibility assessment recommended the development of two financial competence frameworks, one for adults, which has already been published, and one addressing the financial competences of children and youth, for which preparatory work started in early 2022.

The Banco de Portugal contributed to the drafting of the FinComp for adults and participated in the working group set up by the Commission under the Government Expert Group on Retail Financial Services (GEGRFS).

The Financial competence framework for adults in the European Union was launched at a conference co-organised by the EC and the OECD on 25 January 2022. The conference was opened by the European Commissioner for Financial Services, Financial Stability and Capital Markets Union, Mairead McGuinness, and the OECD Secretary-General, Mathias Cormann. The head of the Banco de Portugal's Banking Conduct Supervision Department, Lúcia Leitão, spoke at this conference, reflecting on the challenges associated with the implementation of the financial competence framework.

### ..... The European Supervisory Authorities carried out the first joint initiatives on financial education and published a repository of Member States' initiatives.

The European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA) held the first joint high-level conference on financial education and literacy on 1 and 2 February 2022, underlining the importance of promoting financial education as provided for in their statutes.



Over two days, the conference focused on four topics that are especially dependent on financial education: preventing new risks stemming from the digitalisation of retail financial markets, with a special focus on cybersecurity, scams and fraud, contributing to the financial resilience of vulnerable groups, particularly in the wake of the pandemic, promoting sustainable finance in the context of choosing and purchasing financial products, and developing the Capital Markets Union for consumers to better exploit their benefits.

The conference was opened by the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, Her Majesty Queen Máxima of the Netherlands, and by the EU Commissioner for Financial services, Financial Stability and Capital Markets Union, Mairead McGuinness.

This conference was attended by representatives from national authorities, consumer associations and the industry, as well as from academia, among them the renowned Professor Annamaria Lusardi, and fostered the sharing of experiences and best practices among the participants. The head of the Banking Conduct Supervision Department, Lúcia Leitão, was guest speaker for the panel on financial education and digitalisation on behalf of the Banco de Portugal.

**Figure 4 • Joint ESAs thematic repository of national financial education initiatives on digitalisation – with a specific focus on cybersecurity, scams and fraud**

	Country	Initiative
1	AT 1	Austria: Reden wir über Geld (Let's talk about money)
2	BE 1	Belgium: Test and videos relating to (online) fraud
3	BE 2	Belgium: Walfin.be
4	BE 3	Belgium: Walfin School
5	BE 4	Belgium: Walfin Lab
6	BG 1	Bulgaria: Educational program "Non-banking financial sector in Bulgaria" 2020
7	BG 2	Bulgaria: Educational program "Non-banking financial sector in Bulgaria" 2021
8	BG 3	Bulgaria: The website "Your Stratos"
9	CY 1	Cyprus: Creation of a dedicated section on CySEC website for FI
10	CY 2	Cyprus: Online Investor Guide: How to avoid Investment Scams
11	CY 3	Cyprus: Establishment of an Ad-Hoc Committee to design the National Strategy to promote financial literacy and education in Cyprus
12	DE 1	Germany: Online seminars (digital meetings) for elderly consumers on different subjects concerning banking, investing and insurance
13	DE 2	Germany: Super vision and police warn of fraudulent international online trading platforms
14	DE 3	Germany: General warnings regarding crypto assets
15	DE 4	Germany: Topic FinTech: company start-ups and FinTech companies
16	DK 1	Denmark: General warnings regarding crypto currency
17	DK 2	Denmark: Advice on how to avoid digital scam
18	DK 3	Denmark: Safe digital everyday
19	EE 1	Estonia: Teachers' seminar
20	EE 2	Estonia: Family events
21	EE 3	Estonia: Educational website of Finantsuskeskusele minuraha.ee
22	ES 1	Spain: Finance management tools
23	ES 2	Spain: 2019 Financial Education Day on digitalisation
24	ES 3	Spain: Joint press statement by the National Securities Market Commission (CNMV) and the Banco de España on "unplugged review" and "solid coin offerings" (CCO)

Source: EBA.

Prior to this conference, the ESAs published the Joint ESAs thematic repository of national financial education initiatives on digitalisation – with a specific focus on cybersecurity, scams and fraud<sup>4</sup>.

The repository has information on 127 initiatives to promote digital financial education in the banking, insurance and capital market sectors gathered by the national competent authorities (NCAs) of these three European supervisory authorities. The three Portuguese financial supervisors, the Banco de Portugal, the Autoridade de Supervisão de Seguros e Fundos de Pensões and the Portuguese Securities Market Commission, contributed 24 initiatives to this repository.

The repository was created by a sub-group addressing financial education, which was established in 2021 under the aegis of the Joint Committee of the European Supervisory Authorities' Consumer Protection and Financial Innovation Sub-Committee (JC SC CPFI). The Banco de Portugal is a member of this sub-committee.

The EBA has also recently published, in the beginning of 2022, the second edition of this repository, the Updated EBA repository on Financial Education

initiatives of NCAs, with the financial education initiatives presented by NCAs. Unlike the ESAs repository, the 207 initiatives collected by the EBA are not limited to the topic of digitalisation in financial services. Of these, 14 initiatives were reported by the Banco de Portugal.

The Banco de Portugal, as member of the EBA's Standing Committee on Financial Consumer Protection, participated in the working group that produced reports and repositories within the EBA with the financial education initiatives reported by the NCAs.

4. Available at [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Consumer%20Corner/Financial%20education/1026347/Joint%20ESAs%20Thematic%20Financial%20Education%20Repository.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Consumer%20Corner/Financial%20education/1026347/Joint%20ESAs%20Thematic%20Financial%20Education%20Repository.pdf).

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

## 1 Credit moratoria

### ∴ Credit moratoria expired in 2021.

The public moratorium ended on 30 September 2021 for most credit agreements covered. As regards consumers, this regime applicable to credit agreements for the purchase of permanent residence and consumer credit agreements for education had entered into force on 27 March 2020<sup>5</sup> as a measure to protect bank customers from the risk of default. The legislator made some adjustments over time in response to the various stages of the pandemic, namely to extend the regime's validity until 30 September 2021, while also allowing bank customers who joined the public moratorium between 1 January and 31 March 2021 to benefit from this measure for up to nine months starting from the date of notification of accession.

In 2021 the private moratoria created under protocols promoted by the APB – Associação Portuguesa de Bancos (Portuguese Banking Association) also expired, with the moratorium on mortgage loans remaining in force until 31 March 2021 and the moratorium on consumer credit agreements remaining in force until 30 June 2021<sup>6</sup>.

The private moratorium promoted by the ASFAC – Associação de Instituições de Crédito Especializado (Association of Specialised Credit Institutions), which only covered consumer credit agreements, expired in 2020.

### ∴ Agreements covered by moratoria continued to decline gradually in 2021, first reflecting the expiration of private moratoria and then of the public moratorium.

According to data reported by institutions to the Banco de Portugal<sup>7</sup>, the number of credit agreements covered by moratoria gradually decreased from September 2020 and throughout 2021, reflecting the expiry of the APB and the ASFAC private moratoria and the public moratorium. This reduction was particularly significant from September 2021 onwards, with the end of the public moratorium for most agreements covered. At the end of the year, the number of agreements still covered by moratoria was residual.

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

6. The detailed description of the characteristics of the public moratorium and the private moratoria and their implementation calendars was published in the 2020 Banking Supervision Report and in the Summary Report on Banking Conduct Supervision for 2021, both available on the Bank Customer Website (<https://cliente.bancario.bportugal.pt/>).

7. Information reported under Instruction of the Banco de Portugal No 13/2020 and to the Banco de Portugal's Central Credit Register.

**Table 1 • Credit moratoria | End-period position | March 2020 to November 2021<sup>(a), (b)</sup>**

	Mar. 20	Jun. 20	Sep. 20	Dec. 20	Mar. 21	Jun. 21	Sep. 21	Nov. 21
Amount of credit subject to moratoria (EUR millions)	3,654	45,129	48,092	46,145	42,493	37,475	19,178	1,183
of which:								
Households	1,369	20,262	21,078	20,066	17,087	14,422	5,375	91
Agreements covered by credit moratoria (thousands of agreements)	50.8	692.5	713.9	630.4	502.2	389.4	165.6	3.9
of which:								
<b>Public moratorium</b>	<b>29.1</b>	<b>359.5</b>	<b>425.0</b>	<b>417.3</b>	<b>406.6</b>	<b>386.7</b>	<b>165.6</b>	<b>3.9</b>
Credit for the purchase of permanent residence and other mortgage credit	13.4	162.6	220.8	230.7	233.8	226.3	76.4	2.0
Personal credit for education	0.0	0.0	0.1	0.2	0.3	0.2	0.1	0.0
Credit to firms, sole proprietors and other	15.7	196.9	204.1	186.3	172.5	160.2	89.1	1.9
<b>Private moratoria</b>	<b>21.7</b>	<b>333.0</b>	<b>288.9</b>	<b>213.2</b>	<b>95.6</b>	<b>2.7</b>	<b>0</b>	<b>0</b>
Consumer credit	13.2	192.9	197.4	141.9	69.8	2.6	0.0	0.0
Mortgage credit	8.6	140.1	91.6	71.3	25.8	0.0	0.0	0.0

Source: Banco de Portugal. | Note: (a) As a result of the end of the moratoria, figures refer to the period up to November 2021. (b) Due to rounding, totals shown in the table may not add up.

## 2 Prevention and management of arrears

In August 2021<sup>8</sup>, the national legislator established specific measures to prevent bank customers with credit agreements covered by moratoria from defaulting following the expiry of these support measures. Institutions were required to take steps in connection with the Pre-Arrears Action Plan (PRAP) at least 30 days before the date set for the end of the support measures, by contacting those customers and assessing their financial situation. Institutions were also required to submit to customers, at least 15 days before the end of the moratorium, suitable solutions for their financial situation where they confirmed the existence of a risk of default and that customers were creditworthy, for instance, by renegotiating the agreement or restructuring the debt. Within five days, banking customers were required to provide the information and make available the data requested by the institutions in that context.

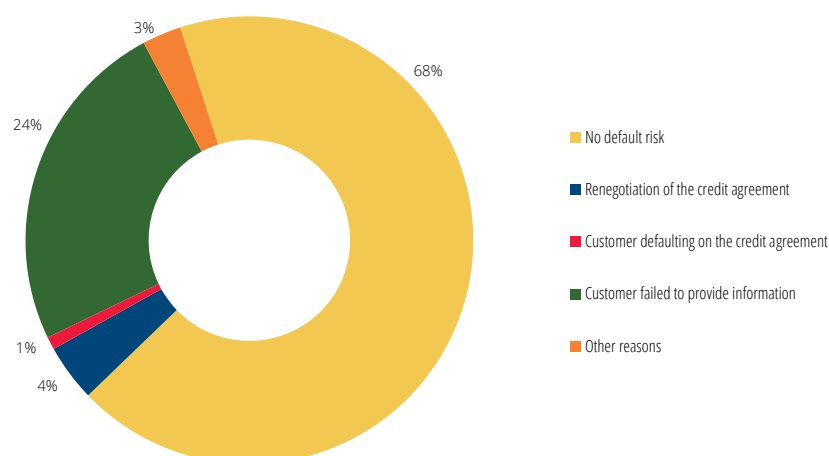
The legislator also established that, if borrowers of agreements covered by the public moratorium were to default and were incorporated into out-of-court arrears settlement and prevention procedures (OASPs) within the 90 days following the expiry of the moratorium, institutions would be prevented from terminating credit agreements on the grounds of default, initiating legal proceedings or transferring those agreements to third parties during the period in which the respective OASP was in force.

Most of the PRAP proceedings initiated for credit agreements covered by moratoria were concluded in situations where there was no default risk.

8. Decree-Law No 70-B/2021 of 6 August 2021. For more information on this legal act, see Chapter II in this report.

According to the provisional data reported by institutions to the Banco de Portugal, 68% of the PRAP proceedings initiated for customers that benefited from the public moratorium regime in compliance with the aforementioned legal obligation were finalised because the institution concluded that there was no risk of default. In 4% of the cases, the PRAP proceeding was concluded with the renegotiation of the agreement and in 1% of the cases the proceeding was terminated because the customer defaulted. In around 24% of the cases, the institution concluded the proceeding by claiming that customers did not provide information or did not submit the requested documents so that the institution could assess their financial situation.

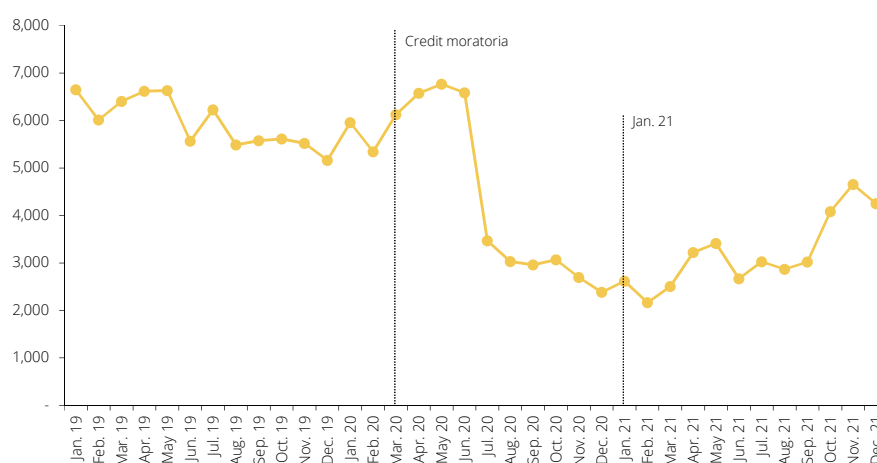
**Chart 1 • PRAP | Prevention and management of arrears | Reasons for termination | August to December 2021**



Source: Banco de Portugal.

... The number of OASPs initiated in housing and mortgage credit  
... rose in the second half of 2021.

**Chart 2 • OASP | Housing and mortgage credit | 2019-21**



Source: Banco de Portugal.



In the second half of 2021 there was an increase in the monthly average of OASPs initiated for this type of credit, to 3,652 proceedings, compared to 2,764 in the first half of 2021 and 2,934 in the second half of 2020. The increase in the number of OASP proceedings was sharper in the last quarter of the year following the end of the public moratorium (as of 30 September 2021), albeit to levels below those observed in the pre-pandemic period.

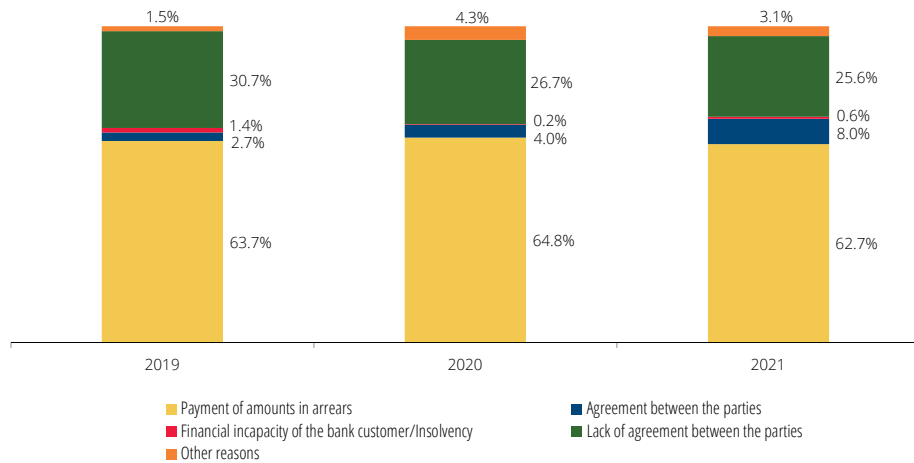
**Table 2 • OASP | Housing and mortgage credit | Proceedings initiated, under analysis and concluded | 2019-21**

	Proceedings					Agreements <sup>(a)</sup>		
	2019	2020	2021			2019	2020	2021
			H1	H2	Total			
<b>OASP proceedings initiated</b>								
Number	71,497	54,970	16,581	21,912	38,493	45,972	39,628	26,180
Total amount (EUR millions) <sup>(b)</sup>	-	-	-	-	-	2,139.4	1,846.6	1,259.0
Default ratio <sup>(c)</sup>	-	-	-	-	-	1.3%	1.5%	1.3%
<b>OASP proceedings under analysis<sup>(d)</sup></b>								
Number	21,476	20,053	-	-	22,166		-	-
<b>OASP proceedings concluded</b>								
Number	72,028	56,393	15,363	21,017	36,380	42,589	38,430	22,784
Total amount (EUR millions)		-	-	-	-	1,994.4	1,807.6	1,084.9
Default ratio		-	-	-	-	1.5%	1.6%	1.4%
<b>Of which:</b>								
OASP proceedings concluded with settlement of arrears <sup>(e)</sup>	47,802	38,748	11,241	14,460	25,701	-	-	-
Payment of amounts in arrears	45,864	36,517	10,040	12,767	22,807	-	-	-
Agreement between the parties <sup>(f)</sup>	1,938	2,231	1,201	1,693	2,894	-	-	-
<b>OASP proceedings concluded with settlement of arrears/OASP proceedings concluded</b>	<b>66.4%</b>	<b>68.7%</b>	<b>73.2%</b>	<b>68.8%</b>	<b>70.6%</b>	-	-	-

Source: Banco de Portugal. | Notes: (a) Total number of OASP agreements does not include 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 of the default amount (overdue) to 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 and transfer in lieu of payment. (f) This category covers renegotiation, consolidation of loans, refinancing, granting of an additional loan for payment of instalments and transfer in lieu of payment.

In 2021 as a whole, institutions reported 38,493 OASP proceedings initiated, involving 26,180 home loan and mortgage credit agreements and a total outstanding amount of €1,259 million. 36,380 OASP proceedings were completed in 2021, involving 22,784 agreements and a total outstanding amount of €1,084.9 million. At the end of 2021, 22,166 OASP proceedings were under analysis or negotiation.

Chart 3 • OASP | Housing and mortgage credit | Reasons for cancellation | 2019-21



Source: Banco de Portugal.

Most OASP proceedings concluded in 2021 led to the settlement of arrears (70.6%), a higher share than in the previous year (68.7%).

The reason most frequently given by credit institutions for closing OASP proceedings continued to be the payment of amounts in arrears<sup>9</sup> by bank customers (62.7%). In 8% of the proceedings concluded, an agreement was reached between the institution and the customer, i.e. an increase from 2020 (4%). The renegotiation of the terms and conditions of the agreements was the most frequent solution, with a renegotiated amount of €31.4 million.

Table 3 • OASP | Housing and mortgage credit | Solutions agreed in proceedings concluded | 2019-21<sup>(a), (b)</sup>

	2019		2020		2021	
	Number	Amount (EUR millions)	Number	Amount (EUR millions)	Number	Amount (EUR millions)
Renegotiation of the credit agreement	1,851	24.1	2,095	23.7	2,870	31.4
Additional loan for payment of instalments	75	0.3	122	0.2	10	0.1
Refinancing	11	0.5	5	0.2	8	0.2
Transfer in lieu of payment	14	–	5	–	6	–
Consolidation of loans	0	0.0	7	0.0	0	0.0

Source: Banco de Portugal. | Notes: (a) This table presents the number of solutions agreed, with more than one solution per loan agreement. (b) The OASP proceedings concluded with settlement of arrears in 2021 covered 2,124 home loan and mortgage credit agreements.

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

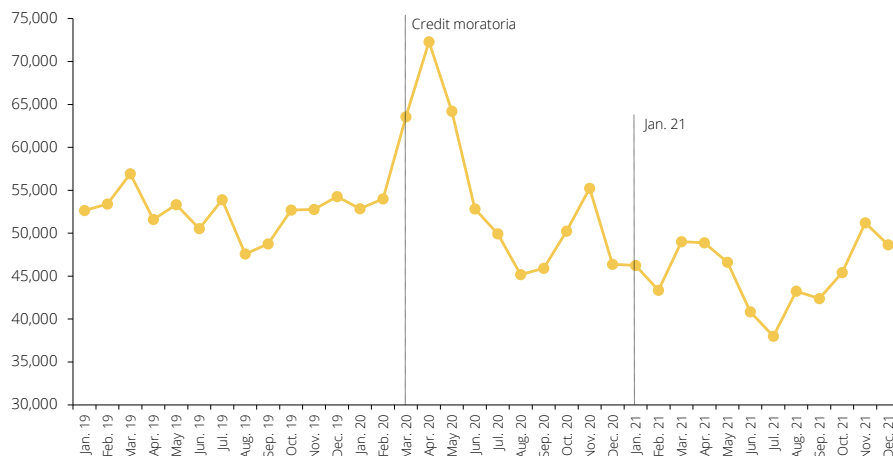
**Table 4 • OASP | Housing and mortgage credit | Renegotiated terms in proceedings concluded | 2019-21<sup>(a), (b)</sup>**

	2019	2020	2021
Grace period for principal (and/or interest)	141	226	390
Maturity	83	137	198
Deferral of the principal to the last instalment	60	18	61
Spread/interest rate	42	56	35
Other terms(c)	1,671	1,816	2,508

Source: Banco de Portugal. | Notes: (a) Renegotiations may combine more than one of the solutions indicated in the table. (b) The OASP proceedings concluded with renegotiations in 2021 covered 1,872 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. Reporting is aggregated for this category, meaning it is not possible to disaggregate the renegotiated terms.

... The number of OASP proceedings initiated in consumer credit  
... increased in the fourth quarter of 2021.

**Chart 4 • OASP | Consumer credit | Number of OASP proceedings initiated | 2019-21**



Source: Banco de Portugal.

While the monthly average of initiated OASPs declined in the second half of 2021 to 44,851 cases, compared with 45,791 in the first half, there was an increase in the last quarter of the year, where an average of 48,418 proceedings per month were initiated. This came in the wake of the end of the public moratorium from September onwards for most of the agreements covered.

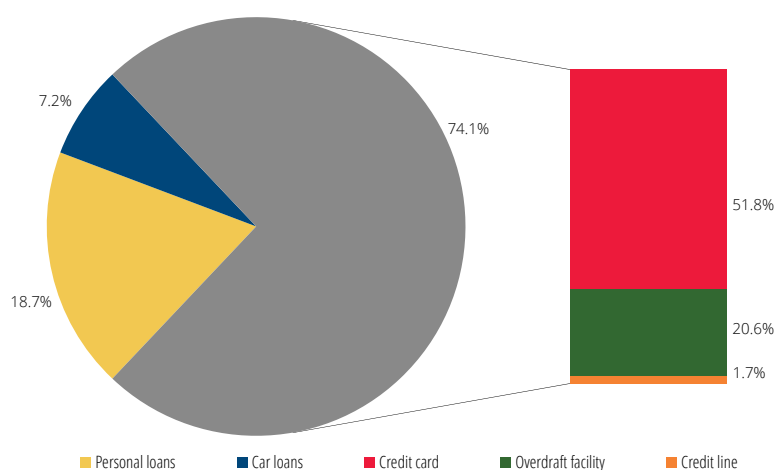
In the year as a whole, institutions reported to the Banco de Portugal that 543,856 OASPs associated with consumer credit agreements had been initiated, involving a total of 416,890 agreements and an outstanding amount of €1,075.9 million. Most consumer credit agreements incorporated into OASPs continued to be revolving credit products (74.1%), most notably debt incurred with credit cards, which accounted for over half of the proceedings initiated (51.8%). Personal loans and car loans represented 18.7% and 7.2% respectively of OASP proceedings initiated.

**Table 5 • OASP | Consumer credit | Proceedings initiated, under analysis and concluded | 2019-21**

	Proceedings					Agreements <sup>(a)</sup>		
	2019	2020	2021			2019	2020	2021
			H1	H2	Total			
<b>OASP proceedings initiated</b>								
Number	628,357	652,565	274,748	269,108	543,856	463,972	482,361	416,890
Total amount (EUR millions) <sup>(b)</sup>	-	-	-	-	-	1,082.8	1,144.2	1,075.9
Default ratio <sup>(c)</sup>	-	-	-	-	-	10.9%	9.1%	9.3%
<b>OASP proceedings under analysis<sup>(d)</sup></b>								
Number	127,712	143,296	-	-	148,871	-	-	-
<b>OASP proceedings concluded</b>								
Number	625,381	636,981	266,224	272,057	538,281	447,887	454,340	399,304
Total amount (EUR millions)	-	-	-	-	-	1,028.1	1,099.3	984.5
Default ratio	-	-	-	-	-	11.2%	9.4%	9.3%
<b>Of which:</b>								
OASP proceedings concluded with settlement of arrears <sup>(e)</sup>	273,366	269,317	115,846	115,769	231,615	-	-	-
Payment of amounts in arrears	252,301	247,099	107,881	110,364	218,245	-	-	-
Agreement between the parties <sup>(f)</sup>	21,065	22,218	7,965	5,405	13,370	-	-	-
<b>OASP proceedings concluded with settlement of arrears/OASP proceedings concluded</b>	<b>43.7%</b>	<b>42.3%</b>	<b>43.5%</b>	<b>42.6%</b>	<b>43.0%</b>	-	-	-

Source: Banco de Portugal. | Notes: (a) The calculation of the total number of OASP agreements does not include 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 of the default amount (overdue) to the total amount. (d) End-of-period figures. (e) Proceedings concluded on one of the following grounds: payment of the amounts in arrears, renegotiation of the credit agreement, consolidation of loans, refinancing of the credit agreement and granting of an additional loan for payment of instalments, transfer in lieu of payment. (f) Includes renegotiation, consolidation of loans, refinancing, granting of an additional loan for payment of instalments and transfer in lieu of payment.

**Chart 5 • OASP | Consumer credit | Distribution of OASP agreements, by type of credit | 2021**



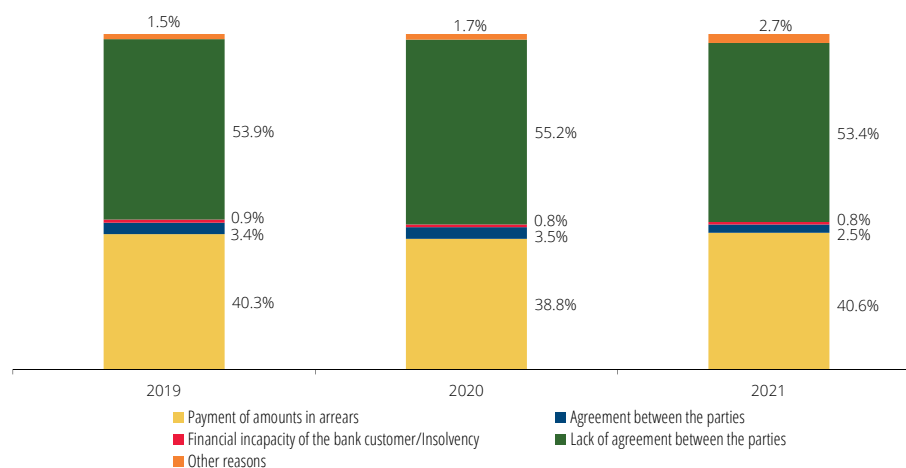
Source: Banco de Portugal.

In 2021, 538,281 OASP proceedings were closed, involving 399,304 consumer credit agreements and totalling €984.5 million. These agreements had a 9.3% default ratio, below that seen in 2020 (9.4%). At the end of 2021, 148,871 OASP proceedings relating to consumer credit agreements were under analysis or negotiation.

Arrears were settled in 43% of proceedings concluded (42.3% in 2020). In 53.4% of the proceedings concluded, the arrears were not settled because the parties failed to reach an agreement. In 40.6% of proceedings concluded, the settlement of arrears resulted from the payment of the amounts in arrears, while in 2.5% of the proceedings an agreement was concluded between the parties.

In the agreements concluded, the solution most frequently agreed was the renegotiation of the agreement (74%) amounting to €23.1 million. The deferral of payment of principal to the last instalment and the extension of the repayment period were the main terms renegotiated.

**Chart 6 • OASP | Consumer credit | Reasons for cancellation | 2019-21**



Source: Banco de Portugal.

**Table 6 • OASP | Consumer credit | Solutions agreed in the proceedings concluded | 2019-21<sup>(a), (b)</sup>**

	2019		2020		2021	
	Number	Amount (EUR millions)	Number	Amount (EUR millions)	Number	Amount (EUR millions)
Renegotiation of the credit agreement	17,053	9.1	18,625	24.6	10,028	23.1
Consolidation of loans	1,276	5.8	1,435	6.3	1,707	9.3
Refinancing	1,995	15.2	1,716	13.3	1,301	10.5
Additional loan for payment of instalments	708	4.9	591	2.6	435	3.9
Transfer in lieu of payment	37	–	37	–	52	–

Source: Banco de Portugal. | Notes: (a) This table presents the number of solutions agreed, with more than one solution per loan agreement. (b) The OASP proceedings concluded with settlement of arrears in 2021 covered 12,731 consumer credit agreements.

**Table 7 • OASP | Consumer credit | Terms renegotiated in the proceedings concluded | 2019-21<sup>(a), (b)</sup>**

	2019	2020	2021
Deferral of the principal to the last instalment	14,322	13,197	4,275
Maturity	3,444	4,861	2,426
Spread/interest rate	205	1,288	772
Grace period for principal (and/or interest)	310	993	490
Other terms <sup>(c)</sup>	2,101	2,913	3,647

Source: Banco de Portugal. | Notes: (a) Renegotiations may combine more than one of the solutions indicated in the table. (b) Of all OASP proceedings concluded with renegotiations in 2021, 6,539 related to 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. Reporting is aggregated for this category, meaning it is not possible to disaggregate the renegotiated terms.

### 3 Supervision of financial institutions

After carrying out inspections in 2020 to assess compliance with the obligations to provide information and assistance to bank customers under credit moratoria<sup>10</sup>, the Banco de Portugal monitored financial institutions as to how they implemented these measures in 2021 by assessing bank customers' complaints.

Still in 2021, the legislator entrusted the Banco de Portugal with monitoring supervised institutions for compliance with their duty to disclose information on the possibility of penalty-free redemption of retirement, education and retirement/education savings plans.

#### 3.1 Duty to disclose information on the possibility of redeeming retirement, education and retirement/education savings plans

As part of the extraordinary measures to support households adopted in the context of the COVID-19 pandemic, the national legislator established the possibility of redeeming, without penalties and in exceptional situations<sup>11</sup>, retirement, education and retirement/education savings plans, with the Banco de Portugal being responsible for overseeing compliance by supervised institutions with the obligation to disclose these measure.

... In compliance with a specific mandate of the legislator, the Bank also checked the supervised institutions' compliance with the obligation to disclose information on the possibility of redeeming, without penalties, retirement, education and retirement/education savings plans.

It also inspected the disclosure of special redemption conditions for retirement, education and retirement/education savings plans in **current account statements** and on the **websites** of 98 credit institutions selling such products.

10. The detailed description of the inspections carried out in 2020 was published in the 2020 Banking Supervision Report, available on the Bank Customer Website (<https://cliente.bancario.bportugal.pt>).

11. Article 362 of Law No 75-B/2020 of 31 December 2020, which approved the State Budget for 2021. For a more detailed description of these measures, see point 2.1 of Chapter I of the Summary Report on Banking Conduct Supervision for the first half of 2021.

When inspecting the disclosure of special redemption conditions for retirement, education and retirement/education savings plans on websites, the Bank assessed:

- The **provision of information** on the possibility of redeeming, under special conditions, retirement, education and retirement/education savings plans in a visible place on websites.  
A total of 90 institutions failed to place this information in a prominent place on their websites and four displayed no information on this measure.
- The **content of the information** provided is, in particular, the information disclosed in relation to (i) the conditions for access to this exceptional regime, (ii) the possibility of early repayment without any penalty or loss of tax benefits, provided that the retirement, education and retirement/education savings plans had been subscribed by 31 March 2020, (iii) monthly redemption thresholds per beneficiary and insurer, and (iv) customer support contacts.

It was noted that 11 institutions specified the special redemption conditions but did not inform the bank customer that the claims for redemption had no penalty or loss of tax benefits, provided that the savings plans had been subscribed by 31 March 2020. It was also found that 86 institutions did not disclose monthly redemption thresholds by beneficiary and insurer, or did not disclose the contact details to be used to obtain explanations or additional information.

Following this inspection, 105 specific orders and 86 recommendations were sent to 97 institutions to correct irregularities detected.

When inspecting the disclosure of special redemption conditions for retirement, education and retirement/education savings plans in account statements, the Bank assessed:

- The **provision of information on the possibility to redeem**, under special conditions, retirement, education and retirement/education savings plans in a prominent place of the statements.  
In the statements for January 2021, 90 institutions did not disclose this information.
- The **content of the information provided**, particularly the reference to the availability of more detailed information on the institution's website as well as to the availability of customer support contacts.

Five institutions were identified as not fully reporting this information.

Following this inspection, 95 specific orders were sent to 95 institutions for correction of irregularities detected.

**Table 8 • Duties to inform customers | Specific orders and recommendations | 2021**

Topics	Specific orders		Recommendations		Total	
	Number	Institutions covered	Number	Institutions covered	Number	Institutions covered
Information on websites	105	94	86	84	191	97
Information on account statements	95	95	–	–	95	95
<b>Total</b>	<b>200</b>	<b>(a)</b>	<b>86</b>	<b>(a)</b>	<b>286</b>	<b>(a)</b>

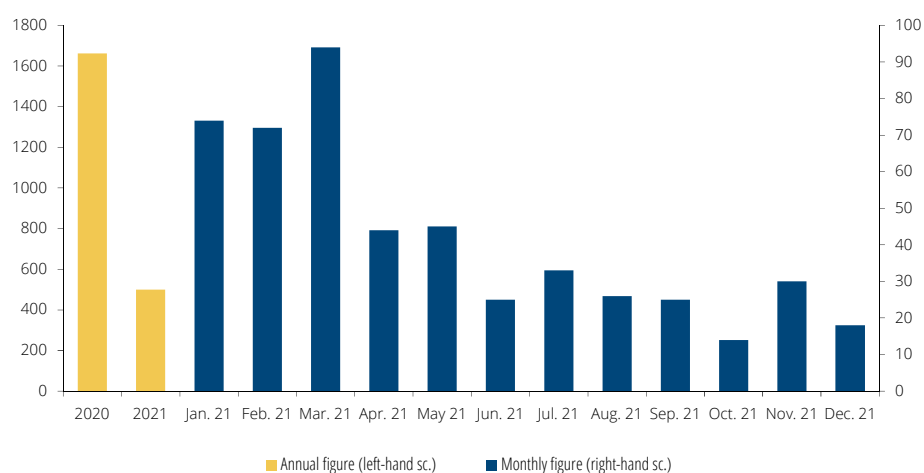
Source: Banco de Portugal. | Note: The Caixa Central de Crédito Agrícola Mútuo, C. R. L. (Central Mutual Agricultural Credit Bank), and the mutual agricultural credit banks that are members of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM, Integrated Mutual Agricultural Credit Scheme) were accounted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

### 3.2 Bank customer complaints

The Banco de Portugal received 500 complaints from bank customers on matters related to measures to mitigate the effects of the COVID-19 pandemic (94% on the application of credit moratoria) on retail banking markets, 70% less than in 2020. These complaints, which account for around 3% of total complaints in 2021, were mostly received in the first half of the year.

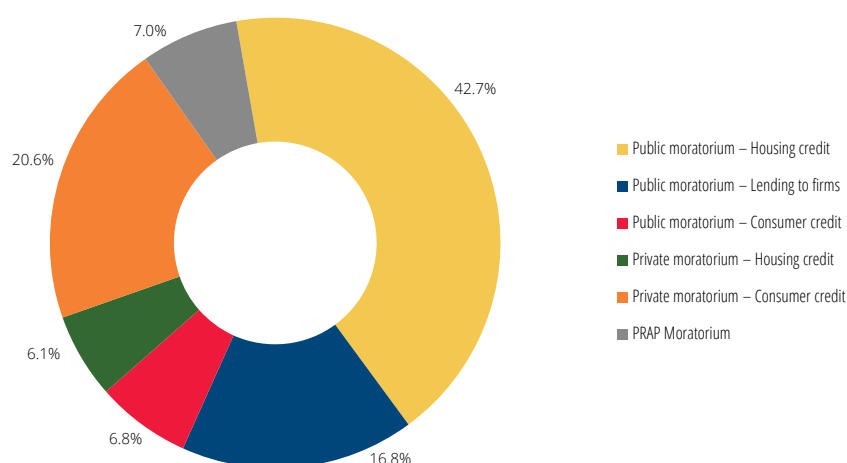
Complaints on the application of credit moratoria decreased markedly from the previous year.

**Chart 7 • Complaints on COVID-19 matters | Monthly developments | 2021**



Source: Banco de Portugal.

**Chart 8 • Credit moratoria | Complaints by topic | 2021<sup>(a)</sup>**



Source: Banco de Portugal. | Note: (a) Complaints on “PRAP Moratorium” refer to the obligation for institutions to integrate into PRAP the agreements that were benefiting from the public moratorium regime on 7 August 2021 (see Article 5 (2) and (3) of Decree-Law No 70-B/2021 of 6 August 2021).



Complaints about the **public moratorium on home loan agreements** represented 42.7% of complaints about credit moratoria received in 2021, focusing in particular on:

- credit institutions' failure to comply with the deadline for the implementation of the moratorium;
- refusing access to the moratorium, between January and March 2021, of loan agreements that had previously benefited from moratoria for more than nine months;
- collecting instalments during the moratorium;
- the cessation of the moratorium's effects, including the collection of instalments following the end of the application of the support measures.

Complaints about the **public moratorium on credit agreements with firms** represented 16.8% of complaints about credit moratoria, relating to:

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

In the context of **private moratoria on consumer credit agreements**, which represented 20.6% of complaints about moratoria, matters related, in particular, to:

- conditions of access to private moratoria;
- the implementation period and duration of said moratoria;
- the refusal to apply private moratoria;
- the procedures adopted by credit institutions upon expiry of private moratoria in the event of default risk or actual default.

Complaints about the **opening of PRAP procedures** concerning home loan agreements, prior to the expiry of the public moratorium regime, accounted for 7% of complaints about moratoria. Those complaints focused mainly on issues relating to the monitoring by institutions of bank customers who warned of difficulties in resuming regular payment of credit agreement instalments.

In 44% of the **complaints on** matters related to measures to mitigate the effects of the COVID-19 pandemic, there were no signs of breaches by the targeted institution. The institutions solved the matter subject to complaint, despite the fact that there were no signs of breaches in 39% of closed complaints. The Banco de Portugal detected irregularities and non-compliance in 17% of closed complaints, in which case it took the appropriate supervisory measures.

17 administrative offence proceedings were initiated against nine institutions, involving 130 complaints, which alleged a breach of institutions' obligations in the application of moratoria, most notably:

- to inform about the deadline for the application of the public moratorium;
- to implement the public moratorium within five working days, upon receipt of the application form and the documents required by law;
- to notify the beneficiary of the decision to refuse to apply the public moratorium, within the legally established time limit, through the same means of communication used by the customer to sign up to the regime;
- to implement the public moratorium with effect from the date of submission of the application form;
- to undertake the automatic migration to the public moratorium of operations that benefited from private moratoria and met the eligibility criteria for the public moratorium regime.

## 4 Informação aos clientes bancários

The Bank Customer Website continued to be the main channel used by the Banco de Portugal to disclose the measures to mitigate the effects of the COVID-19 pandemic, granting new rights to bank customers, in the context of credit moratoria and arrears prevention and management. In addition, the Banco de Portugal answered requests for information from bank customers.

Amendments to the general arrears regime and measures to protect agreements subject to moratoria figured prominently on the Bank Customer Website.

**Figure 5 • Bank Customer Website | Special feature on the new rules on arrears prevention and management**



Source: Bank Customer Website (<https://cliente.bancario.bportugal.pt/pt-pt/noticias/novas-regras-na-prevencao-e-na-gestao-do-incumprimento-de-contratos-de-credito>) (in Portuguese only).

The Banco de Portugal released information on amendments to the rules on credit agreement arrears prevention and management and the measures to protect bank customers with credit agreements covered by moratoria, and published a decoder and an information video on the rights of bank customers at risk of credit default under the PRAP.

**Figure 6 • Bank Customer Website | Decoder on the end of credit moratoria**



Source: Bank Customer Website (<https://cliente.bancario.bportugal.pt/pt-pt/material/fim-das-moratorias-como-os-bancos-tem-de-atuar-para-prevenir-incumprimentos>) (in Portuguese only).

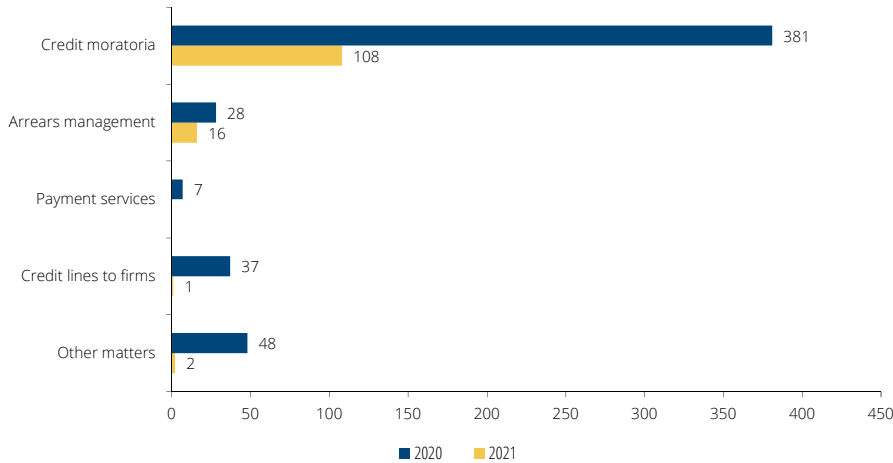
**Figure 7 • Bank Customer Website | Video “Are you worried that you won’t be able to pay the instalments on your loan?”**



Source: Bank Customer Website (<https://cliente bancario.bportugal.pt/pt-pt/material/tem-receio-de-nao-conseguir-pagar-prestacoes-do-seu-emprestimo>) (in Portuguese only).

In 2021, 127 requests for information were received from bank customers on matters associated with the COVID-19 pandemic mitigation measures, representing 6% of total requests for information received in 2021. Requests for information focused mainly on credit moratoria (85%) and on credit agreement arrears prevention and management (13%).

**Chart 9 • Requests for information on COVID-19 matters | 2020 and 2021**



Source: Banco de Portugal.

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## II Developments in the regulatory framework

- 1 New rules on arrears prevention and management in credit agreements
- 2 Limits and prohibitions on commissioning
- 3 New rights in basic bank accounts
- 4 Amendments to the framework for general contractual clauses
- 5 Regulation of credit servicers and purchasers
- 6 Review of the Consumer Credit Directive



# 1 New rules on arrears prevention and management in credit agreements

On 7 August 2021 amendments to the general regime for arrears prevention and management in consumer credit agreements<sup>1</sup> entered into force to strengthen the obligations of institutions under the Pre-Arrears Action Plan (PRAP) and the Out-of-court Arrears Settlement Procedure (OASP).

The PRAP has established that institutions must monitor the performance of the credit agreements they conclude on an ongoing and systematic manner by taking the necessary steps to identify signs of deterioration in the creditworthiness of borrowers.

The creditworthiness of customers with credit agreements should be assessed at least on a monthly basis. Unemployment, loss of income and the fact that the customer works in a distressed sector have become part of the signs of risk of default that institutions must monitor.

A deadline has also been set for the submission of proposals to customers under the PRAP. If a risk of default is confirmed and the bank customer is financially able, the institution must submit adequate proposals to prevent default on the credit agreement within 15 days after the customer has provided the information and documents requested. Such proposals may consist of renegotiating the credit agreement, consolidating the credit agreement with other credit agreements that the customer may have, or entering into a new credit agreement to refinance the debt resulting from the existing agreement.

Institutions are also prevented from raising the interest rate on credit agreements with bank customers during the PRAP and the OASP and must periodically monitor the effectiveness of the measures agreed with the customers and propose new solutions where appropriate.

Institutions are now legally required to periodically provide the Banco de Portugal with information on credit agreements under the PRAP and the OASP.

In addition to the entities recognised by the Directorate-General for Consumers, the Assistance Network for Indebted Consumers now includes information and arbitration centres for consumer disputes. Coordination of the network was formally assigned to the Directorate-General for Consumers, which may establish a cooperation protocol with the Banco de Portugal, namely to promote training courses for the network's experts.

The Banco de Portugal has issued new regulations aimed at implementing the provisions of the general regime for arrears prevention and management in consumer credit agreements<sup>2</sup>.

1. Decree-Law No. 70-B/2021 of 6 August 2021.

2. Notice of the Banco de Portugal No 7/2021, repealing Notice No. 17/2012, entered into force on 1 January 2022, and Instruction of the Banco de Portugal No 16/2021, repealing Instruction No 44/2012, entered into force on 15 January 2022.

## 2 Limits and prohibitions on commissioning

A set of rules strengthening bank customer rights in home loan and mortgage credit agreements, consumer credit agreements and payment services entered into force on 1 January 2021<sup>3</sup>.

In home loans and mortgage credit, opening a current account in an institution other than the lending institution was made easier, as the latter can no longer require that the current account linked to the credit agreement be held in the same institution.

Fees cannot be charged for processing instalments on home loan and mortgage credit agreements and consumer credit agreements concluded as of 1 January 2021. This prohibition covers situations where the institution itself is responsible for charging these fees, as well as situations where other entities are involved in the processing, irrespective of whether there is a relationship between these entities and the lending institution.

Institutions are now also required to provide their customers with a document free of charge extinguishing the mortgage or real guarantees within 14 working days of the credit agreement's date of expiry.

Charging fees for issuing debt statements requested by customers to have access to social support, social benefits and public services is now also prohibited up to a limit of six statements per year.

In consumer credit, charging fees for renegotiating loan terms is also prohibited, namely the spread or the duration of the credit agreement, which was already prohibited for renegotiating mortgage credit agreements.

Fees for transactions – such as cash withdrawals, payment of services or transfers – on or via payment applications operated by third parties (e.g. MBWay, GooglePay and ApplePay) have been limited. Bank customers are now exempt from fees for transactions that do not exceed one of the following limits: €30 per transaction, €150 transferred via the application over the course of one month or 25 transfers made per month. These limits are alternative and do not prevent institutions from establishing additional exemptions for transactions carried out via the payment applications they operate.

If these limits are exceeded, institutions may charge fees for such transactions. However, such fees may not exceed 0.2% or 0.3% of the transaction's value, depending on whether the transaction is carried out by means of a debit card or a credit card respectively.

The Banco de Portugal provided the market with a set of insights on these new rules<sup>4</sup>.

3. Law No. 57/2020 of 28 August 2020 and Law No. 53/2020 of 26 August 2020.

4. Circular Letter of the Banco de Portugal No CC/2021/00000016, available at <https://clientebancario.bportugal.pt/pt-pt/noticias/aplicacao-das-novas-regras-nos-servicos-minimos-bancarios-aplicacoes-de-pagamento-e> (in Portuguese only) and [https://www.bportugal.pt/sites/default/files/anexos/cartas-circulares/450742214\\_3.docx.pdf](https://www.bportugal.pt/sites/default/files/anexos/cartas-circulares/450742214_3.docx.pdf).



### 3 New rights in basic bank accounts

As of 1 January 2021, holders of basic bank accounts (BBAs) may make up to five transfers per month of up to €30 per transaction free of charge via payment applications operated by third parties<sup>5</sup>. Having made five transfers of €30, holders of BBAs may make another 25 transfers of up to €30 each free of charge using payment applications operated by third parties, provided these do not exceed a total of €150 per month<sup>6</sup>.

Following this expansion of BBA services, updates were made to the poster format and document template containing information on BBAs that institutions are required to provide<sup>7</sup>.

In situations where institutions refuse to open a BBA or switch from a current account to a BBA, they are now required to inform the party concerned of this refusal and the reasons behind it, identifying the mechanisms that the customer can use to respond, including lodging a complaint with the Banco de Portugal and using alternative dispute resolution procedures<sup>8</sup>.

The Banco de Portugal can sanction institutions that, within ten working days of the application to open a BBA or switch from a current account to a BBA, do not open or switch from said account or that, where the customer fails to comply with the legal requirements, do not inform them the application has been rejected.

### 4 Amendments to the framework for general contractual clauses

The legal framework for general contractual clauses<sup>9</sup> was amended twice in the course of 2021.

This framework is particularly important for retail banking markets, since the agreements used for offering deposits, credit agreements and payment services are generally based on clauses drawn up by the institutions without prior individual negotiation with customers, which the latter simply underwrite.

The first amendment established minimum conditions for the legibility of general contractual clauses by prohibiting the use of a font size below 11 or 2.5 millimetres and line spacing below 1.15<sup>10</sup>. This has been in force since August 2021.

The legislator also enhanced monitoring compliance with this legal framework by giving regulators or market surveillance authorities the power to monitor compliance with it, in addition to the intervention of judicial courts<sup>11</sup> and by considering the use of strictly prohibited general contractual clauses in agreements an administrative offence. This amendment entered into force on 28 May 2022.

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

6. Circular Letter of the Banco de Portugal No. CC/2021/00000016, available at <https://cliente.bancario.bportugal.pt/pt-pt/noticias/aplicacao-das-novas-regras-nos-servicos-minimos-bancarios-aplicacoes-de-pagamento-e> (in Portuguese only) and [https://www.bportugal.pt/sites/default/files/anexos/cartas-circulares/450742214\\_3.docx.pdf](https://www.bportugal.pt/sites/default/files/anexos/cartas-circulares/450742214_3.docx.pdf).

7. Instruction of the Banco de Portugal No. 28/2020.

8. Decree-Law No. 56/2021 of 30 June 2021.

9. Decree-Law No. 446/85 of 25 October 1985.

10. Law No. 32/2021 of 27 May 2021.

11. Decree-Law No. 109-G/2021 of 10 December 2021.

## 5 Regulation of credit servicers and purchasers

The Directive on credit servicers and credit purchasers was published on 8 December 2021<sup>12</sup>.

This Directive aims to provide greater protection to borrowers of credit agreements that have been assigned to entities other than credit institutions.

It is stipulated that entities that purchase credit originally issued by credit institutions must appoint an entity – a credit servicer – responsible for ensuring compliance with the rules that would have been applicable had the credit not been assigned, i.e. ensuring the neutrality of the assignment for the borrower.

To carry out this activity, a credit servicer must be authorised by the supervisory authority of a Member State, which depends on evidence of compliance with a set of requirements. The actions of credit servicers are now also subject to supervision.

As a general principle, credit servicers and purchasers must act in good faith, fairly and professionally in their relationship with borrowers, providing them with information that is not misleading, unclear, false or intimidating and protecting their personal data.

In addition, the Directive lays down a set of obligations that credit servicers and purchasers must fulfil. In particular, after the credit has been assigned and in advance of any debt collection, they are required to send a communication to the borrower with information on the date of assignment, the identification and contact details of the credit servicer and purchaser, the amounts due by the borrower at the time of the communication, and detailing what is due as capital, interests, fees and other permitted charges, inter alia.

The Directive must be transposed by Member States by 29 December 2023.

12. Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021.

## 6 Review of the Consumer Credit Directive

The European Commission presented a proposal for a new directive on consumer credits on 30 June 2021<sup>13</sup>.

The proposal provides for the new directive to apply to actors and credit agreements that fall outside the scope of the existing Directive. It is suggested that providers of crowdfunding credit services for consumers be covered by the new directive and that the provisions of this directive should apply to loan agreements below €200, interest free credit, all overdraft facilities and to leasing agreements that do not provide for an obligation to purchase.

The European Commission also proposes that the new directive contain provisions aimed at aligning the way information is provided to consumers through digital channels, such as pre-contractual information.

The European Commission's proposal provides that institutions are to assess the creditworthiness of consumers based on information on financial and economic circumstances that is necessary, sufficient and proportionate, laying down requirements for situations where institutions make use of automated mechanisms. It is explicitly established that, where the credit application is rejected, consumers have the right to request human intervention on the part of the creditor, obtain an explanation of the assumptions used and request a new assessment through human intervention.

The European Commission also proposes provisions requiring creditors to adopt policies and procedures to prevent and settle arrears and to ensure that consumers have access to debt management support and counselling services.

The European Commission's proposal will be analysed by the Council of the European Union and the European Parliament and a new directive on consumer credit should be adopted in 2022.

13. Available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2021:347:FIN>.

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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 Bank customer complaints
- 8 Supervisory activities and sanctioning of irregularities



# 1 Basic bank accounts

The Banco de Portugal conducted inspections to assess compliance with the obligations to disclose the possibility of switching from a current account to a basic bank account (BBA), the provision of information on BBAs on websites and the practices in place for offering this type of account.

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

## 1.1 Inspections

### 1.1.1 Disclosure of the possibility of switching from a current account to a BBA

... Inspections on the disclosure of the possibility of switching from a current account to a BBA covered the 100 institutions offering this account.

This assessment focused on:

- **Information in the current account statement** on the possibility of switching to a BBA.  
All the institutions assessed showed that they fulfilled this obligation.
- Sending the **BBA information document** and compliance with the standardised template set out for this document.  
Five institutions were found to have sent their customers an information document that did not follow the set template and the BBA information document provided by three institutions was outdated.

As a result of these inspections, eight specific orders were issued to remedy the irregularities identified in five institutions.

### 1.1.2 Provision of information on BBAs on websites

... Inspections on BBA information provided on websites covered the 100 institutions offering this account.

This assessment focused on information provided on websites on:

- The **conditions for access to and provision of BBAs and the procedures for access to alternative dispute resolution procedures**.  
The inspections identified irregularities on all websites analysed and a lack of legally required information.  
In addition, 79 institutions were found not to adequately highlight the BBA on their websites and information by four institutions on how to access alternative dispute resolution procedures related to BBAs was not easily accessible.

- The **products and services included in the BBA** and updating of information as a result of amendments to the applicable legislative framework<sup>1</sup>.

On the basis of information contained in the standard information sheets available on their websites, 86 credit institutions were found not to allow overrunning on a debit card linked to a BBA, prohibiting debit card transactions that are not processed in real time (off-line), such as toll or parking payments.

- The **cap on the annual amount of fees and charges on the BBA**.

Two institutions indicated that they charged fees for services that were already included in the BBA, namely banknote and coin deposits and cash withdrawals.

- **Consistency of information** disclosed in the information materials on BBAs provided to customers.

79 institutions were found to be inconsistent when providing information on the services included in the BBA and eight institutions were inconsistent when providing information on total annual charges on the BBA.

As a result of these inspections, 389 specific orders and 79 recommendations were issued to remedy the irregularities identified in 100 institutions.

### 1.1.3 Offering of BBAs

#### Inspections on the practices and procedures in place for offering BBAs covered another institution.

This assessment focused on:

- Compliance with the **conditions for access to the BBA**.

In some cases, in order to access the BBA, customers were required to provide additional documents or evidence beyond that set out by law. In other situations, institutions replied to the request for access after the 10-working day period set by law had elapsed.

- Compliance with the **fees and charges cap for providing a BBA**.

The Bank found situations of undue collection of fees for the use of services included in the BBA, such as the provision of a debit card or for carrying out interbank transfers via home banking.

- The **provision of a debit card linked to a BBA without restrictions on usage**, namely the possibility of using it abroad and off-line.

No irregular situations were detected.

- Compliance with the legal rule preventing **overrunning** in BBAs, except when using a debit card.

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

- **Compliance with the rules applicable to the closing of BBAs on the institution's initiative**. The Bank detected BBAs that were closed for reasons not set out in law, as well as other BBAs that were closed before the 60-day customer-notice period had elapsed. Irregularities were also identified in the information provided to customers on the closing of their BBA.

1. Further details on this amendment can be found in Chapter II of this report.



- **Compliance with the reporting requirements applicable to the BBA agreement.**

The BBA agreement was found not to provide specific information, namely on the conditions for termination, the fact that overdraft facilities were not allowed and on the situations in which overrunning was permitted.

- **Reporting to the Banco de Portugal.**

Inaccuracies were detected in the information on BBAs reported to the Banco de Portugal, specifically on closing them and on requests for access to the BBA that were rejected by the institution.

As a result of these inspections, 12 specific orders were issued to the institution in question to correct the irregularities identified.

## 1.2 Instances of non-compliance detected

Following inspections carried out on BBAs, 409 specific orders were issued to 100 institutions and 79 recommendations were issued to 79 institutions to correct irregularities detected.

**Table III.1.1 • BBAs | Specific orders and recommendations | 2021**

Topics inspected	Specific orders		Recommendations		Total	
	Number	Institutions covered	Number	Institutions covered	Number	Institutions covered
Provision of information on BBAs to current account holders	8	5	–	–	8	5
Provision of information on BBAs on websites	389	100	79	79	468	100
Practices in place for offering BBAs	12	1	–	–	12	1
<b>Total</b>	<b>409</b>	<b>(a)</b>	<b>79</b>	<b>(a)</b>	<b>488</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: 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. (a) In 2021 specific orders and recommendations were issued to 100 institutions.

## 2 Advertising

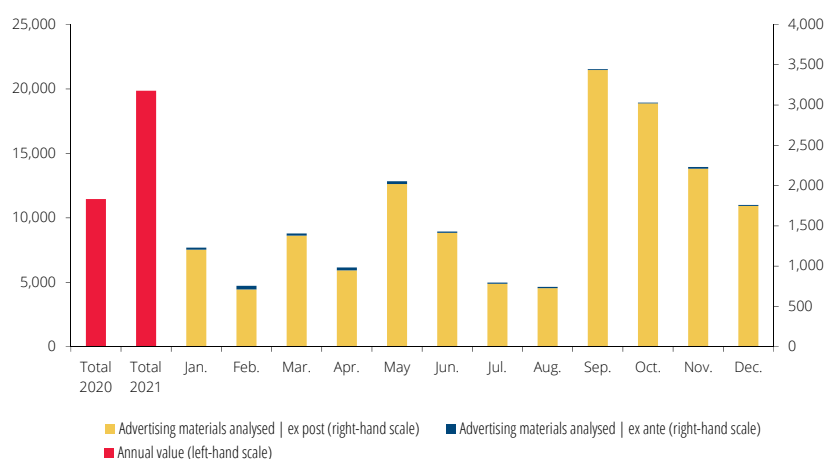
### 2.1 Analysis of advertising materials

19,857 institutional advertising materials and advertising materials for banking products and services offered by 54 institutions were analysed. Of these, 19,588 (98.6%) were analysed after being publicly disclosed (ex post), with the rest being requests for ex ante opinions by credit institutions (138) and advertising for structured deposits (131), subject by law to prior approval by the Banco de Portugal.

Advertising materials released by institutions rose by 73% from 2020.

The increase in advertising materials released by institutions over the course of the year, which was more concentrated between September and November, was mainly due to growth in digital advertising for personal and car loans and multi-product loans (package accounts) disseminated on websites, social media and mailings.

Chart III.2.1 • Advertising | Number of advertising materials monitored | 2020-21



Source: Banco de Portugal.

Most materials analysed refer to consumer credit products (71%), with particular emphasis on credit cards (45%). Advertising materials on car and personal loans grew the most compared to 2020 (both more than doubled).

Multi-product materials (where several products are advertised at the same time) saw a very sharp increase, essentially as a result of advertising for package accounts, which include a set of payment services linked to a current account.

In turn, institutional advertising, with a share of 9% of all materials analysed, increased by 52% from 2020.

... The number of advertising materials for products offered through digital channels was six times higher than in 2020.

Advertising materials for banking products and services offered through digital channels now account for 18% of all materials analysed (5% in 2020), mostly referring to personal credit products (35%) and package accounts (32%).

**Table III.2.1 • Advertising | Advertising materials monitored by type of product | 2020-21<sup>(a)</sup>**

Scope	2020		2021		Δ 2021-20
	Number	Weight	Number	Weight	
<b>Products and services</b>	<b>10,253</b>	<b>89.5%</b>	<b>18,026</b>	<b>90.8%</b>	<b>75.8%</b>
Consumer credit	8,485	74.1%	14,042	70.7%	65.5%
Credit card	6,142	53.6%	8,981	45.2%	46.2%
Car loans	627	5.2%	1,623	8.2%	158.9%
Personal loans	1,565	13.7%	3,292	16.6%	110.4%
Other	151	1.3%	146	0.7%	-3.3%
Bank deposits	325	2.8%	254	1.3%	-21.9%
Multi-product <sup>(b)</sup>	380	3.3%	2,387	12.0%	528.2%
Payment services	484	4.2%	729	3.7%	50.6%
Corporate credit	371	3.2%	366	1.8%	-1.4%
Mortgage credit	208	1.8%	248	1.3%	19.2%
<b>Institutional</b>	<b>1,202</b>	<b>10.5%</b>	<b>1,831</b>	<b>9.2%</b>	<b>52.3%</b>
<b>Total</b>	<b>11,455</b>	<b>100.0%</b>	<b>19,857</b>	<b>100.0%</b>	<b>73.4%</b>
<i>Memo item</i>	-	-	-	-	-
Products offered through digital channels	581	5.1%	3,485	17.6%	500%

Source: Banco de Portugal. | Note: The number of materials analysed in 2020 was revised downwards from 11,487 to 11,455. (a) Totals in the table may not add up due to rounding. (b) Includes advertising materials for one or more banking products and services, namely for package accounts.

In the most widely used means of dissemination, there was a sharp increase in resources associated with websites and social media (which together more than tripled) and mailings. The internet (32%) and mailings (22%) now account for more than half of the advertising materials analysed. Indoor posters accounted for 22% of the total.

The internet is the most frequently used medium to disseminate multi-product campaigns (67%), closely followed by payment services campaigns (49%). In turn, mailings have a significant share across all product types and are more prevalent in corporate credit (29%).

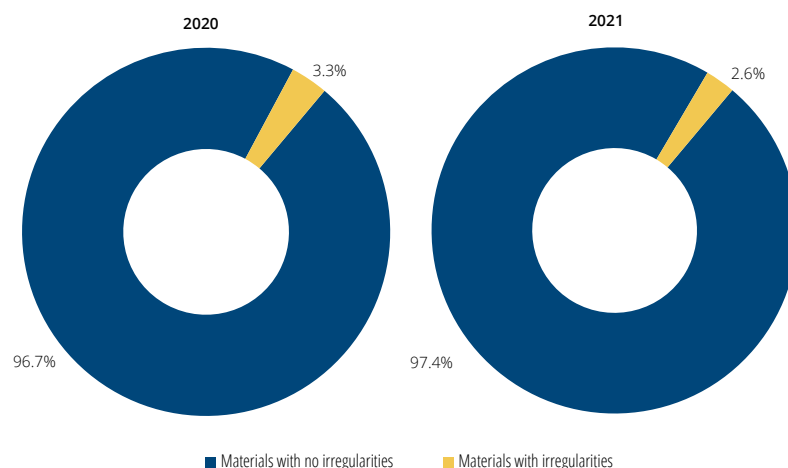
The strong increase observed in materials advertised via the mobile channel led to mobile applications being responsible for 5% of advertising materials, particularly for payment services (13%).

Use of traditional means of dissemination (television, press and radio) decreased sharply compared to 2020, accounting for only 6% of all materials analysed. These means were namely used to disseminate institutional advertising (36%).

## 2.2 Instances of non-compliance detected

When analysing advertising campaigns after they were disclosed to the public, the Banco de Portugal identified irregularities in 518 cases (2.6% of the total), 118 of which related to products and services offered through digital channels (3.4% of the materials analysed).

**Chart III.2.2 • Advertising | Percentage of advertising materials with irregularities | 2020-21**

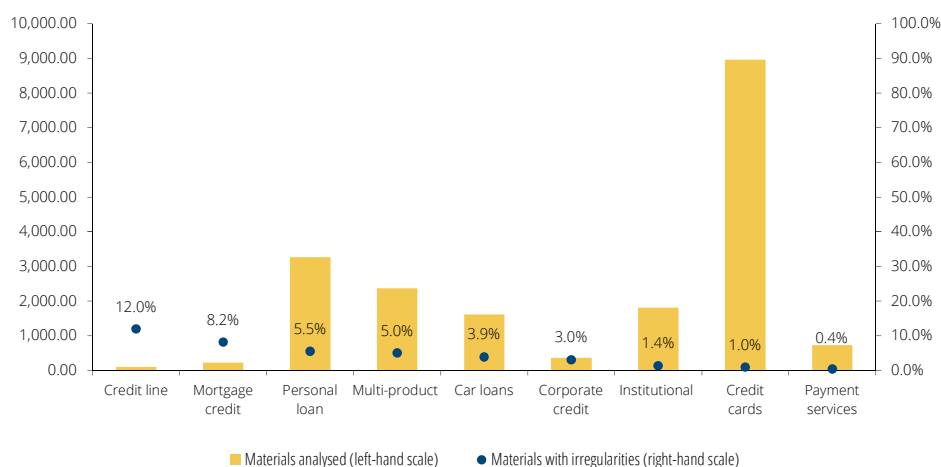


Source: Banco de Portugal.

Defaults were more frequent in advertising campaigns for credit lines and home loans (12% and 8.2% respectively), although these campaigns have a relatively low number of materials. The main irregularities identified in these campaigns were the provision of incomplete information on the product, distorting the facts, in the first case, and omission or lack of prominence of the credit cost measure (APRC) and dissemination of the message for an insufficient period of time, in the second case.

Defaults were more frequent in advertising materials for credit lines and home loans.

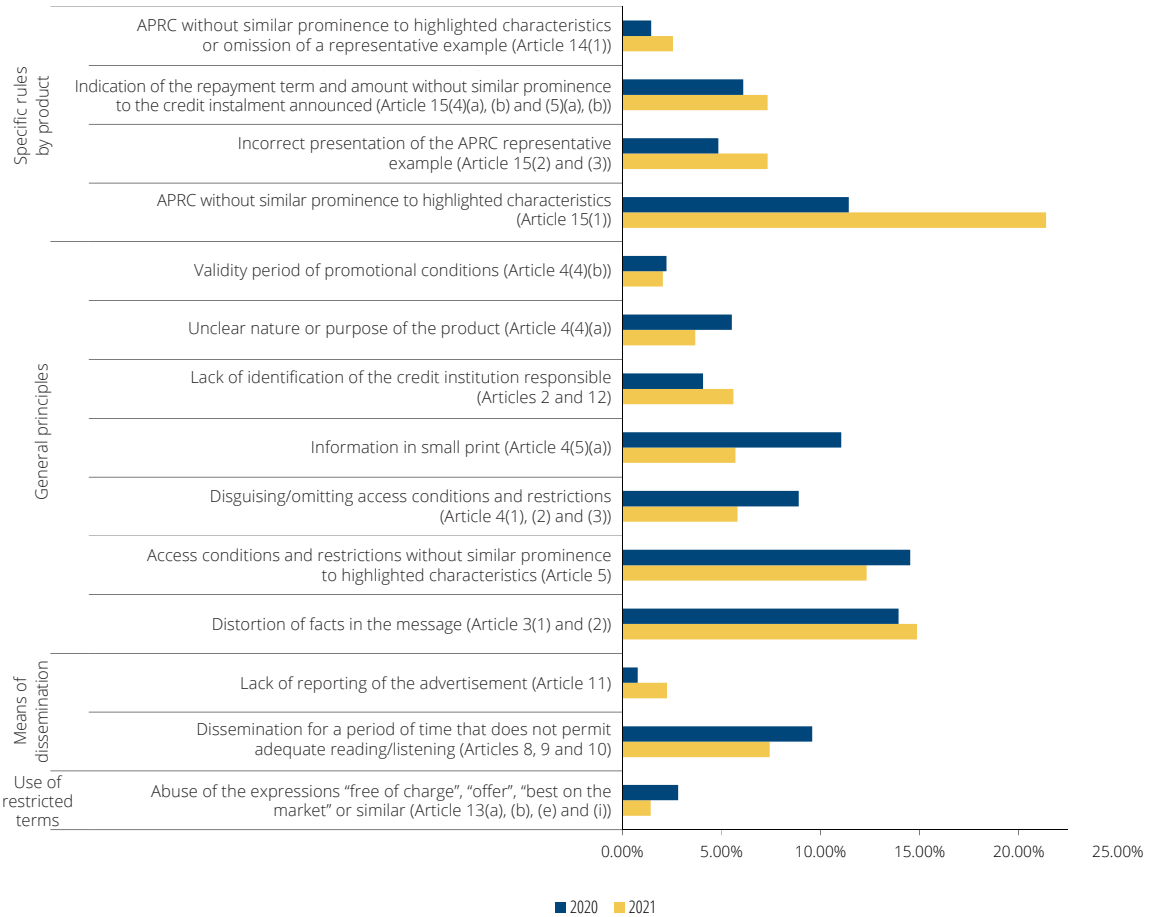
**Chart III.2.3 • Advertising | Percentage of non-compliant advertising materials by type of product | 2021**



Source: Banco de Portugal.

In all the advertising materials analysed, the most frequent irregularities detected were in the presentation of the cost measure (APRC) of consumer credit products and in access conditions and restrictions without giving similar prominence to the highlighted characteristics of these products, as well as in the dissemination of incorrect or incomplete information on the characteristics of products and services, which may result in the distortion of facts in the advertising message.

**Chart III.2.4 • Advertising | Main instances of non-compliance with Notice No 10/2008 | 2020-21**



Source: Banco de Portugal.

As a result of the Banco de Portugal's supervisory action, 110 specific orders and 12 recommendations were issued to the 36 institutions responsible for the 518 advertising materials that were non-compliant with the applicable legal and regulatory rules.

**Table III.2.2 • Advertising | Specific orders and recommendations | 2021**

Topics	Number	Corrected advertisements	Institutions covered
<b>Products and services</b>	<b>113</b>	<b>494</b>	<b>33</b>
Corporate credit	6	12	5
Consumer credit	88	353	26
Mortgage credit	6	27	5
Multi-product	10	99	7
Payment services	3	3	3
<b>Institutional</b>	<b>9</b>	<b>24</b>	<b>9</b>
<b>Total</b>	<b>122</b>	<b>518</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: (a) In 2021 specific orders and recommendations were issued to 36 institutions.

## 3 Current accounts

The Banco de Portugal carried out inspections to assess the information provided to bank customers on the fees applied to their current account and payment services linked to that account.

For this purpose, it monitored compliance with the obligations to send the statement of fees and to provide the fee information document (FID), the use of harmonised terminology for identifying and naming the most representative services associated with payment accounts, and compliance with the obligation to make a glossary available on their websites, describing the harmonised terminology.

It also monitored whether the institutions made the standardised information sheets (SIS) relating to current accounts subject to disclosure available on their websites.

### 3.1 Inspections

#### 3.1.1 Provision of the statement of fees

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

This inspection assessed:

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

All institutions sent the annual statement of fees to the holders of all current accounts within the deadline.

- Compliance with the template set out by the European Commission for the statement of fees and with the appropriate requirements for filling it out.

Most of the institutions inspected were found non-compliant, as they failed to fully comply with the requirements of the relevant template. Among the irregularities detected, the most noteworthy were non-specification of the channels used for the provision of the services and the fact that the services and fees shown in the statement of fees did not fully correspond to the services actually used by customers and the fees charged.

- Compliance with the recommendations issued by the Banco de Portugal for providing the statement of fees through digital channels.

A total of 82 institutions were identified as not having completely adhered to these best practices.

Following this inspection, 118 specific orders and 87 recommendations were issued to 112 institutions.

### 3.1.2 Provision of FIDs

#### Inspection of the information provided in FIDs covered 111 institutions.

This inspection assessed:

- FIDs relating to the offering of current accounts available on the websites.

Irregularities were identified in 17 institutions. Among the irregularities detected, the most noteworthy was the non-availability of such FIDs on the websites and the fact that they were presented in a non-prominent place.

- FIDs' compliance with the format harmonised at the European level.

A total of 106 institutions that provided FIDs were identified as not being fully compliant with the standardised format at the European level.

The main failures identified were: failure to list all the services included in the list of the most representative services, failure to specify the channels and charging conditions for each service, the provision of incomplete information in "package accounts" and failure to comply with the standards for highlighting the information on the services and fees charged.

Following this inspection, 228 specific orders were issued to 110 institutions to correct the irregularities detected.

### 3.1.3 Use of harmonised terminology

#### Inspection of the use of harmonised terminology covered 118 institutions.

This inspection assessed whether the institutions were using terminology harmonised at the European level to identify and name the most representative services associated with payment accounts in the statements of fees, in the current account statements and in the glossary.

Although most institutions adopted harmonised terminology in the statement of fees (only eight institutions showed irregularities in this regard), this was not the case of the statements of current accounts, with irregularities being identified in 106 institutions.

The glossary provided by seven institutions also failed to comply with the harmonised terminology.

Following this inspection, 113 specific orders were issued to 108 institutions to correct the irregularities detected.

### 3.1.4 Provision of the glossary

#### Inspection of the provision of the glossary on websites covered 111 institutions.

This inspection assessed whether institutions made a glossary available on their websites containing the terms and definitions used to provide information on the most representative services linked to payment accounts.

Four institutions were found to have not made the glossary available on their websites. In addition, six institutions presented the glossary under conditions that did not ensure direct access by bank customers to that document.

Following this inspection, ten specific orders were issued to ten institutions to correct the irregularities detected.

### 3.1.5 Provision of SIS

#### Inspection of the provision of SIS of current accounts covered 111 institutions.

This inspection assessed the provision of the SIS relating to current accounts disclosed on the institutions' websites.

Three institutions were found to have not provided the SIS in a place of direct access from the websites on which the current accounts were disclosed.

Following this inspection, three specific orders were issued to three institutions to correct the irregularities detected.

## 3.2 Non-compliance detected

As a result of inspections carried out on bank deposits, 559 specific orders and recommendations were issued to 117 institutions to correct the irregularities detected.

**Table III.3.1 • Bank deposits | Specific orders and recommendations | 2021**

Inspected topics	Specific orders		Recommendations		Total	
	Number	Institutions covered	Number	Institutions covered	Number	Institutions covered
Provision of the statement of fees	118	112	87	86	205	112
Provision of FID	228	110	–	–	228	110
Use of harmonised terminology for the provision of information on fees	113	108	–	–	113	108
Provision of the glossary	10	10	–	–	10	10
Provision of SIS	3	3	–	–	3	3
<b>Total</b>	<b>472</b>	<b>(a)</b>	<b>87</b>	<b>(a)</b>	<b>559</b>	<b>(a)</b>

Source: Banco de Portugal. Note: 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) In 2021, specific orders and recommendations were issued to 117 institutions.



## 4 Structured deposits

Institutions offering structured deposits are required to notify the Banco de Portugal of the respective Key Information Document (KID) at least two working days prior to the date they start offering such deposits to the public. The Banco de Portugal takes action in situations where a breach of the applicable legal and regulatory provisions is identified, by requesting the institutions to modify the KID.

### 4.1 Analysis of KIDs

The KIDs of 52 structured deposits submitted by five institutions were analysed in order to assess their compliance with the applicable legal and regulatory provisions and the accuracy of the quantitative information provided (risk and cost indicators and performance scenarios)<sup>2</sup>.

∴ Changes were requested to the KIDs of 31 structured deposits.

The KIDs complying with the applicable legal and regulatory requirements were published on the Bank Customer Website.

### 4.2 Yield monitoring

The Banco de Portugal monitored the yield rates of the 76 deposits that matured in 2021, 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.

As a result of the monitoring of the yields on the 76 matured deposits, they were disclosed on the Bank Customer Website, as usual.

**Table III.4.1 • Structured deposits | Yields monitored | 2020-2021**

	2020		2021	
	Matured	Entities covered	Matured	Institutions covered
Structured	99	10	76	9
Dual	–	–	–	–
Fixed component	1	1	0	0
Index-linked component	6	2	0	0
Total	106	10	76	9

Source: Banco de Portugal.

2. The characteristics of the structured deposits traded by credit institutions in 2021 are analysed in the *Mercado dos depósitos estruturados 2021* (Market for structured deposits 2021), available on the Bank Customer Website (<https://cliente.bancario.bportugal.pt/en>) (in Portuguese only).

## 5 Consumer credit

The Banco de Portugal continued to monitor compliance with the ceilings on the annual percentage rate of charge (APRC), both in the context of inspections and by analysing the information on new consumer credit agreements concluded, as reported monthly by the institutions.

The supervisory activities carried out in 2021 also included monitoring compliance of the contractual provisions governing cross-selling practices with the law, by analysing the draft agreements.

The Banco de Portugal also monitored the offering of consumer credit products through digital channels, by assessing, in various inspections, the contracting procedures and information provided to the customer. Inspections were also carried out to assess institutions' practices to enter into an agreement and during the lifetime of agreements involving personal credit and current account, credit cards, credit lines and overdraft facilities, as well as to monitor the institutions' activities in preventing and managing arrears on personal credit agreements.

### 5.1 Analysis of the information reported on agreements

The analysis of information on new consumer credit agreements concluded, as reported monthly by the institutions made it possible to identify signs of non-compliance with the APRC cap in 16 agreements concluded by four institutions, which were requested to provide information on this situation.

The clarifications provided are being analysed by the Banco de Portugal.

### 5.2 Analysis of draft credit agreements

By analysing draft personal credit agreements, car loans, credit cards and overdraft facilities, the Banco de Portugal monitored compliance of the contractual provisions with the law, which are commonly used by institutions regarding the cross-selling of credit products. In particular, it was assessed whether the draft contracts included clauses which, in breach of the law, made the conclusion or renegotiation of consumer credit agreements dependent on the purchase or maintenance of other financial products or services, in particular the current account.

Following the assessment, which involved clauses from 147 draft credit agreements of 97 institutions, the Banco de Portugal issued 81 specific orders to 81 institutions, urging them to stop using clauses making the granting of credit dependent on the opening or maintenance of a current account with the lending institution.

### 5.3 Inspections

#### 5.3.1 Website information on the personal credit, car loans and credit cards

⋮ Inspections on the information provided on the websites on the  
⋮ personal credit, car loans and credit cards covered 100 institutions.

Information published on the websites for three personal credit agreements, four car loans and twenty-two credit cards was analysed and assessed:

- Information provided on the characteristics of credit products.

99 institutions should improve the general information on the credit products they offer. It was noted that the information provided failed to adequately specify the characteristics and charges associated with the products and that the information on the charges on the offered products was not presented with similar prominence to that of information on the product's benefits.

Thirteen institutions failed to explain the meaning of abbreviations used in the information presented to describe the characteristics of credit products (e.g. ANR or APRC) and two institutions referred part of the description of these features to other websites or other locations on the same website, by means of hyperlinks that were not working properly.

- **Ease of access to and download of general information** on the products offered through digital channels: 84 institutions were found to have not provided the SIS for the products presented on their websites and such information was not easily accessible in one institution.
- **Information provided on the cost of credit**, 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.

One of the institutions was found to have reported misleading information on the cost of credit by providing information on two different APRCs for the same credit product.

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

Two institutions assumed the financing of credit-related charges without the customer's express request.

- How the options on the **conditions for credit products** are presented to the customer, by assessing whether selected default options or graphical elements were used, which induced the customer to choose a particular option.

Seven institutions were found to have presented default options regarding the amount of credit, the repayment term and the purchase of insurance together with credit agreements. In addition, one institution failed to inform the customer that the latter could choose to take out equivalent insurance from an insurance company of the customer's choice.

- **Calculation of the APRC and compliance with the cap** set for the relevant credit category.

The APRC presented by four institutions failed to reflect the total cost of the credit because it did not include all legally due charges in the calculation.

- **Use of harmonised terminology in the provision of information on fees and commissions.**

Six institutions failed to use harmonised terminology to identify the fees associated with the provision of a credit card.

Following these inspections, 19 specific orders and 235 recommendations were issued to 100 institutions to correct the irregularities detected.

### 5.3.2 Offering through digital channels

#### Inspection of the offering of credit through digital channels covered 83 credit institutions.

The Banco de Portugal analysed the offering processes for eleven personal credit products, one car loan and eight credit cards and assessed:

- **Compliance with pre-contractual and contractual information obligations and the provision of mechanisms to ensure an adequate visualisation and reading of these documents.**

Irregularities were detected in the information contained in the SIS provided by 76 institutions, in particular as regards the charges due in the event of default and the collection of charges in case of arrears.

All the institutions analysed included scroll-down mechanisms for the presentation of the pre-contractual and contractual documentation.

- **Compliance with the obligation to inform the customer on the reasons for credit denial**, where such denial was based on information consulted in databases, namely credit liabilities databases.

80 institutions, despite informing the customer of the reasons for credit denial, failed to present the information contained in those databases.

- **Information provided on the characteristics of credit products.**

Three institutions failed to ensure adequate prominence to information on the characteristics of credit products.

- **How options on credit product conditions are presented to bank customers**, by checking whether they are really an option and result from the customer's express choice.

Three institutions presented relevant credit options selected by default, such as amounts and maturity (in the case of personal loans and car loans), the date and the percentage of payment of the credit card and optional insurance.

- **The provision of mechanisms allowing the customers to exercise their right to freely terminate the agreement and to early repayment through digital channels** to ensure that those rights can be exercised as easily and appropriately as the credit agreement is concluded.

One institution failed to provide mechanisms that would allow the customers to exercise their rights to freely terminate the agreement and to early repayment. The draft credit agreements of two institutions failed to fully reflect all the procedures and mechanisms available to the customer for exercising the rights to freely terminate the agreement and to early repayment.

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

A set of credit products was offered under a particular brand; however, without the institution responsible for these products being identified with similar prominence.

Following these inspections, 245 specific orders and 22 recommendations were issued to 80 institutions to correct the irregularities detected.

### 5.3.3 Contracting practices and lifetime of agreements

... Inspections on the contracting practices and lifetime of personal loan and current account agreements, credit cards, credit lines and overdraft facilities covered 81 institutions.

This inspection assessed:

- **How options on the credit product conditions are presented to customers.**

76 institutions failed to adequately ensure that customers would express their intention on the options available for setting the credit product conditions.

- **Compliance with the obligation to assess the customer's creditworthiness.**

Two institutions failed to assess the creditworthiness of bank customers prior to the conclusion of the credit agreement.

In addition, 78 institutions failed to provide full information to customers in situations where credit was denied based on information available in credit liabilities databases, in particular, because they failed to provide them with the information contained in such databases.

- **Compliance with the pre-contractual and contractual information obligations.**

Irregularities were detected in 80 institutions related to the failure to provide pre-contractual information to customers and the inaccuracy of the information provided regarding the characteristics of the credit operation, such as the type of credit, the ANR or APRC.

- **Procedures for drawing up credit agreements and the information provided in the agreement in this regard.**

Two institutions considered as date of the conclusion of credit agreements a point in time where the customer or institution had not yet expressed its agreement with all contractual conditions.

In addition, the description of the contracting process contained in the loan agreements used by three institutions was not complete, in particular with regard to the stages of the process and the date of conclusion.

- **Compliance with the APRC upper limits.**

A total of 78 institutions concluded credit agreements with the APRC above the maximum limit in force.

- **Interest rate and compensatory interest charged to borrowers.**

It was found that 78 institutions have charged undue interest to their borrowers, namely as a result of the application of a higher interest rate than the contracted interest rate.

- **Compliance with information obligations during the lifetime of consumer credit agreements.**

Irregularities were detected in 78 institutions related to omissions and inaccuracies in the information provided in the statements for consumer credit agreements regularly sent to the customers.

- **Reporting to the Banco de Portugal.**

Omissions and inaccuracies were identified in the information reported to the Banco de Portugal by 79 institutions.

Following these inspections, 1,515 specific orders were issued to 81 institutions to correct the irregularities detected.

#### **5.3.4 Management of arrears on the personal credit loans**

#### **Inspection of the management of arrears on the personal credit loans covered 84 institutions.**

This inspection assessed:

- **Compliance with the rules applicable to the integration of credit agreements into the OASP and the termination of that procedure.**

Two institutions failed to report the existing arrears to the customers within 15 days of the maturity of the relevant instalment and one institution failed to take steps to determine the causes of such arrears.

Irregularities were detected in 81 institutions in the calculation of deadlines for integrating credit agreements into the OASP, and three institutions improperly terminated the OASP. Irregularities in two institutions were also detected regarding the communications sent to customers to inform them of the integration into the OASP and the termination of that procedure.

- **Compliance with the prohibition of charging fees due to the renegotiation of credit conditions.**

Two institutions charged fees during an OASP for analysing and formalising settlement solutions for credit agreements in arrears, and 80 institutions charged fees for the early repayment of credit agreements that have been refinanced and consolidated.

- **Compliance of the procedures adopted by institutions for submitting proposals for the settlement of arrears during an OASP with the applicable legal rules.**

81 institutions failed to submit proposals or settlement agreements to customers in situations where customers were financially able to meet their obligations under their credit agreements.

Gaps were found in the information provided by 81 institutions to the customers on the proposed settlements of outstanding amounts.

It is also found that 76 institutions were not applying the consumer credit regime to credit agreements intended to address arrears under an OASP.

- **Reporting to the Banco de Portugal of agreements concluded as part of settlement solutions for arrears and that fall within the scope of the consumer credit regime.**

80 institutions failed to report to the Banco de Portugal the total amount of agreements concluded as part of settlement solutions for arrears, which fall within the scope of the consumer credit regime.

- **Compliance with the rules applicable to the termination of consumer credit agreements.**

Two institutions inappropriately terminated credit agreements during an OASP and one institution terminated credit agreements for arrears without complying with the legal requirements in force.

In 79 institutions, there were calls for payment prior to the forfeiture of the term or the termination of the agreement which failed to comply with the applicable rules, as they failed to provide information about the details of the values required from customers.

77 institutions failed to provide the customers with information in a durable medium on the termination of the contract, and in 80 institutions there were deficiencies in the information provided in the communication on termination of the agreement.

Following this inspection, 1,215 specific orders and 160 recommendations were issued to 84 institutions to correct the irregularities detected.

### **5.3.5 Charging of arrears interest and other costs associated with defaulting overdraft facilities and credit overrunning**

#### **Inspections of the application of the arrears regime to overdrafts facilities and overrunning covered 76 institutions.**

This inspection assessed compliance with the provisions applicable to the calculation of arrears interest, the capitalisation of due and unpaid compensatory interest, and the charging of fees or other costs in case of default.

In cases where the amounts used from an overdraft facility and their compensatory interest are not settled as contractually agreed, all the 76 institutions subject to inspection converted such amounts into credit overrunning, a situation which was considered to be irregular based on the law.

In addition, all the 76 institutions subject to inspection capitalised due and unpaid compensatory interest for a period of less than one month, a practice which is not in line with the law.

Following this inspection, 532 specific orders were issued to 76 institutions to correct the irregularities detected in the application of the arrears regime.

## 5.4 Non-compliance detected

Following the monitoring and inspection of consumer credit agreements, 3,607 specific orders and 417 recommendations were issued to 105 institutions.

**Table III.5.1 • Consumer credit | Specific orders and recommendations | 2021**

Inspected topics	Specific orders		Recommendations		Total	
	Number	Institutions covered	Number	Institutions covered	Number	Institutions covered
Contractual provisions on cross-selling	81	81	–	–	81	81
Website information on the personal credit, car loans and credit cards	19	9	235	100	254	100
Offering consumer credit agreements through digital channels	245	80	22	4	267	80
Contracting practices and lifetime of the credit agreements	1,515	81	–	–	1,515	81
Practices adopted for managing arrears	1,215	84	160	82	1,375	84
Application of the arrears regime	532	76		–	532	76
<b>Total</b>	<b>3,607</b>	<b>(a)</b>	<b>417</b>	<b>(a)</b>	<b>4,024</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: 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) In 2021, specific orders and recommendations were issued to 105 institutions.

## 6 Home loans and mortgage credit

The Banco de Portugal monitored how institutions implemented the **legal rule that forbids the opening or maintenance of a current account** with the lending institution as a condition for granting or renegotiating home loans and mortgage credit agreements. For this purpose, the Bank analysed draft agreements and the information provided on the websites about any cross-selling of these credit products.

In addition, one inspection assessed compliance with the rules applicable to the charging of arrears interest and other costs in case of arrears in home loans and mortgage credit.

### 6.1 Analysis of draft credit agreements

Through the analysis of draft home loans and mortgage credit agreements and under the cross-selling regulation, the Bank assessed whether clauses were used that made the conclusion or renegotiation of credit agreements dependent on the opening or maintenance of a current account with the lending institution, in breach of the law.

Following the assessment, which involved clauses from 51 draft credit agreements of 86 institutions, the Banco de Portugal issued 83 specific orders to 83 institutions, urging them to stop using clauses making the granting of credit dependent on the opening or maintenance of a current account with the lending institution<sup>3</sup>.

## 6.2 Inspections

### 6.2.1 Website information on the opening or maintenance of a current account in connection with home loans and mortgage credit

... Inspection of the website information on the opening  
... or maintenance of a current account in connection with  
... home loans and mortgage credit covered 86 institutions.

This inspection assessed **compliance with the legal rule that forbids the opening or maintenance of a current account** with the lending institution as a condition for granting or renegotiating home loans and mortgage credit agreements.

The information provided on the websites of 83 institutions failed to comply with the relevant legal rule. Thus, 166 specific orders were issued to 83 institutions to correct the irregularities detected.

### 6.2.2 Charging of interest and other costs in case of arrears

... Inspection of practices of charging interest and other costs in case  
... of arrears covered 99 institutions.

This inspection assessed the **application of arrears interest and other costs in case of default in home loans**.

80 institutions included in their credit agreements clauses that provided for the possibility of not applying the interest rate subsidy linked to the acquisition of other products or services if the borrowers fail to fulfil their obligations. This practice is contrary to the prohibition on charging fees or other amounts on the grounds of arrears, in addition to arrears interest and the fee for the recovery of outstanding amounts.

Following this inspection, 160 specific orders were issued to 80 institutions to correct the irregularities detected.

## 6.3 Non-compliance detected

Following the monitoring and inspection of home loans and mortgage credit agreements, 409 specific orders were issued to 86 institutions.

3. Further details on the relevant legal prohibition can be found in Chapter II of this Report.



**Table III.6.1 • Home loans and mortgage credit | Inspections | 2021**

Inspected topics	Specific orders	
	Number	Institutions covered
Contractual provisions on cross-selling	83	83
Website information on the opening or maintenance of a current account in connection with home loans	166	83
Charging of interest and other costs in case of arrears	160	80
Total	409	(a)

Source: Banco de Portugal. | Note: 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. (a) In 2021, specific orders were issued to 86 institutions.

## 7 Bank customer complaints

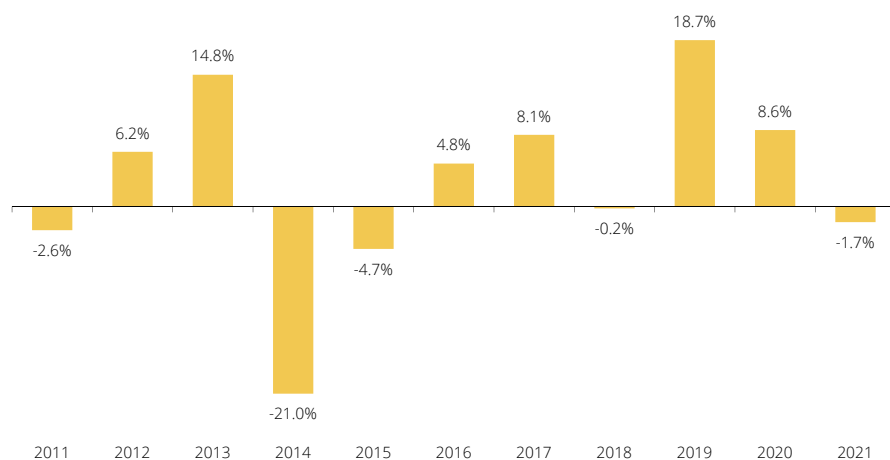
### 7.1 Analysis of developments

The Banco de Portugal received 19,332 complaints about matters that fall within the Bank's remit, averaging 1,610 complaints per month, down 1.7% from 2020.

This was caused by a reduction in the number of complaints associated with the implementation of COVID-19 pandemic mitigation measures, notably in matters related to the application of credit moratoria. Excluding these topics, the number of complaints received grew by 4.6% in comparison to 2020. The increase in consumer credit complaints was noteworthy, mainly concerning credit cards.

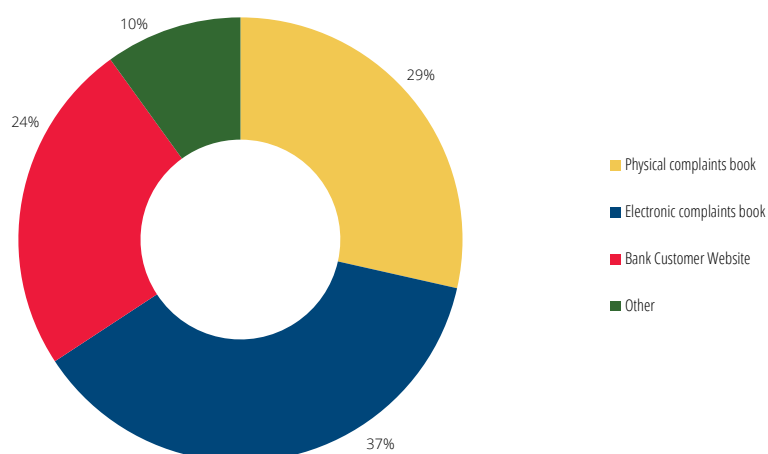
The electronic complaints book (e-platform "Livro de Reclamações") was the channel most used by bank customers (37.2% of complaints), followed by the physical complaints book available at institutions' branches (28.5%) and by the Bank Customer Website (24.3%). The importance of the electronic complaints book and the Bank Customer Website increased in 2021 during the pandemic, due to the increase in the number of complaints filed through these channels (up 0.8% and 1.2% respectively, compared to the total figures for 2020) and to the decrease in the number of complaints received through the physical complaints book (4.6% less than in 2020). Bank customers also send complaints through other channels (by email or letter for example), accounting for around 10% of total complaints received in 2021.

**Chart III.7.1 • Complaints | Developments in the monthly average number of complaints**  
| 2011-21



Source: Banco de Portugal.

**Chart III.7.2 • Complaints | By origin (per cent) | 2021**



Source: Banco de Portugal. | Note: Figures refer to complaints about banking products and services. In 2021, complaints totalling 2,657 were also received that 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.

As in previous years, consumer credit, bank deposits, and home loans and mortgage credit were the products with the highest number of complaints (which combined accounted for 70.1% of total complaints), reflecting the relative importance of these markets.

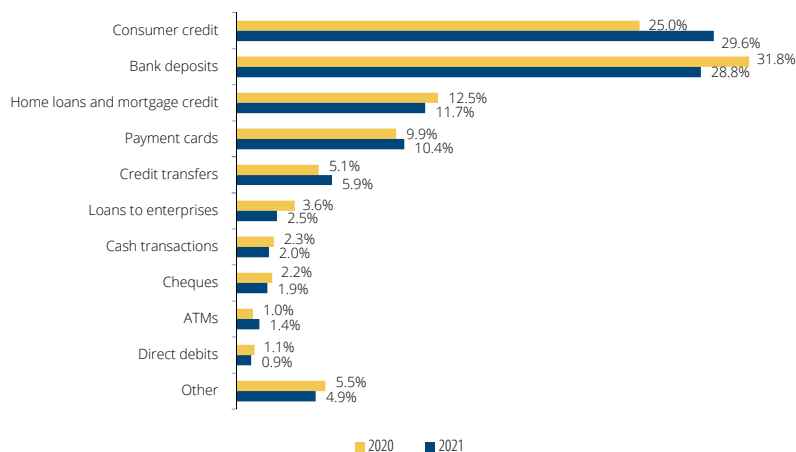
Analysing developments in complaints by product and service must take into account the size of the underlying market, with it being necessary to treat the number of complaints in relative terms.

**Table III.7.1 • Complaints | Number of complaints by banking product and service | 2020-21**

Products and services <sup>(a)</sup>	Absolute values			Relative values <sup>(b)</sup>			
	2020	2021	Annual Δ	2020	2021	Δ	Reference unit
Consumer credit	4,916	5,724	16.4%	40	45	13.0%	100,000 agreements
Bank deposits	6,242	5,570	-10.8%	34	30	-10.8%	100,000 accounts
Home loans and mortgage credit	2,462	2,255	-8.4%	119	111	-6.8%	100,000 agreements
Payment cards	1,951	2,017	3.4%	86	87	0.7%	million cards
Credit transfers	1,000	1,132	13.2%	52	53	1.8%	10 million transfers
Loans to enterprises	713	482	-32.4%	65	42	-34.5%	100,000 agreements
Cash transactions	448	381	-15.0%	126	104	-17.2%	100 million transactions
Cheques	437	372	-14.9%	26	27	4.5%	million cheques
ATMs	191	278	45.5%	122	180	48.3%	10,000 ATMs
Direct debits	222	174	-21.6%	102	77	-24.9%	100 million transactions
Other	1,078	937	-13.1%	–	–	–	–
<b>Total</b>	<b>19,660</b>	<b>19,322</b>	<b>-1.7%</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 comparing each matter are specified in the Annex on Methodological notes for calculating which institutions received most complaints in the 2020 Banking Conduct Supervision Report.

**Chart III.7.3 • Complaints | Product and service subject to complaint (per cent) | 2020-21**



Source: Banco de Portugal.

In 2021, no signs of breaches by the targeted institution were detected in around 61.7% of the complaints closed (61.1% in 2020). The institutions resolved the complaint despite the fact that there were no indications of infringement in 34.8% of closed complaints<sup>4</sup>. The Banco de Portugal found irregularities in 3.5% of closed complaints. In these cases, the Banco de Portugal adopted appropriate supervisory measures by issuing specific orders or initiating administrative sanctioning proceedings<sup>5</sup>.

4. The type of results described here refer to complaints that fall within the 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.

5. Detailed information on incidences of non-compliance detected and the measures taken by the Banco de Portugal following the analysis of these complaints are in point 7.3 of this chapter.

Complaints took, on average, 50 days to close, compared to 48 days in 2020. Complaints lodged directly with the Banco de Portugal took, on average, 65 days to close (68 days in 2020), while for complaints submitted through the complaints book at the institution's branch the average was 31 days (36 days in 2020) and for those submitted through the electronic complaints book the average was 47 days (38 days in 2020)<sup>6</sup>.

## 7.2 Matters subject to the most complaints

This section focuses on the matters subject to the most complaints in 2021, disregarding the result of analysing those complaints. Consumer credit was the object of the most complains, in particular credit cards, followed by current accounts, especially constraints to transactions on current accounts.

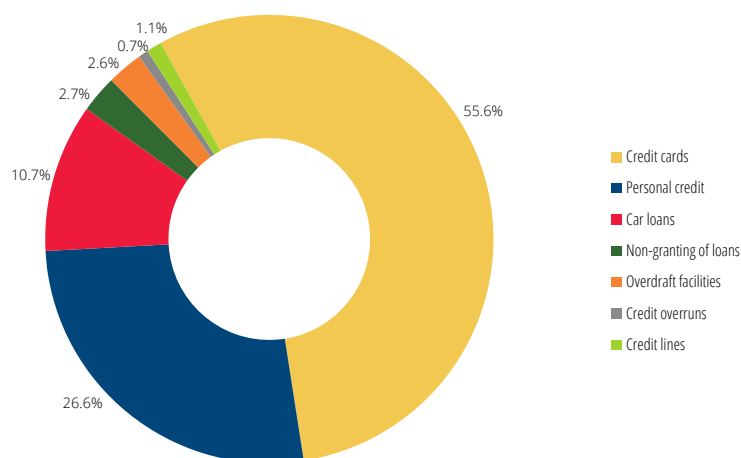
Complaints regarding credit moratoria in the context of the COVID-19 pandemic were examined in Chapter I.

### 7.2.1 Consumer credit

The Bank received 5,724 complaints on consumer credit, a 16.4% increase compared to 2020. 2.3% of these complaints concern credit moratoria in the context of the COVID-19 pandemic.

As regards the distribution of consumer credit complaints by type of product, credit cards were the product with the highest number of complaints (55.6%), followed by personal credit (26.6%) and car loans (10.7%).

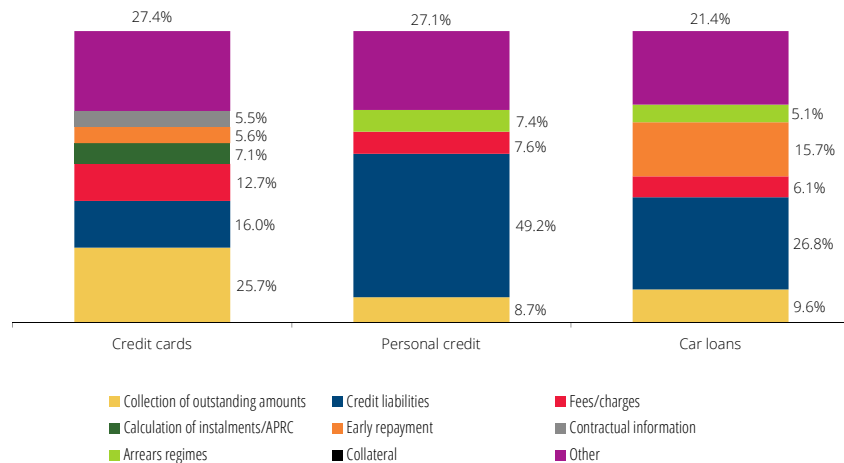
Chart III.7.4 • Complaints | Consumer credit products | 2021



Source: Banco de Portugal.

6. The channels used to submit complaints to the Banco de Portugal have different deadlines for analysis, arising from different applicable rules and procedures depending on whether the complaint is lodged directly with the Bank or recorded in the physical or electronic complaints book of a credit institution. The average period for the analysis includes the time of analysis of the complaint by the Banco de Portugal and the institution object of complaint. The Banco de Portugal must always hear the institution subject to complaint, hence the average period for analysing a complaint depends on the institution's reply and on how long the institution takes to do so.

Chart III.7.5 • Complaints | Credit cards, personal loans and car loans<sup>(a)</sup> | 2021



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

The most frequent consumer credit complaints<sup>7</sup> were about:

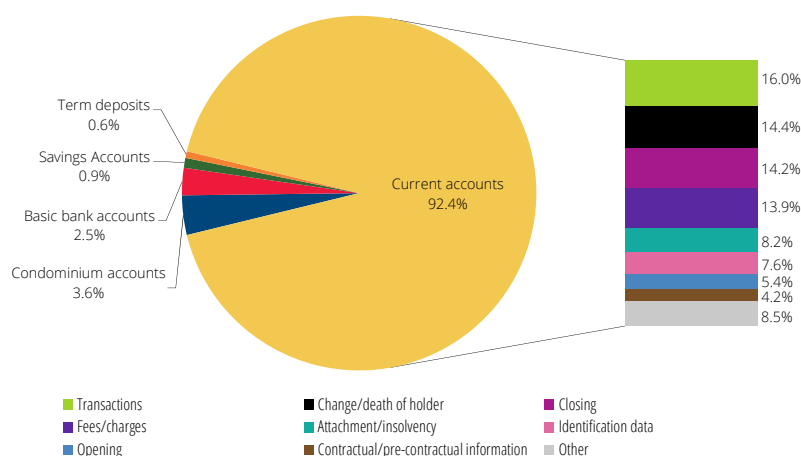
- Credit liabilities (26.7%), chiefly the participating entities' reporting of information to the CCR, on topics including (i) the inaccuracy of the information reported, (ii) the delay in correcting information wrongly reported, namely the failure to update information as a result of the order to discharge 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;
- Collection of outstanding amounts (19.1%), mostly 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;
- Collection of fees or charges (10.6%), in particular (i) fees for overruns, (ii) fees for the recovery of outstanding amounts, and (iii) the provision of information on the amounts demanded by the institutions for the services provided.

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

## 7.2.2 Bank deposits

Complaints about bank deposits decreased by 10.8%, to a total of 5,570 complaints. This decline is mainly due to the decrease in complaints about savings accounts. Most complaints about bank deposits continued to focus on current accounts (92.4%), with complaints on this latter topic increasing, as the number of complaints about change/death of holder went up.

Chart III.7.6 • Complaints | Bank deposits | 2021



Source: Banco de Portugal.

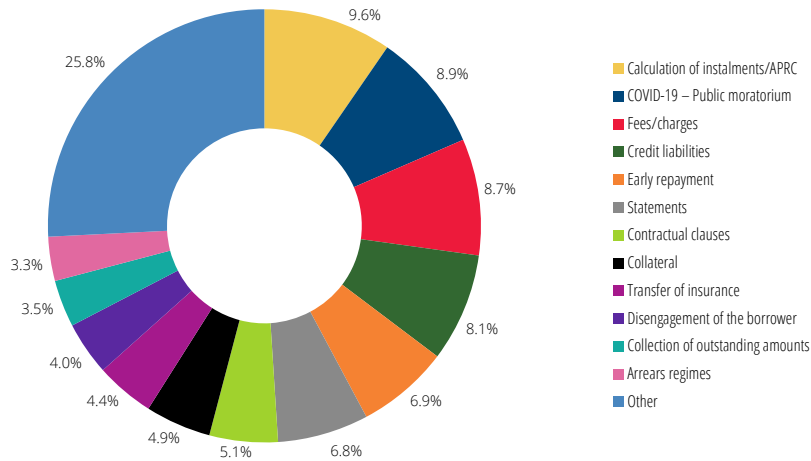
The most frequent complaints about current accounts concerned:

- Constraints on transactions on accounts (16.0%), particularly (i) debit transactions carried out by institutions allegedly without the customer's consent, and (ii) restrictions on account transactions arising from compliance with obligations imposed on institutions with regard to anti money laundering and counter terrorist financing;
- Change/death of account holder (14.4%), 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 performing 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;
- Closing of an account (14.2%), 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 closure of the current account has been requested;
- Charging fees, commissions or other charges (13.9%), notably complaints about (i) the 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;
- Attachment or insolvency (8.2%), particularly situations regarding (i) the delay in lifting the attachment after having been ordered to proceed with such lifting, and (ii) failure to comply with limits to the unseizability of bank balances.

### 7.2.3 Home loans and mortgage credit

Complaints on home loans and mortgage credit fell by 8.4% compared with the previous year, with 2,255 complaints received. This decrease was because of a decrease in complaints about credit moratoria, which in 2021 accounted for 8.9% of complaints under home loans and mortgage credit.

Chart III.7.7 • Complaints | Home loans and mortgage credit | 2021



Source: Banco de Portugal.

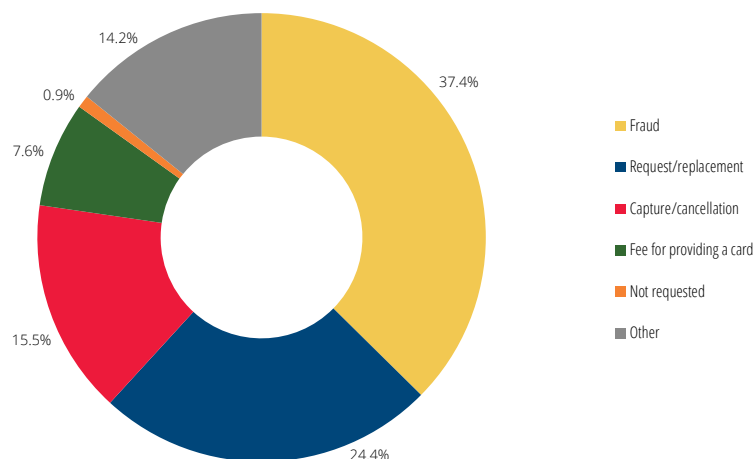
The subject of most complaints about home loans and mortgage credit concerned:

- Calculation of instalments and APRC (9.6%), particularly the calculation of the instalment based on the arithmetic average of the benchmark rate at the time of its periodic revision;
- Public moratorium in the context of the COVID-19 pandemic (8.9%), as detailed in Chapter I;
- Charging of fees, commissions or other charges (8.7%), particularly related to the collection of fees at a time prior to the date on the loan agreement is signed and irrespective of the approval of the loan;
- Credit liabilities (8.1%), mainly (i) the inaccuracy of the information reported to the CCR, (ii) the delay in correcting wrongly 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.

### 7.2.4 Payment cards

Complaints about payment cards increased by 3.4% in 2021, reaching a total of 2,017 complaints. There was an increase in complaints about alleged frauds.

Chart III.7.8 • Complaints | Payment cards | 2021



Source: Banco de Portugal.

The most frequent complaints about payment cards concerned:

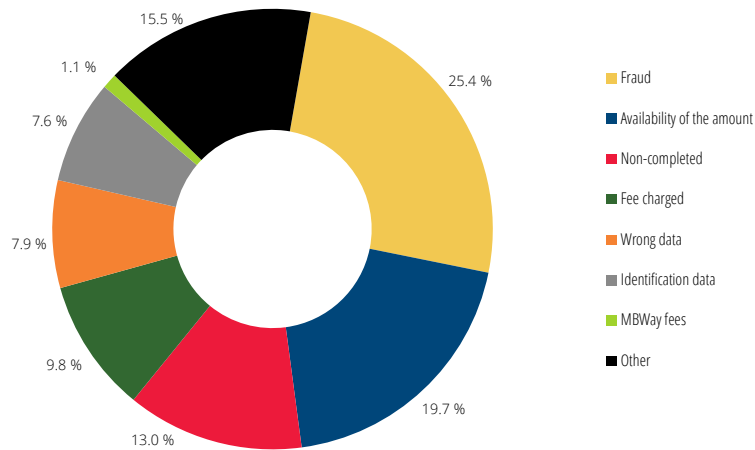
- Fraud (37.4%), generally on (i) the alleged use of this payment instrument by unauthorised third parties, and (ii) institutions' responsibility for unauthorised transactions being carried out;
- Request or replacement of cards (24.4%), mostly focusing on (i) delay in payment card replacement, and (ii) fees or commissions charged for issuing the cards;
- Capture and cancellation of cards (15.5%), notably related to (i) cards blocked by the card issuers for security reasons, and (ii) the termination of card agreements, on the institution's initiative or at the request of the customer.



### 7.2.5 Credit transfers

Complaints about credit transfers increased by 13.2% in 2021, reaching a total of 1,132 complaints. This development was due to an increase in the number of complaints about the availability of the transferred amount and about alleged fraud.

Chart III.7.9 • Complaints | Credit transfers | 2021



Source: Banco de Portugal.

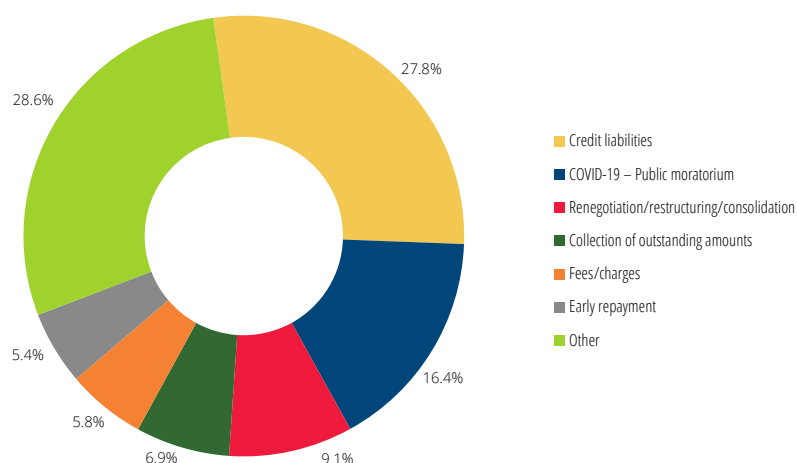
The most frequent complaints about credit transfers concerned:

- Fraud (25.4%), mainly related to (i) the execution of transfers allegedly not ordered by the card holder to the credit institution, and (ii) the institutions' responsibility for carrying out such transactions;
- Availability of the transferred amount (19.7%), with an emphasis 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;
- Non-completed operations (13.0%), 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;
- Collection of fees/charges (9.8%), mainly for transfers over the counter, and through digital channels.

### 7.2.6 Loans to enterprises

Complaints about loans to enterprises decreased by 32.4%, reaching a total of 482 complaints. This decrease was driven by fewer complaints about the application of the public moratorium and credit lines for business support, both in the context of the COVID-19 pandemic, which in 2021 accounted for 19.1% of complaints on loans to enterprises.

Chart III.7.10 • Complaints | Loans to enterprises | 2021



Source: Banco de Portugal.

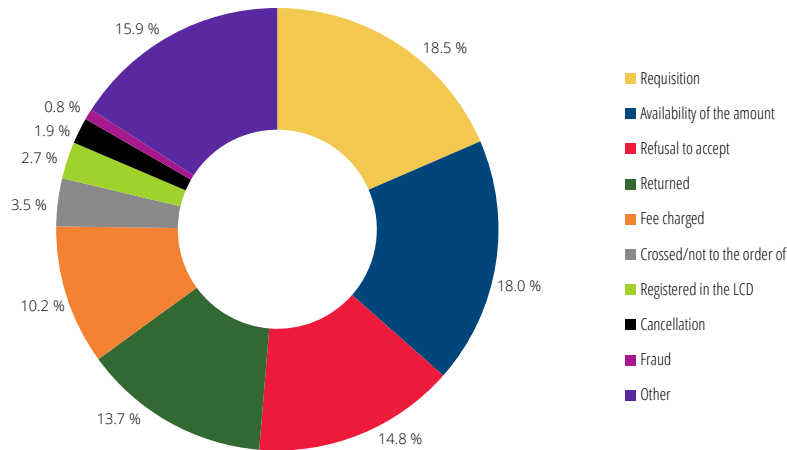
Most complaints regarding loans to enterprises were about:

- Credit liabilities (27.8%), including complaints about (i) the inaccuracy of the information reported to the CCR, (ii) the delay in correcting incorrect or wrongly reported information, and (iii) the failure to communicate the start of reporting defaulted credit liabilities to borrowers or guarantors;
- Public moratorium in the context of the COVID-19 pandemic (16.4%), as detailed in Chapter I;
- Renegotiation/restructuring/consolidation (9.1%), which covers complaints about the long time and conditions required to renegotiate, restructure and consolidate loan agreements.

### 7.2.7 Cheques

Complaints about cheques decreased by 14.9%, with 372 complaints. This was due to the reduction in complaints relating to fees.

Chart III.7.11 • Complaints | Cheques | 2021



Source: Banco de Portugal.

The most frequent complaints about cheques concerned:

- Cheques requisition (18.5%), mainly due to (i) the institutions' failure to provide cheques or cheque books, or (ii) delays in processing customers' cheques or cheque book requests;
- Availability of the amount (18.0%), especially alleged non-compliance by institutions with the deadlines set by law for situations in which cheques are deposited over the counter and in ATMs;
- Refusal to accept cheques (14.8%), mainly related to (i) cheques presented 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;
- Returned cheques (13.7%), including issues concerning the non-payment of cheques, particularly due to insufficient funds;
- Fee charged (10.2%), including complaints about fees for returned cheques.

## 7.3 Non-compliances detected

∴ The Bank identified irregularities in 572 closed complaints.

The Banco de Portugal issued 37 specific orders addressed to 12 institutions (covering 37 complaints) and launched 117 administrative sanctioning proceedings against 30 institutions (535 complaints).

**Table III.7.2 • Complaints | Specific orders | 2021**

Topics	Number of complaints covered	Specific orders	
		Number	Institutions covered
Consumer credit	9	9	3
Bank deposits	1	1	1
BBAs	8	8	2
Home loans and mortgage credit	9	9	5
Payment cards	8	8	3
Credit transfers	2	2	2
<b>Total</b>	<b>37</b>	<b>37</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: (a) In 2021, specific orders were issued to 12 institutions.

**Table III.7.3 • Complaints | Administrative sanctioning proceedings | 2021**

Topics	Number of complaints covered	Processos de contraordenação	
		Number	Institutions covered
Consumer credit	39	19	14
Bank deposits	107	29	12
Home loans and mortgage credit	38	9	4
Payment cards	62	10	9
Credit transfers	27	4	3
Other	25	13	10
Credit moratoria <sup>(a)</sup>	130	17	9
Other <sup>(b)</sup>	107	16	10
<b>Total</b>	<b>535</b>	<b>117</b>	<b>(c)</b>

Source: Banco de Portugal. | Notes: (a) Information on administrative sanctioning proceedings initiated in respect of any indication of a breach of the rules applicable to credit moratoria can be found in Chapter I. (b) These include administrative sanctioning proceedings that, for reasons of procedural economy, aggregate indications of a breach of rules governing the offering of different retail banking products and services. In that context, 15 of the administrative sanctioning proceedings initiated addressed unlawful acts detected in the context of bank deposits and 13 involved unlawful acts detected in the context of the provision of payment services. The 16 administrative sanctioning proceedings initiated also covered unlawful acts detected in relation to home loans and mortgage credit, corporate credit, bank secrecy and rules on reporting to the Banco de Portugal. (c) In 2021, administrative sanctioning proceedings were initiated against 30 institutions.

Detailed information is provided on the main non-compliances detected following the analysis of complaints, depending on the retail banking product or service object of those complaints.

### 7.3.1 Consumer credit

Irregularities were found in 48 complaints concerning consumer credit.

Following analysis of nine of those complaints, nine specific orders were issued to three institutions to correct irregularities relating to the exercise of the right of withdrawal from the credit agreement, the reporting of information to the CCR and the conduct of unfair, excessive or disproportionate contacts with customers defaulting on their obligations from credit agreements.

On the basis of the evidence found in the analysis of 39 complaints, the Banco de Portugal initiated 19 administrative sanctioning proceedings against 14 institutions for breaching obligations related to:

- The customer creditworthiness assessment before the credit agreement is signed;

- The provision of information to customers, in particular the provision of the standard information sheet prior to the agreement being signed, the provision of a copy of the credit agreement when it is signed, and sending a loan statement with a frequency equivalent to that laid down in the agreement for the payment of instalments or other amounts, and in any event at least once a year;
- Reporting of information to the CCR and compliance with the reporting obligations associated with such reporting;
- The conditions for terminating consumer credit agreements;
- The application of the OASP to credit agreements and compliance with the borrowers' guarantees as part of that procedure;
- Early repayment of the credit agreement by the borrower;
- APRC maximum limits released by the Banco de Portugal for each type of consumer credit agreement.

### 7.3.2 Bank deposits

Irregularities were found in 116 complaints concerning bank deposits.

Having analysed nine of those complaints, nine specific orders were issued to three institutions to correct irregularities relating to (i) the provision of information 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, and to (ii) compliance with the legally prescribed time limit of ten working days for switching a current account into a BBA following a request by the bank customer.

On the basis of the evidence found in the analysis of 107 complaints, the Banco de Portugal initiated 29 administrative sanctioning proceedings against 12 institutions for breaching obligations related to:

- The provision of information to customers, in particular the provision of a copy of the general terms and conditions of the current account opening agreement prior to signing it, and sending a statement with information on current account transactions at least on a monthly basis, except where no transactions have occurred in the month in question, but at least once a year;
- Transactions on the current account authorised by the respective holder, particularly where strictly observing the credit and debit conditions agreed upon between the credit institution and the bank customer and refraining from introducing barriers or other restrictions which have no legal or contractual basis;
- The immediate refund of the amount of the unauthorised transaction and, where applicable, the restoration of the debited payment account to the state in which it would have been had the unauthorised transaction not taken place.
- Exercising contractual rights allowing institutions to unilaterally change the terms and conditions of an agreement for the opening of a current account;
- The timely implementation of the customer's request for termination of the current account opening contract.

### 7.3.3 Home loans and mortgage credit

Irregularities were found in 47 complaints concerning home loans and mortgage credit.

Following the analysis of nine complaints, nine specific orders were issued to five institutions to correct irregularities relating to the borrowers' right to early repayment, the application of the OASP to agreements, the free discharge of the mortgage within 14 working days of the end of the loan

agreement and the information obligations to be observed for the duration of the agreements, in particular as regards information on changes to the interest rate.

On the basis of the evidence found in the analysis of 38 complaints, the Banco de Portugal initiated nine administrative sanctioning proceedings against four institutions for having found indications of non-compliance with obligations related to:

- Informing the insurance undertaking in a timely manner of developments in the outstanding amount under a home loan agreement, in order to update insured capital;
- Early repayment of the credit agreement by the borrower;
- The implementation of the PRAP, in particular the assessment of signs of default risk and the creditworthiness assessment of the borrower at risk of default;
- The application of the OASP to credit agreements.

#### **7.3.4 Payment cards**

Irregularities were found in 70 complaints concerning Payment cards.

Following the analysis of eight complaints, eight specific orders were issued to three institutions to correct irregularities relating to the blocking of payment instruments, namely the absence of legal grounds substantiating such blocking, and the provision of information 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.

On the basis of the evidence found in the analysis of 62 complaints, the Banco de Portugal initiated ten administrative sanctioning proceedings against nine institutions for breaching obligations related to:

- Providing information to the payment card holder on blocking that instrument and the reasons for it;
- The prohibition on charging fees to rectify payment transactions;
- The timely implementation of the customer's request for termination of the credit card agreement, consisting of the exercise of the right to terminate the respective framework contract for the provision of payment services;
- The time limit for the payer's institution to execute the payment transaction and credit the account of the payee's payment service provider.

#### **7.3.5 Credit transfers**

Irregularities were found in 29 complaints concerning credit transfers.

Following the analysis of two complaints, two specific orders were issued to two institutions to correct irregularities relating to compliance with the principle of equality of charges for cross-border payments in the SEPA area and compliance with the obligation to ensure that the full amount of the payment transaction is credited, without any charges being deducted from the amount transferred.

On the basis of the evidence found in 27 complaints, the Banco de Portugal initiated four administrative sanctioning proceedings against three institutions for breaching obligations related to:

- The time limit for the payer's institution to execute the payment transaction and credit the account of the payee's payment service provider;
- Making the amount of the payment transaction available to the payee immediately after it has been credited to the institution's account;
- The principle of equality of charges.

### 7.3.6 Other

Irregularities were detected in 25 complaints relating to other matters, with a smaller share in the total number of complaints.

On the basis of the evidence found in analysing these 25 complaints, the Banco de Portugal initiated 13 administrative sanctioning proceedings against ten institutions for breaching the rules applicable to the following matters:

- Access to credit lines guaranteed by the Portuguese State in the context of the COVID-19 pandemic;
- Irregular payment of a cheque drawn on that institution;
- Time for making available the amount of a cheque deposited through an ATM;
- Provision of the complaints book following a request from a bank customer;
- Banking secrecy;
- Priority service rules.

## 7.4 Institutions subject to the most complaints<sup>8</sup>

### 7.4.1 Consumer credit

The table below shows the number of complaints per 1,000 consumer credit agreements in 2021, by institution. Complaints submitted to the Banco de Portugal about this product were considered, irrespective of whether non-compliance or irregularity on the part of the institutions was detected by the Bank.

The institutions listed below received, on average, more than one complaint per quarter in 2021<sup>9</sup>.

Other institutions were subject to complaints regarding consumer credit. However, given that the number of complaints received by those institutions was lower than that of the entities in Table III.7.4, it was decided not to include them in order to be representative. The following institutions are in this situation: Abanca Corporación Bancaria, S. A. – Sucursal em Portugal, Banco Bilbao Vizcaya Argentaria, S. A. – Sucursal em Portugal, Banco Atlântico Europa, S. A., Banco Finantia, S. A., BNP Paribas Lease Group, S. A., FCE Bank P.L.C., Novo Banco dos Açores, S. A., and Union de Creditos Inmobiliarios, S. A., Establecimiento Financiero de Credito (Sociedad Unipersonal) – Sucursal em Portugal.

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

8. The methodological notes for calculating which institutions received most complaints were published in the 2020 Banking Conduct Supervision Report, available at [https://www.bportugal.pt/sites/default/files/anexos/pdf-boletim/rsc\\_2020\\_en.pdf](https://www.bportugal.pt/sites/default/files/anexos/pdf-boletim/rsc_2020_en.pdf).

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

**Table III.7.4 • Complaints | Per 1,000 consumer credit agreements | 2021**

Abbreviation	Credit institution	2021
VBGSP	VOLKSWAGEN BANK GMBH – SUCURSAL EM PORTUGAL	2.84
BNIEU	BNI – BANCO DE NEGÓCIOS INTERNACIONAL (EUROPA), S. A.	2.48
RBANS	RCI BANQUE SUCURSAL PORTUGAL	2.29
UNVSO	UNIVERSO, IME, S. A.	1.40
FCACP	FCA BANK S. P. A. – SUCURSAL EM PORTUGAL	1.33
WBSUC	WIZINK BANK, S. A. U. – SUCURSAL EM PORTUGAL	0.96
BBPI	BANCO BPI, S. A.	0.96
BANSU	BANKINTER, S. A. – SUCURSAL EM PORTUGAL	0.83
MTPCR	MONTEPIO CRÉDITO – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	0.83
BACTI	BANCO ACTIOBANK, S. A.	0.82
321CR	321 CRÉDITO – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	0.79
SCFS	SANTANDER CONSUMER FINANCE S. A. – SUCURSAL EM PORTUGAL	0.76
MERCE	MERCEDES-BENZ FINANCIAL SERVICES PORTUGAL – SOCIEDADE FINANCEIRA DE CRÉDITO, S. A.	0.75
ABSER	ABANCA SERVICIOS FINANCIEROS, E.F.C., S. A. – SUCURSAL EM PORTUGAL	0.75
BACTT	BANCO CTT, S. A.	0.68
UNICR	UNICRE – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	0.58
BBEST	BEST – BANCO ELECTRÓNICO DE SERVIÇO TOTAL, S. A.	0.56
CBPCS	CAIXABANK PAYMENTS & CONSUMER, E.F.C., E.P., S. A. – SUCURSAL EM PORTUGAL	0.56
<b>System average</b>		<b>0.45</b>
BCBOM	BANCO CREDIBOM, SA	0.39
ONEYB	ONEY BANK – SUCURSAL EM PORTUGAL	0.39
BBVIF	BBVA, INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	0.39
BCFSP	BANKINTER CONSUMER FINANCE, E.F.C., S. A. – SUCURSAL EM PORTUGAL	0.38
COFID	COFIDIS	0.37
BAINV	BANCO INVEST, S. A.	0.34
BMWSP	BMW BANK GMBH, SUCURSAL PORTUGUESA	0.34
BBPOR	BANCO BIC PORTUGUÊS, S. A.	0.31
BPRIM	BANCO PRIMUS, S. A.	0.29
BSTOT	BANCO SANTANDER TOTTA, S. A.	0.29
NOVOB	NOVO BANCO, S. A.	0.29
BNPSU	BNP PARIBAS PERSONAL FINANCE, S. A. – SUCURSAL EM PORTUGAL	0.29
FINCI	FINANCEIRA EL CORTE INGLÉS PORTUGAL, S.F.C., S. A.	0.23
CGD	CAIXA GERAL DE DEPÓSITOS, S. A.	0.21
BCP	BANCO COMERCIAL PORTUGUÊS, S. A.	0.19
CEMGB	CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, S. A.	0.15
CCCAM	CAIXAS DE CRÉDITO AGRÍCOLA MÚTUO INTEGRADAS NO SICAM	0.15

Source: Banco de Portugal. | Note: The system average equates to 45 complaints per 100,000 consumer credit agreements.



## 7.4.2 Bank deposits

The table below shows the number of complaints per 1,000 active current accounts, by institution, for 2021. Complaints submitted to the Banco de Portugal about bank deposits were considered, regardless of whether non-compliance or irregularity by the corresponding institutions was detected by the Bank.

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

Other institutions were subject to complaints with regard to bank deposits. However, given that the number of complaints received by those institutions was lower than that of the entities in Table III.7.5, it was decided not to include them in order to be representative. The following institutions are in this situation: Banco Invest, S. A., Banco L. J. Carregosa, S. A., Banco Português de Gestão, S. A., BNI – Banco de Negócios Internacional (Europa), S. A., Caixa de Crédito Agrícola Mútuo da Chamusca, C. R. L., Caixa de Crédito Agrícola Mútuo de Mafra, C. R. L., Caixa de Crédito Agrícola Mútuo de Torres Vedras, C. R. L., Caixa Económica da Misericórdia de Angra do Heroísmo – Caixa Económica Bancária, S. A., and Novo Banco dos Açores, S. A.

No complaints were received about other institutions operating in the area of deposit accounts, namely: Banco BAI Europa, S. A., Banco do Brasil A.G. – Sucursal em Portugal, Banco Finantia, S. A., BNP Paribas, da Caixa – Banco de Investimento, S. A., Caixa de Crédito Agrícola Mútuo de Bombarral, C. R. L., and Haitong Bank, S. A.

**Table III.7.5 • Complaints | Per 1,000 current accounts | 2021**

Abbreviation	Credit institution	2021
BACTI	BANCO ACTIVOBANK, SA	0.62
BACTT	BANCO CTT, SA	0.58
BBSPT	BANCO BILBAO VIZCAYA ARGENTARIA, SA, SUCURSAL EM PORTUGAL	0.57
BAEUR	BANCO ATLÂNTICO EUROPA, SA	0.51
ABCSU	ABANCA CORPORACIÓN BANCARIA, SA, SUCURSAL EM PORTUGAL	0.43
BBPI	BANCO BPI, SA	0.40
BANSU	BANKINTER, SA – SUCURSAL EM PORTUGAL	0.37
CEMGB	CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, SA	0.31
BCP	BANCO COMERCIAL PORTUGUÊS, SA	0.31
System average		0.30
CGD	CAIXA GERAL DE DEPÓSITOS, SA	0.30
NOVOB	NOVO BANCO, SA	0.29
BSTOT	BANCO SANTANDER TOTTA, SA	0.27
BBPOR	BANCO BIC PORTUGUÊS, SA	0.24
BBEST	BEST – BANCO ELECTRÓNICO DE SERVIÇO TOTAL, SA	0.23
BINVG	BANCO DE INVESTIMENTO GLOBAL, SA	0.15
CCCAM	CAIXAS DE CRÉDITO AGRÍCOLA MÚTUO INTEGRADAS NO SICAM	0.10
CCEI	CAIXA DE CRÉDITO AGRÍCOLA MÚTUO DE LEIRIA, CRL	0.10

Source: Banco de Portugal. | Note: The system average equates to 30 complaints per 100,000 current accounts.

### 7.4.3 Home loans and mortgage credit

The table below shows the number of complaints per 1,000 home loan and mortgage credit agreements in 2021, by institution. Complaints submitted to the Banco de Portugal about this product were considered, irrespective of whether non-compliance or irregularity on the part of the corresponding institutions was detected by the Bank.

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

Other institutions were subject to complaint with regard to home loans and mortgage credit. However, given that the number of complaints received by those institutions was lower than that of the entities in Table III.7.6, it was decided not to include them in order to be representative. The following institutions are in this situation: Banco Atlântico Europa, S. A., BNI – Banco de Negócios Internacional (Europa), S. A., and Caixa de Crédito Agrícola Mútuo da Chamusca, C. R. L.

There were no complaints received about Caixa de Crédito Agrícola Mútuo de Leiria, C. R. L.

**Table III.7.6 • Complaints | Per 1,000 home loan and mortgage credit agreements | 2021**

Abbreviation	Credit institution	2021
BACTT	BANCO CTT, S. A.	4.36
CEMGB	CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, S. A.	1.57
NOVOB	NOVO BANCO, S. A.	1.29
BSTOT	BANCO SANTANDER TOTTA, S. A.	1.22
BBPI	BANCO BPI, S. A.	1.15
	<b>System average</b>	<b>1.11</b>
NBACO	NOVO BANCO DOS AÇORES, S. A.	1.10
ABCSU	ABANCA CORPORACIÓN BANCARIA, SA, SUCURSAL EM PORTUGAL	1.08
BANSU	BANKINTER, S. A. – SUCURSAL EM PORTUGAL	1.06
CGD	CAIXA GERAL DE DEPÓSITOS, S. A.	1.01
BBPOR	BANCO BIC PORTUGUÊS, S. A.	0.99
BCP	BANCO COMERCIAL PORTUGUÊS, S. A.	0.94
BBSPT	BANCO BILBAO VIZCAYA ARGENTARIA, SA, SUCURSAL EM PORTUGAL	0.88
CCCAM	CAIXAS DE CRÉDITO AGRÍCOLA MÚTUO INTEGRADAS NO SICAM	0.42
UNCRE	UNION DE CRÉDITOS INMOBILIÁRIOS, S. A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO (SOCIEDAD UNIPERSONAL) – SUCURSAL EM PORTUGAL	0.31

Source: Banco de Portugal. | Note: The system average equates to 111 complaints per 100,000 home loan and mortgage credit agreements.

## 8 Supervisory activities and sanctioning of irregularities

This section summarises the measures taken to correct and sanction irregularities detected as a result of inspections carried out, the analysis of information reported by institutions, monitoring of institutions' advertising and the analysis of complaints lodged by bank customers.

### 8.1 Specific orders and recommendations to financial institutions

Following the Banco de Portugal's inspections, 5,926 specific orders and recommendations were issued to 143 financial institutions.

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

**Table III.8.1 • Financial institutions | Specific orders and recommendations by topic | 2021**

Topics	Number	Institutions covered
BBAs	496	100
Advertising	122	36
Bank deposits	560	117
Consumer credit	4,033	105
Home loans and mortgage credit	418	87
Payment services <sup>(a)</sup>	10	5
Price lists	1	1
Information on the special regime for redemption of savings plans	286	97
<b>Total</b>	<b>5,926</b>	<b>(b)</b>

Source: Banco de Portugal. | Notes: 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. (a) 'Payment services' includes information on payment cards, credit transfers and cheques. (b) In 2021 specific orders and recommendations were issued to 143 institutions.

### 8.2 Administrative offence proceedings against financial institutions

As part of its banking conduct supervision duties, the Banco de Portugal initiated 121 administrative offence proceedings against 31 financial institutions. Most of the proceedings are the result of analysing bank customer complaints (97%), as well as inspections and the assessment of compliance with cap rates for consumer credit.

## The administrative offence proceedings initiated involved 535 bank customer complaints.

In the course of 2021, the Banco de Portugal completed its assessment by deciding on 33 administrative offence proceedings concerning banking conduct offences. Fines totalling €495,750 were imposed in the context of those decisions.

**Table III.8.2 • Financial institutions | Administrative offence proceedings by topic | 2021**

Topics	Number	Institutions covered
Bank deposits	29	12
Consumer credit	21	16
Home loans and mortgage credit	9	4
Corporate loans	2	2
Payment services	17	12
Complaints book	3	3
Bank secrecy	4	4
Credit moratoria <sup>(a)</sup>	17	9
Reporting	2	2
Priority service	1	1
Other <sup>(b)</sup>	16	10
<b>Total</b>	<b>121</b>	<b>(c)</b>

Source: Banco de Portugal. | Notes: (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 administrative offence proceedings that, for reasons of procedural economy, aggregate indications of an infringement of the rules governing the offering of different retail banking products and services. In this respect, 15 of the administrative offence proceedings initiated involved illicit activity detected in bank deposits and 13 involved illicit activity detected in the provision of payment services. The 16 administrative offence proceedings initiated also covered illicit activity detected in home loans and mortgage credit, corporate credit, bank secrecy and in rules on reporting to the Banco de Portugal. (c) In 2021 administrative offence proceedings were initiated against 31 institutions.

## 8.3 Defaults in BBAs by institution

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 legal act by publishing the results of that assessment in its banking conduct supervision report. Non-compliance by financial institution is broken down by type as detected under its supervisory powers and detailed in the following table, which takes into account the irregularities identified in inspections and in the context of the analysis of complaints from bank customers:

**Table III.8.3 • BBAs | Type of non-compliance by institution | 2021**

Non-compliance	Institution
Provision of BBAs to customers complying with the access conditions provided by law	Banco Comercial Português, S. A. Caixa Económica Montepio Geral, Caixa Económica Bancária, S. A. Banco Santander Totta, S. A.
Dissemination of information on the provision of BBAs on websites	Abanca Corporación Bancaria, S. A. – Sucursal em Portugal Banco Activobank, S. A. Banco Atlântico Europa, S. A. Banco BAI Europa, S. A. Banco BIC Português, S. A. Banco Bilbao Vizcaya Argentaria, S. A. – Sucursal em Portugal Banco BPI, S. A. Banco Comercial Português, S. A. Banco CTT, S. A. Banco de Investimento Global, S. A. Banco Invest, S. A. Banco Santander Totta, S. A. Bankinter, S. A. – Sucursal em Portugal Best – Banco Electrónico de Serviço Total, S. A. Caixa de Crédito Agrícola Mútuo da Chamusca, C. R. L. Caixa de Crédito Agrícola Mútuo de Bombarral, 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 Geral de Depósitos, S. A. Novo Banco, S. A. Novo Banco dos Açores, S. A. Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L. e Caixas de Crédito Agrícola Mútuo Integradas no SICAM
Provision of information on access conditions and features of BBAs	Banco Santander Totta, S. A.
Provision of information on BBAs to current account holders	Banco CTT, S. A. Caixa de Crédito Agrícola Mútuo da Chamusca, C. R. L. Caixa de Crédito Agrícola Mútuo de Mafra, C. R. L.
Configuration of debit cards linked to BBAs	Banco Activobank, S. A. Banco BAI Europa, S. A. Banco BIC Português, S. A. Banco CTT, S. A. Banco de Investimento Global, S. A. Banco Invest, S. A. Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C. R. L. e Caixas de Crédito Agrícola Mútuo Integradas no SICAM Caixa Económica da Misericórdia de Angra do Heroísmo, Caixa Económica Bancária, 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.
Adherence to the fees and charges cap	Banco BPI, S. A. Banco Santander Totta, S. A. Caixa de Crédito Agrícola Mútuo de Bombarral, C. R. L.
Overrunning prohibition in BBAs	Banco Santander Totta, S. A.
Prohibition of requiring additional documents or evidence in the BBA opening procedure	Banco Santander Totta, S. A.
Termination of the agreement governing the BBA on the institution's initiative	Banco Santander Totta, S. A.
Reporting to the Banco de Portugal of information on the offering of BBAs	Banco Santander Totta, S. A.

Source: Banco de Portugal.

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## IV Supervision of credit intermediaries

- 1 Authorisation and registration
- 2 Analysis of reported information
  - 3 Advertising
  - 4 Inspections
- 5 Bank customer complaints
  - 6 Supervisory activities and sanctioning of irregularities

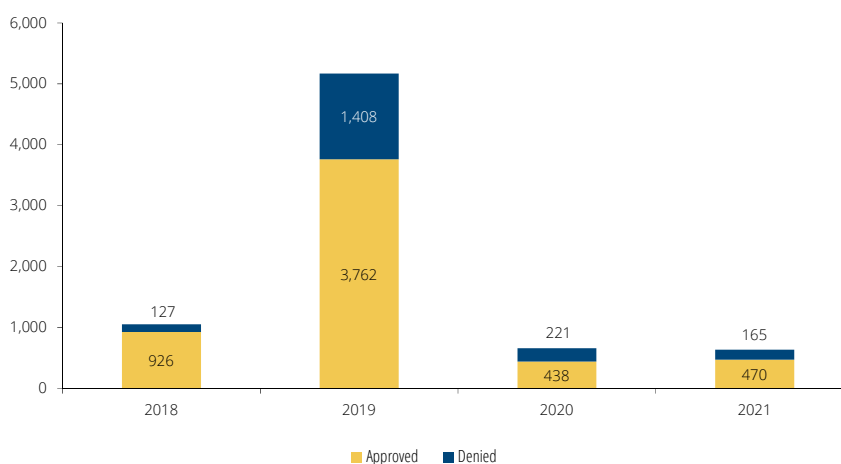




# 1 Authorisation and registration

The Banco de Portugal received 644 applications for authorisation to pursue the activity of credit intermediary (up by 14.6% from 2020) and decided on 635, approving 470 applications and denying 165.

**Chart IV.1.1 • Credit intermediaries | Authorisation applications decided upon | 2018-21**



Source: Banco de Portugal.

A number of communications were also received on the pursuit of credit intermediary activity in Portugal in the marketing of home loans and mortgage credit by eight credit intermediaries authorised to do so in other EU Member States.

In 2021 the authorisation of a credit intermediary was withdrawn on the grounds of non-compliance with the requirements for taking up business, and the authorisation of 54 credit intermediaries also expired. Withdrawal of authorisation, as well as lapsing of authorisation, result in the cancellation of the registration of credit intermediaries. As a result of Brexit, the registration of nine credit intermediaries relating to home loans and mortgage credit activity authorised in the United Kingdom and operating in Portugal under the freedom to provide services was cancelled.

At the end of 2021, 5,476 credit intermediaries were registered (up by 7.2% from the previous year).

A further 19 credit institutions, financial companies, payment institutions and electronic money institutions also provided credit intermediation services (unchanged from 2020).

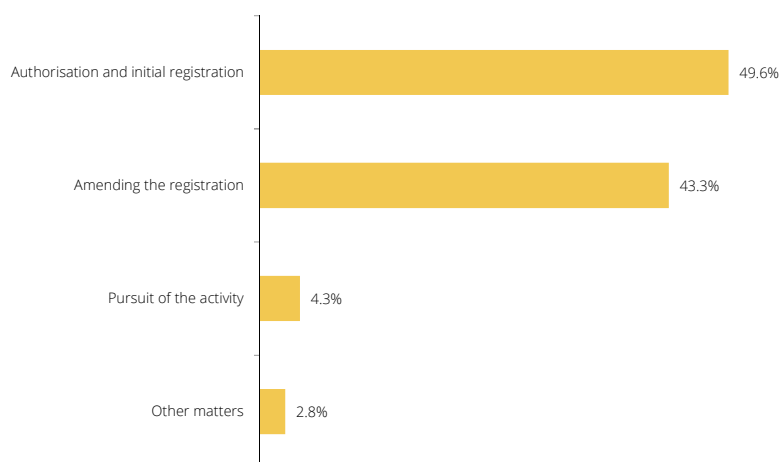
On its Bank Customer Website, the Banco de Portugal provides a list of credit intermediaries authorised to operate in Portugal and information to be made public for each entity<sup>1</sup>, as well as a list of credit institutions, financial companies, payment institutions and electronic money institutions that provide credit intermediation services<sup>2</sup>.

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

2. Available at <https://www.bportugal.pt/en/instituicoes-financeiras-intermediacao>.

The authorisation and registration of credit intermediaries were the issues that triggered the most requests in 2021 for information from the Banco de Portugal regarding credit intermediaries. Around 93% of the 903 requests for information received focused on the authorisation and initial registration of credit intermediaries, with particular emphasis on requirements for taking up the activity, and on amendments to the registration, mostly relating to the procedure for submitting the change request. In 2021 the Banco de Portugal responded to 910 requests for information.

**Chart IV.1.2 • Credit intermediaries | Requests for information, by topic | 2021**



Source: Banco de Portugal.

## 2 Analysis of reported information

In exercising its supervisory function, the Banco de Portugal takes into account information reported to it by credit intermediaries and lending institutions, and also considers data reported to it by other sources, including through denouncements.

In 2021 the data contained in the registration of credit intermediaries **was inspected** to verify the **timeliness of the information on the professional indemnity insurance** required to carry out the credit intermediation activity.

... 1,285 insurance policies, taken out by 1,274 credit intermediaries,  
... had expired.

Given that intermediaries are obliged to update the registration of this information with the Banco de Portugal, specific orders were issued to all 1,274 intermediaries to correct this irregularity<sup>3</sup>. The authorisation granted to credit intermediaries that have not proven they have valid professional indemnity insurance may be revoked by the Banco de Portugal, on the grounds that they no longer comply with this requirement for taking up the business.

Based on the analysis of information provided by lending institutions, the Banco de Portugal also identified **other cases of non-compliance with the obligation to update the registration of credit intermediaries**. As a result, 15 specific orders were issued to 15 credit intermediaries and ten administrative offence proceedings were initiated against ten credit intermediaries, on the grounds of non-compliance with the obligation to update the information on the identity of the lenders with whom they concluded binding agreements contained in the corresponding registration.

Based on information obtained from applications to amend registrations, situations of non-compliance with the requirements for taking up the business were identified. In particular, it was found that two credit intermediaries did not ensure that the members of their management bodies possessed the appropriate level of knowledge and competence in relation to credit agreements and, in one case, were of sufficiently good repute. It was also found that an ancillary credit intermediary had no contractual relationship with any lending institution.

Similarly, from denouncements and other information collected in the exercise of supervisory activity, evidence was found that a non-tied credit intermediary engaged in activities other than credit intermediation and that another credit intermediary was failing to comply with the prohibition on recourse to third parties for the provision of credit intermediation services.

Following these inspections, 1,294 specific orders were issued to 1,294 credit intermediaries and ten administrative sanctioning proceedings were initiated against ten credit intermediaries.

**Table IV.2.1 • Credit intermediaries | Analysis of reported information | Specific orders and administrative offence proceedings, by topic | 2021**

Topics	Specific orders		Administrative offence proceedings	
	Number	Entities covered	Number	Entities covered
Changes to the elements subject to registration	15	15	10	10
Requirements for taking up the business	1,278	1,278		
Prohibition on provision of services by third parties	1	1		
<b>Total</b>	<b>1,294</b>	<b>(a)</b>	<b>10</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: (a) In 2021, specific orders were issued to 1,294 credit intermediaries and administrative sanctioning proceedings were initiated against ten credit intermediaries.

3. Some of the credit intermediaries concerned had an insurance contract relating to the intermediation of home loan credit agreements and another relating to the intermediation of consumer credit agreements.

## 3 Advertising

### 3.1 Analysis of materials

73 advertising materials released by credit intermediaries were analysed.

Of the materials analysed, 33 aimed to promote the activity of the advertiser, and 40 aimed to advertise credit products, 27 of which related to car loan products and 13 to personal credit products.

### 3.2 Breaches detected

Following the analysis of advertising relating to the credit intermediation activity, irregularities were identified in 31 materials, and 20 specific orders were issued to 16 credit intermediaries to ensure that they were corrected. The absence of mandatory elements, such as the identification of the credit intermediary concerned, and the use of expressions liable to create confusion between services provided by credit intermediaries and lending were the most commonly detected irregularities.

An administrative offence proceeding was also initiated against a credit intermediary for failure to comply with the disclosure rules applicable to advertising relating to credit intermediation activity and for failure to comply with a specific order issued by the Banco de Portugal to correct irregularities detected in advertising materials.

As a result of the analysis of advertising materials produced by credit intermediaries to promote credit products, it was found that in 30 of these materials the lending institution responsible for the credit product was not identified. It was also found that the materials in question had not been previously approved by the lending institution responsible for the advertised credit product. Failure to comply with these obligations led to the initiation of 17 administrative offence proceedings against the 17 credit intermediaries concerned<sup>4</sup>.

The Bank also analysed ten advertising materials for credit cards broadcast by a credit institution acting as a credit intermediary in the sale of this product. These materials were non-compliant, inter alia, as regards the identification of the lending institution responsible for the credit product and information on the fact that the advertiser sells the credit product as a credit intermediary. As a result of these breaches, the Bank demanded the rectification of the irregularities detected by way of a specific order addressed to the credit institution concerned.

4. Advertising materials released by credit intermediaries identifying the lending institution responsible for the credit product were analysed in conjunction with other advertising materials for banking products and services (Chapter III.2).

**Table IV.3.1 • Credit intermediaries | Advertising | Specific orders and administrative offence proceedings, by topic | 2021**

Topics	Number of materials	Number of materials with irregularities	Specific orders		Administrative offence proceedings	
			Number	Number of entities covered	Number	Number of entities covered
Advertising on credit intermediation activity	33	31	20	16	1	1
Advertising for car loan products	27	27			14	14
Advertising for personal credit products	3	3			3	3
Advertising for credit cards	10	10	1	1		
<b>Total</b>	<b>73</b>	<b>71</b>	<b>21</b>	<b>(a)</b>	<b>18</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: (a) In 2021, specific orders were issued to 17 credit intermediaries and administrative proceedings were initiated against 18 credit intermediaries.

## 4 Inspections

The Banco de Portugal strengthened its supervision of credit intermediaries by carrying out inspections to assess the disclosure of information on the credit intermediary activity on their websites and the availability of appropriate means for customer service, as well as compliance with information obligations relating to the activity both inside and outside the establishments open to the public and the availability of a complaints book therein.

### 4.1 Information on the credit intermediation activity disclosed on websites

... The inspection on the information provided on websites involved  
... 94 credit intermediaries.

This assessment focused on:

- **The disclosure of mandatory information on credit intermediation activity.**

Irregularities were detected in 78 credit intermediaries, and four of these had not provided any information on credit intermediation activity on their websites.

- **The provision by credit intermediaries operating exclusively through distance communication, i.e. a website,** available for public access, allows for direct and immediate access by the user (without being dependent on registration, enrolment or any other formality) and is hosted on its own website.

It was found that 16 credit intermediaries operating exclusively through a website did not comply with those requirements.

- **The provision of appropriate means for customer care service** by credit intermediaries operating exclusively through distance means of communication.

All the entities analysed demonstrated that they had complied with this duty.

- **Compliance by non-tied credit intermediaries with the rules applicable to the disclosure of advertising concerning credit intermediation activity**, assessing whether the advertising materials disclosed on their websites met those rules.

Two of the non-tied credit intermediaries inspected did not fully comply with the rules applicable to the advertising of this activity.

- **Compliance with the ban on the production of advertising for credit products by non-tied credit intermediaries.**

Three non-tied credit intermediaries were advertising credit products they produce on their websites.

- **Compliance with the prohibition of engaging third parties for the provision of credit intermediary services**, including customer canvassing, namely by using 'referencing' services.

Eight credit intermediaries were found to engage third parties, at least in part, as credit intermediaries.

- **The use of terms that might suggest the pursuit of business reserved for credit institutions and financial companies.**

Four inspected credit intermediaries were found to use terms on their websites that might suggest the pursuit of business reserved for credit institutions and financial companies.

This inspection led to the issuance of 258 specific orders to 94 credit intermediaries with a view to correcting the irregularities detected and the initiation of eight administrative offence proceedings against six credit intermediaries.

## 4.2 Information provided in establishments open to the public on credit intermediation activity

### ... The inspection on the information provided in establishments open to the public involved eight credit intermediaries.

This inspection focused on:

- **Compliance with the legal requirements for the disclosure of information on credit intermediation activity inside establishments open to the public.**

Irregularities were detected in all credit intermediaries inspected, and seven credit intermediaries did not provide any information on the pursuit of credit intermediation activity within their establishments.

- **Adherence to legal requirements for the disclosure of information on credit intermediation activity outside establishments open to the public.**

It was found that six credit intermediaries inspected failed to comply with this duty. Of these, four did not provide any information on the pursuit of credit intermediation activity outside their establishments.

- **The timeliness of the information contained in the registration with the address of the establishments open to the public and the identity of the lending institutions with which the credit intermediaries have concluded a binding agreement.**

A credit intermediary was identified that did not comply with the obligation to request changes to the data contained in their registration following a change in the address of their head office and the conclusion of binding agreements with lending institutions.

As a result of this inspection, a specific order was issued to one credit intermediary and eight administrative proceedings were initiated against eight credit intermediaries.

## 4.3 Availability of the Complaints Book in establishments open to the public and provision of associated information

The inspection on the availability of the complaints book covered eight credit intermediaries located in various parts of the Portuguese territory.

This inspection focused on:

- **The existence of a Complaints Book.**

Compliance with this obligation was met by all credit intermediaries inspected.

- **Display of information on the existence of a Complaints Book and the competent authority to analyse complaints in a clearly visible place and easy to read by the consumer.**

Five credit intermediaries failed to fully comply with this obligation. One of these credit intermediaries did not have the information on the existence of the Complaints Book and the competent authority displayed in their establishment. In the remaining cases, the irregularities identified related to the place where the information was displayed.

As a result of these inspections, five administrative offence proceedings were initiated against five credit intermediaries.

## 4.4 Breaches detected

Following the on-site and off-site inspections carried out by the Banco de Portugal, 259 specific orders were issued to 95 credit intermediaries and 21 administrative sanctioning proceedings were initiated against 14 credit intermediaries.

**Table IV.4.1 • Credit intermediaries | Inspections | Specific orders and administrative offence proceedings, by topic | 2021**

Topics	Specific orders		Administrative offence proceedings	
	Number	Entities covered	Number	Entities covered
Availability of information on credit intermediation activity on the website	200	78	5	5
Availability of a website	16	16		
Advertising on credit intermediation activity	4	2		
Advertising for credit products by non-tied credit intermediaries	3	3	3	3
Prohibition of engaging third parties for the provision of credit intermediary services	27	8		
Use of prohibited terms	8	4		
Disclosure of information on credit intermediary activity inside and outside establishments open to the public			8	8
Changes to the elements subject to registration	1	1		
Display of information on the existence of a Complaints Book and the competent authority to analyse complaints			5	5
<b>Total</b>	<b>259</b>	<b>(a)</b>	<b>21</b>	<b>(a)</b>

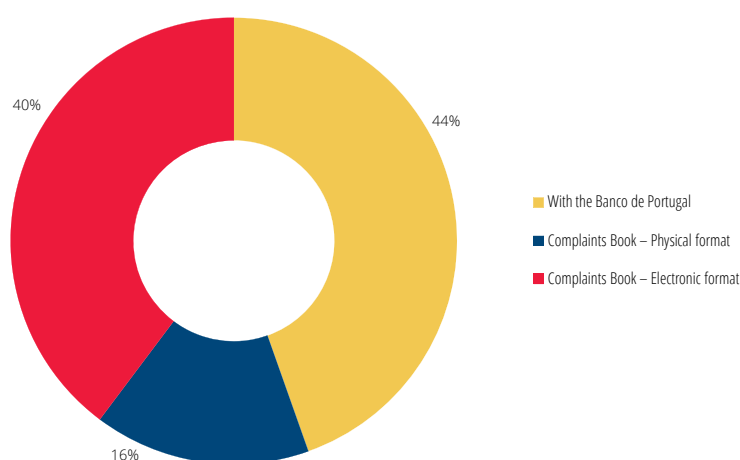
Source: Banco de Portugal. | Note: (a) In 2021, specific orders were issued to 95 credit intermediaries and administrative proceedings were initiated against 14 credit intermediaries.

## 5 Bank customer complaints

### 5.1 Analysis of developments

The Bank received 83 complaints from bank customers against the conduct of entities authorised to provide credit intermediation services.

Chart IV.5.1 • Credit intermediaries | Complaints submitted, by origin | 2021



Source: Banco de Portugal.

Complaints received were largely related to the conduct of credit intermediaries with regard to consumer credit agreements (65%), focusing, in particular, on the provision of pre-contractual information. The conduct of these entities in the context of home loan agreements led to 27% of complaints. The remainder (8%) focused on various matters related to the pursuit of credit intermediation activities.

The Bank closed 96 complaints about the conduct of entities authorised to provide credit intermediation services<sup>5</sup>. The average period for closing complaints was 136 days<sup>6</sup>.

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

6. When handling complaints from bank customers, credit intermediaries must comply with similar rules to those applicable to financial institutions, as described in Chapter III in this report.



## 5.2 Breaches detected

In 58% of the closed complaints no evidence was found of any breach of the rules applicable to the credit intermediation activity. In 20% of the cases, it was found that the situation was resolved by the complaint being filed. Irregularities were detected in the remaining 22% of cases, which prompted the Banco de Portugal's intervention by issuing a specific order to one credit intermediary and bringing 13 administrative offence proceedings against seven credit intermediaries.

The specific order issued related to non-compliance with the prohibition of receiving and delivering valuables, and the Banco de Portugal required the credit intermediary to refrain from receiving any amounts associated with the development, performance and early settlement of credit agreements (one complaint).

Administrative offence proceedings initiated were related to non-compliance with the following duties:

- Credit intermediaries may not appoint representatives or otherwise commit to third parties, in whole or in part, the pursuit of credit intermediary activity and the provision of consultancy services (14 complaints);
- Prior to the provision of credit intermediation services, non-tied credit intermediaries are required to enter into a credit intermediation agreement with consumers containing all the elements laid down in law (five complaints);
- Credit intermediaries must provide the Banco de Portugal with the information requested by it, specifically as part of the analysis of complaints submitted to it (one complaint).

**Table IV.5.1 • Credit intermediaries | Complaints | Specific orders and administrative offence proceedings, by topic | 2021**

Topics	Number of complaints covered	Specific orders		Administrative offence proceedings	
		Number	Entities covered	Number	Entities covered
Prohibition of receiving and delivering valuables	1	1	1		
Prohibition of engaging third parties for the provision of credit intermediary services	14			8	5
Credit intermediation agreement requirements	5			4	2
Reporting to the Banco de Portugal	1			1	1
<b>Total</b>	<b>21</b>	<b>1</b>	<b>(a)</b>	<b>13</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: (a) In 2021, a specific order was issued to one credit intermediary and administrative offence proceedings were initiated against seven credit intermediaries.

## 6 Supervisory activities and sanctioning of irregularities

This section provides a summary of the measures adopted to correct and sanction the irregularities detected following the analysis of the information reported to the Banco de Portugal by credit intermediaries and financial institutions, as well as monitoring the institutions' advertising materials, carrying out inspections and analysing complaints made by bank customers.

As a result of inspections on the conduct of credit intermediaries, the Banco de Portugal issued 1,575 specific orders to 1,398 credit intermediaries and initiated 62 administrative offence proceedings against 48 credit intermediaries.

**Table IV.6.1 • Credit intermediaries | Specific orders, by origin | 2021**

Topics	Specific orders	
	Number	Entities covered
Analysis of reported information	1,294	1,294
Advertising	21	17
Inspections	259	95
Complaints	1	1
<b>Total</b>	<b>1,575</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: (a) In 2021, specific orders were addressed to 1,398 credit intermediaries.

**Table IV.6.2 • Credit intermediaries | Administrative offence proceedings, by origin | 2021**

Topics	Administrative offence proceedings	
	Number	Entities covered
Analysis of reported information	10	10
Advertising	18	18
Inspections	21	14
Complaints	13	7
<b>Total</b>	<b>62</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: (a) In 2021, administrative offence proceedings were initiated against 48 credit intermediaries.

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## V Monitoring of training entities

1 Certification

2 Following-up of the activity



# 1 Certification

The Banco de Portugal received two applications for certification submitted by entities that intended to provide training courses for professional certification in the offering of home loans and mortgage credit, consumer credit and credit intermediation. The examination of two applications for certification was completed. The applications were refused for not complying with the applicable requirements.

The Banco de Portugal also received an application for transferring the certification awarded to a training entity. The application was refused on the grounds that compliance with the requirements applicable to the transmission of the certification had not been established.

At the end of 2021 there were eight training entities certified by the Banco de Portugal. The list of training entities certified by the Banco de Portugal is released on the Bank Customer Website<sup>1</sup>.

## 2 Following-up of the activity

In 2021 training entities certified by the Banco de Portugal granted 3,871 certifications, of which 42.3% for completing the “Offering of mortgage credit” training course, 31.3% for the “Credit intermediation” course and 26.4% for the “Offering of consumer credit” course.

**Table V.2.1 • Training entities | Professional certifications granted | 2020-21**

	2020	2021	Δ 2021-2020
“Offering of mortgage credit” training course	1,314	1,636	322
“Offering of consumer credit” training course	708	1,023	315
“Credit intermediation” training course	1,122	1,212	90
<b>Total</b>	<b>3,144</b>	<b>3,871</b>	<b>727</b>

Source: Banco de Portugal.

Compared to the previous year, there was an increase of 727 certifications granted by the certified training entities. This increase could be due to the adaptation of training to the constraints arising from the pandemic situation, in particular by means of distance learning, and the lower impact of these limitations when taking final assessments.

Most notable was the “Offering of consumer credit” training course, for which the number of certified trainees increased by 44.5% from the previous year.

1. Available at <https://clientebancario.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

The Bank Customer Website (BCW) was the Banco de Portugal's main communication channel with bank customers, having been visited by 833,389 users in 2021, who viewed 2,182,158 webpages, i.e. 181,847 webpages per month on average (9.7% more than in 2020)<sup>1</sup>.

Measures to mitigate the effects of the COVID-19 pandemic on bank customers, namely in the context of the end of credit moratoria and the implementation of new rules on arrears prevention and management, were disclosed on the BCW<sup>2</sup>.

Awareness-raising information targeted at bank customers on the prevention of cybersecurity/online fraud risks also featured prominently on the BCW throughout the year. It aimed to promote a safer use of digital channels when accessing banking products and services, in a context of rising recourse to such channels.

**Figure VI.1.1 • Bank Customer Website**  
| Decoder on credit offers by email and through social media



Source: Bank Customer Website (<https://cliente bancario.bportugal.pt/pt-pt/material/atencao-ofertas-de-credito-no-e-mail-whatsapp-messenger-e-facebook>).

**Figure VI.1.2 • Bank Customer Website**  
| Video on precautions to take to prevent online fraud



Source: Bank Customer Website (<https://cliente bancario.bportugal.pt/pt-pt/material/fraudes-online-cuidados-a-ter>).

Over four weeks in May, the Banco de Portugal and the United Nations Regional Information Centre for Western Europe promoted the campaign “Segurança Digital para Todos” – #istoconcernsyous (“Digital Security for All” – #thisconcernsyous) to raise awareness about the safe use of digital channels. In the context of this campaign, recommendations on the safe use of digital channels in financial transactions and warnings about the risks of these platforms, such as financial fraud and cyberbullying, were disclosed on social media.

Still in May, on the occasion of the World Internet Day, the Banco de Portugal recalled some safety precautions to take in payment transactions when shopping online.

1. The BCW's cookies policy, which entered into force on 7 November 2019, requires consent from users to process any data obtained from cookies. Data provided refer to users that have accepted the Banco de Portugal's Cookies Policy.

2. For more information on these new rules, see Chapter II of this report.

**Figure VI.1.3 • Bank Customer Website**  
| Special feature on the “Digital Security for All”  
– #thisconcernsyou” campaign



Source: Bank Customer Website (<https://cliente.bancario.bportugal.pt/pt-pt/noticias/banco-de-portugal-e-nacoes-unidas-promovem-campanha-seguranca-digital-para-todos>).

**Figure VI.1.4 • Bank Customer Website**  
| Special feature on precautions to take  
when shopping online



Source: Bank Customer Website (<https://cliente.bancario.bportugal.pt/pt-pt/aplicacao/fazes-tuas-compras-online-em-seguranca>).

Moreover, the Banco de Portugal joined the European Cybersecurity Month, held in October, by disclosing five weekly tips on digital security. This initiative drew attention to the precautions that must be taken to safely access banking products and services from one's computer, tablet or mobile phone. 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.

**Figure VI.1.5 • Portal do Cliente Bancário | Destaque sobre o Mês Europeu de Cibersegurança**



Source: Bank Customer Website (<https://cliente.bancario.bportugal.pt/en/risks-posed-digital-channels>).

... The disclosure of information on basic bank accounts (BBAs)  
... remained a priority.

In 2021, the Banco de Portugal continued to promote basic bank accounts. In its initiatives, the Bank highlighted the regulatory amendments that broadened the services that come with a BBA and reinforced institutions' reporting obligations<sup>3</sup>.

3. For more information on these new rules, see Chapter II of this report.

New (in)formative materials on BBAs were produced and launched in the BCW, including, in February, a new video explaining the accounts' features and access requirements. In February and March, an advertising campaign about BBAs was also promoted on social media. This campaign included the dissemination of materials and content about BBAs on the Banco de Portugal's Instagram, Twitter and LinkedIn accounts, which were viewed by approximately 285 thousand people. By doing so, it disclosed a right conferred on customers by law, which they may exercise provided they express interest in this service to the providing institutions.

Figure VI.1.6 • Bank Customer Website | Video on basic bank accounts

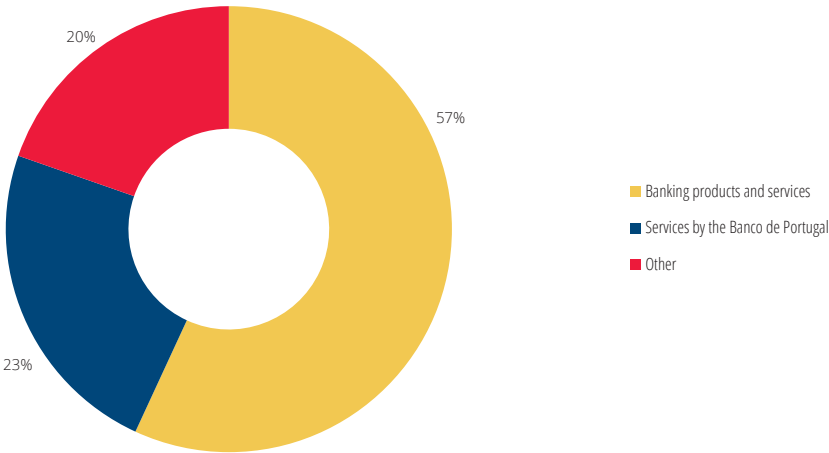


Source: Bank Customer Website (<https://cliente.bancario.bportugal.pt/pt-pt/material/o-que-e-uma-conta-de-servicos-minimos-bancarios-0>).

## 1.2 Requests for information

The Banco de Portugal answers questions posed by bank customers on the offering of banking products and services, and on the services it provides to the community. Most requests for information are received by email or through the form made available on the BCW for that purpose. In 2021, 2,101 requests for information were received, a 42% decline from 2020 across all topics.

Chart VI.1.1 • Requests for information | 2021



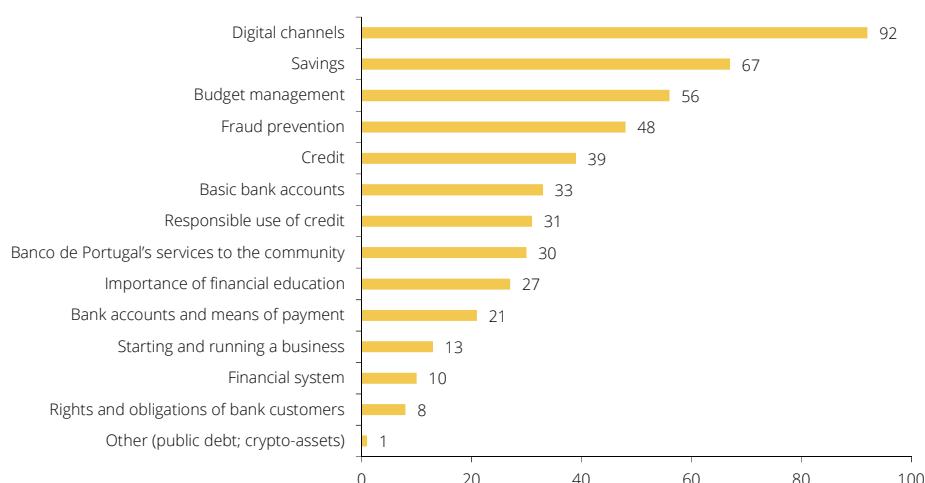
Source: Banco de Portugal.

## 2 Financial education

... The safe use of digital channels was the most frequent topic in the training courses.

The Banco de Portugal held 351 financial education courses throughout the country, backed by its regional network, which involved 9,612 participants. These courses were aimed at different target audiences and age groups, with the senior population being the most frequently included (30% of the total). Topics related to the safe use of digital channels when accessing banking products and services were, for the first time, the most covered in these courses; the latter were chiefly based on the content of the #TopTip digital financial education campaign<sup>4</sup>. These were followed by the topics of savings and household budget.

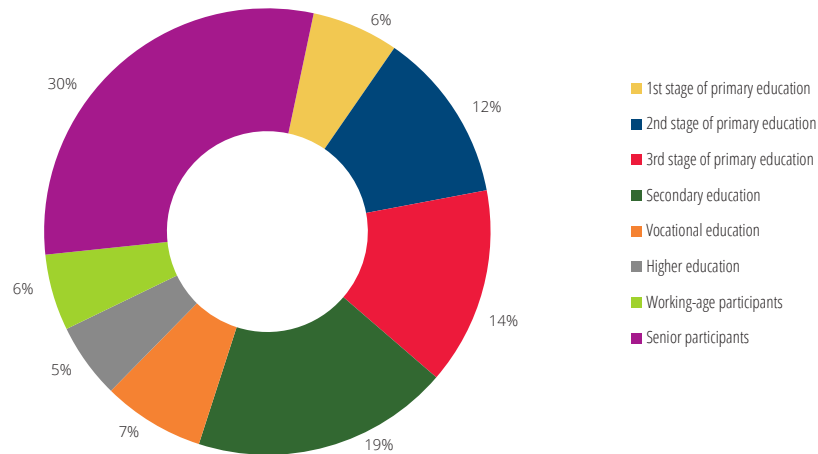
Chart VI.2.1 • Financial education | Topics of courses



Source: Banco de Portugal.

4. Available at: <https://cliente.bancario.bportugal.pt/en/digital-financial-education-campaign-young-people-what-it>.

Chart VI.2.2 • Financial education | Course participants by target group



Source: Banco de Portugal.

Figure VI.2.1 • Poster on basic bank accounts



Source: Banco de Portugal/MTSSS.

Under the protocol signed in 2019 between the Banco de Portugal and the Ministry of Labour, Solidarity and Social Security (MTSSS) to promote BBAs, a campaign aiming to promote these accounts was conducted in the information desks of the Social Security Institute, the Social Security Financial Management Institute, the Portuguese Institute for Employment and Vocational Training and the National Institute for Rehabilitation. Videos, leaflets and posters targeting the respective beneficiary audiences were released. Moreover, the Banco de Portugal carried out training sessions for about 700 ministry employees, with a view to enable them to inform citizens about BBAs' features and access requirements.

### 3 Participation in the National Plan for Financial Education

2021 marked ten years since the launch of the Plan. Its strategic orientations for the time horizon 2021-25<sup>5</sup> were presented to the public in an international conference held at the Money Museum on 26 November.



Opening session of the National Plan for Financial Education 2021–2025 conference. From left to right, Margarida Corrêa de Aguiar, Chairperson of ASF, Mário Centeno, Chair of the CNSF and Governor of the Banco de Portugal, Luís Máximo dos Santos, Vice-Governor of Banco de Portugal, and Rui Pinto, member of the Management Board of CMVM.

The Plan's strategic objectives for the next few years are to promote financial resilience, digital financial education and sustainable finance, in line with the European Commission and OECD/INFE's concerns over the financial education of adults in the European Union, set forth in the competence framework of financial literacy for this target group, which was developed in 2021 and published in January 2022 (Chapter I).

In 2021, the Plan disclosed the results of the 3rd survey on the financial literacy of the Portuguese population, carried out by the CNSF in 2020. This quinquennial survey became once again part of the international comparison exercise on financial literacy levels organised by the OECD/INFE, in which Portugal ranked 7th on the global indicator of financial literacy among the participating countries.

The Banco de Portugal and the other financial supervisors initiated the financial education activities in the workplace for MTSSS employees under the protocol signed with the General-Secretariat of this ministry. Four courses were conducted, enabling the certification of 204 employees. The financial supervisors also held two training courses for trainers of the Portuguese Institute for Employment and Vocational Training, at the end of which a further 30 trainers were awarded their certification. Together with the Directorate General for Education, the Bank held a webinar for over 80 teachers focusing on the Financial Education Workbooks.

5. Available at: [https://www.todoscontam.pt/sites/default/files/2022-05/national\\_plan\\_for\\_financial\\_education\\_2021-2025.pdf](https://www.todoscontam.pt/sites/default/files/2022-05/national_plan_for_financial_education_2021-2025.pdf).





Financial Literacy Week, Vice-Governor Luís Máximo dos Santos.

The Financial Literacy Week was held under the motto '10 anos em que Todos Contam' ("10 years in which Everybody Counts"), with on-site and online activities organised by financial supervisors and the Plan's partners. It was aimed at students of all stages of education, teachers, senior citizens, workers, unemployed persons and persons with special needs. In the day dedicated to schools, the Financial Education Workbook 4 for secondary education was presented, the winners of the "School Awards" and "Teacher Award" of the 10th Todos Contam Competition were announced and the protocol between the CNSF and the Ministry of Education was signed.

The Plan celebrated the 2021 Global Money Week, which included, in Portugal, more than 10,200 students enrolled at 180 schools, from kindergarten to secondary education.

The Portuguese experience in the integration of financial education in schools was highlighted in the international webinar "Financial Education in School: Lessons from Portugal". It was presented by former Minister of Education, Tiago Brandão Rodrigues, and by the Head of the Banking Conduct Supervision Department of the Banco de Portugal and Chair of the Coordination Committee of the National Plan for Financial Education, Lúcia Leitão, by invitation of the Global Financial Literacy Excellence Center (GFLEC) in the context of the Connecting to Reimagine: Money and COVID-19 webinar series.



"Financial Education in School: Lessons from Portugal". From left to right, Annamaria Lusardi, Academic Director of GFLEC, Tiago Brandão Rodrigues, former Minister of Education, and Lúcia Leitão, Head of the Banking Conduct Supervision Department of the Banco de Portugal and Chair of the Coordination Committee of the National Plan for Financial Education.

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## VII    Agenda and international cooperation

- 1 Participation in international forums
- 2 International cooperation



# 1 Participation in international forums

Within the scope of its banking conduct supervision, the Banco de Portugal takes part in the work of the main international banking conduct supervision forums, more specifically, the European Banking Authority (EBA), the Joint Committee of the European Supervisory Authorities (ESAs), the European Commission, the International Financial Consumer Protection Organisation (FinCoNet) and the Organisation for Economic Co-operation and Development (OECD), having contributed to the initiatives and activities set out below.

## 1.1 European Banking Authority (EBA) and Joint Committee of the European Supervisory Authorities

**Figure VII.1.1 • EBA Report on the Application of the Guidelines on the remuneration of sales staff (EBA/ REP/2021/37)**



Source: EBA .

At the EBA, the Banco de Portugal participated in the Standing Committee on Consumer Protection and Financial Innovation (SCConFin) and its Sub-group on Consumer Protection (SGCP) and Sub-group on Innovative Products (SGIP), as well as in the Standing Committee on Payment Services (SCPS).

Notable in the SCConFin's work programme was the **supervisory convergence exercise** under the "Guidelines on remuneration policies and practices related to the sale and provision of retail banking products and services"<sup>1</sup>, in force since 13 January 2018, which established that institutions should implement remuneration policies and practices that do not undermine consumer rights. This exercise was based on an assessment of how institutions apply those Guidelines, in particular with regard to the design, approval and monitoring of remuneration policies and practices for staff selling retail banking products. As a result, a report<sup>2</sup> identifying good practices was published, which should be taken into account by institutions and national supervisory authorities when implementing these Guidelines.

1. "Guidelines on remuneration policies and practices related to the sale and provision of retail banking products and services" (EBA/GL/2016/06), 13 December 2016, available at [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Consumer%20Corner/Financial%20Education/1026347/Joint%20ESAs%20Thematic%20Financial%20Education%20Repository.pdf?retry=1](https://www.eba.europa.eu/sites/default/documents/files/document_library/Consumer%20Corner/Financial%20Education/1026347/Joint%20ESAs%20Thematic%20Financial%20Education%20Repository.pdf?retry=1).

2. "EBA Report on the Application of the Guidelines on the Remuneration of sales staff" (EBA/REP/2021/37), December 2021, available at [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2021/1025186/EBA%20Report%20on%20the%20Application%20of%20the%20Guidelines%20on%20the%20Remuneration%20of%20Sales%20Staff.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2021/1025186/EBA%20Report%20on%20the%20Application%20of%20the%20Guidelines%20on%20the%20Remuneration%20of%20Sales%20Staff.pdf).

As a first step in fulfilling the EBA's mandate to coordinate “mystery shopper” oversight activities, a report was published setting out the approaches taken by the competent national authorities, identifying best practices<sup>3</sup> within their oversight of retail banking products. In response to the same mandate, SCConFin participated in the dissemination of a Methodological Guide<sup>4</sup>, identifying the various steps that supervisory authorities may take when overseeing such retail banking products and services.

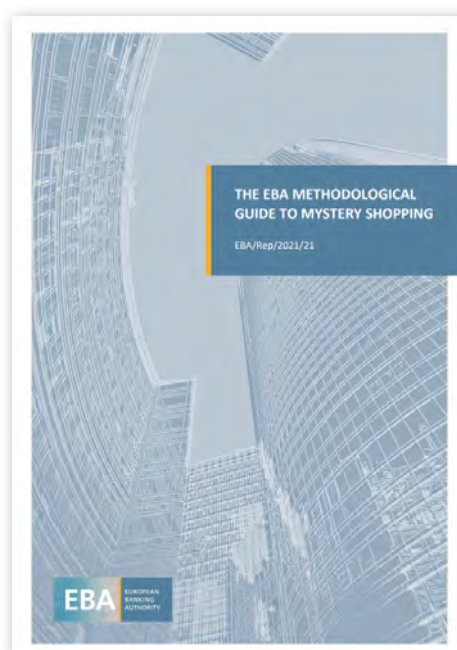
SCConFin was also involved in the preparation of the “Consumer Trends Report 2020/21”<sup>5</sup>. The Consumer Trends Report is a biannual EBA publication identifying the main trends in the European retail banking product and services markets and highlighting the most relevant issues in the field of consumer protection. The “Consumer Trends Report 2020/21” was prepared on the basis of information provided by national supervisory authorities, consumer associations, members of the financial dispute alternative resolution network (FIN-NET) and associations representing the sector in the European Union. Third-party statistical data and reports were also considered, notably from Eurostat, the European Central Bank and the World Bank.

**Figure VII.1.2 • EBA Report on the Mystery Shopping Activities of National Competent Authorities (EBA/REP/2021/08)**



Source: EBA.

**Figure VII.1.3 • The EBA Methodological Guide to Mystery Shopping (EBA/Rep/2021/21)**



Source: EBA.

3. “EBA Report on the Mystery Shopping Activities of National Competent Authorities”, (EBA/REP/2021/08), 3 May 2021, available at [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2021/1000492/EBA%20Report%20on%20the%20mystery%20shopping%20activities%20of%20National%20Competent%20Authorities.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2021/1000492/EBA%20Report%20on%20the%20mystery%20shopping%20activities%20of%20National%20Competent%20Authorities.pdf).

4. “The EBA Methodological Guide to Mystery Shopping” (EBA/Rep/2021/21), 21 July 2021, available at [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2021/1017620/The%20EBA%20Methodological%20guide%20to%20mystery%20shopping.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2021/1017620/The%20EBA%20Methodological%20guide%20to%20mystery%20shopping.pdf).

5. “EBA Consumer Trends Report 2020/21” (EBA/REP/2021/04), 10 March 2021, available at [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2021/963816/EBA%20Consumer%20trend%20report.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2021/963816/EBA%20Consumer%20trend%20report.pdf).

In addition to the analysis of the effects of the COVID-19 pandemic on retail banking markets and the measures taken to mitigate these impacts on consumers, the report also highlights the trend towards digitalisation of banking products and services that the pandemic has accelerated. The Consumer Trends Report also examines other issues relevant to consumer protection, such as responsible lending and creditworthiness assessment, the lack of transparency in the information provided to bank customers on commissioning of banking products and services, and the challenges of marketing products and services through digital channels.

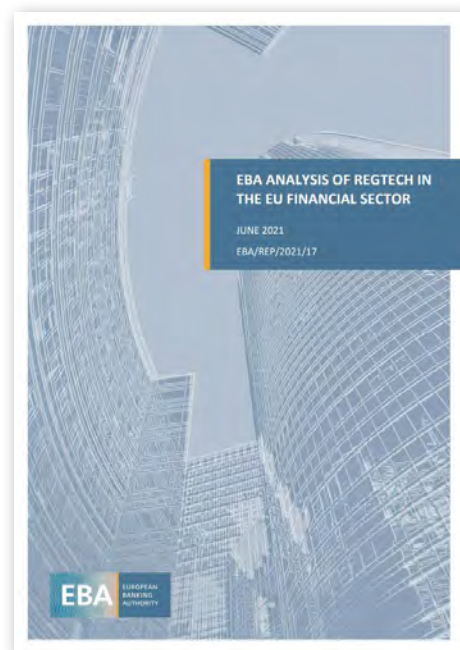
The Sub-group on Innovative Products conducted an exercise to study innovative solutions to ensure institutions' compliance with legal and regulatory standards (RegTech), in order to identify the main barriers and risks to their use. This exercise, which included the launch of two questionnaires, one for financial institutions and one for technology providers, resulted in the publication of a report<sup>6</sup>.

**Figure VII.1.4 • EBA Consumer Trends Report 2020/21 (EBA/REP/2021/04)**



Source: EBA.

**Figure VII.1.5 • EBA Analysis of RegTech in the EU Financial Sector (EBA/REP/2021/17)**



Source: EBA.

The report presents the current level of development of RegTech in the EU, focusing on the main existing solutions and to what extent they have been adopted. It also identifies the benefits and challenges associated with RegTech and analyses the technological tools used by institutions in five areas of intervention: prevention of money laundering and terrorist financing, fraud, prudential reporting, cybersecurity and creditworthiness assessment. It likewise presents a series of initiatives aimed at deepening knowledge on the subject, contributing to the harmonisation of the European regulatory framework and facilitating innovation by stepping up collaboration, notably between supervisors, financial institutions and technology service providers.

6. "EBA Analysis of RegTech in the EU Financial Sector" (EBA/REP/2021/17), June 2021, available at [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2021/1015484/EBA%20analysis%20of%20RegTech%20in%20the%20EU%20financial%20sector.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2021/1015484/EBA%20analysis%20of%20RegTech%20in%20the%20EU%20financial%20sector.pdf).

**Figure VII.1.6 • Report on the Use of Digital Platforms in the EU Banking and Payments Sector (EBA/REP/2021/26)**



Source: EBA.

The sub-group also reflected on the adoption by financial institutions of business models based on digital platforms and, to that effect, launched two questionnaires to obtain more information, one for the sector and one for national competent authorities. This reflection resulted in the publication of a report<sup>7</sup>, which analyses the platformisation phenomenon in the EU, identifying the market perspective, its potential challenges and opportunities, and the supervisor's perspective, with a focus on the challenges, current practices and risks specific to digital platforms.

At the level of the Joint Committee of the European Supervisory Authorities (JCESA), a working group on financial education was set up in 2021 under the aegis of its Sub-Committee on Consumer Protection and Financial Innovation, in line with the growing importance of this issue in the agenda of major international organisations (Chapter I). The Banco de Portugal's banking conduct supervision is also part of this new international discussion forum.

## 1.2 European Commission

The Banco de Portugal monitored the work on the revision of the Consumer Credit Directive (Chapter II.6) within the scope of the Consumer Credit Directive Expert Group. Banking conduct supervision also followed the work of the Expert Group on the Distance Marketing Directive<sup>8</sup>, which has been considering a revision of the 2002 Directive on Distance Marketing of Consumer Financial Services.

## 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, the Bank continued to coordinate the committee on responsible lending matters. In this context, most notable was research into institutions' regulatory and conduct supervision approaches to assess borrowers' creditworthiness, taking into account the challenges and risks for bank customers arising from the increasing use of technology and the rising availability of consumer data. This research resulted in the publication of the report "Supervisory approaches to consumers' creditworthiness assessments"<sup>9</sup>.

7. "Report on the Use of Digital Platforms in the EU Banking and Payments Sector" (EBA/REP/2021/26), September 2021, available at [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2021/1019865/EBA%20Digital%20platforms%20report%20-%20210921.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2021/1019865/EBA%20Digital%20platforms%20report%20-%20210921.pdf).

8. Portugal is represented in this group by the Office for Economic Policy and International Affairs of the Ministry of Finance, overseen by the Banco de Portugal, the Portuguese Securities Market Commission and the Portuguese Insurance and Pension Funds Supervisory Authority.

9. "Supervisory approaches to consumers' creditworthiness assessments", FinCoNet, November 2021, available at [http://www.finconet.org/Supervisory-Approaches-Consumer-CWA\\_2021.pdf](http://www.finconet.org/Supervisory-Approaches-Consumer-CWA_2021.pdf).



FinCoNet reflected on the governance of banking products and culture and published the report “Financial Product Governance and Culture”<sup>10</sup>, which presents the approaches followed by banking conduct supervisors from various countries to ensure that, when creating and distributing retail banking products, institutions take into account consumer objectives, interests and characteristics. The report also analyses the importance of organisational culture in promoting consumer-focused action. This reflection was developed jointly by FinCoNet and the G20/OECD Task Force on Financial Consumer Protection.

FinCoNet also reflected on the challenges arising from the increase in digital transactions in retail banking markets (especially in payments), as well as on the supervisory approaches taken to address those challenges in the context of the COVID-19 pandemic, including the use of SupTech tools.

At FinCoNet’s General Assembly held online in November 2021, the latest challenges and risks in the field of banking conduct supervision were discussed, in particular those related to the increasing digitalisation of financial services, the perimeter of regulation and supervision, the entry into the market of new service providers and new financial products, and the supervisory approaches to be adopted following the end of credit moratoria.

**Figure VII.1.7 • FinCoNet report  
“Supervisory approaches to consumers’  
creditworthiness assessments”**



Source: FinCoNet.

**Figure VII.1.8 • FinCoNet report  
“Financial Product Governance and  
Culture”**



Source: FinCoNet.

In parallel with the General Assembly, FinCoNet organised an international workshop on “Market Conduct Supervisors Responding to the Impacts of the COVID-19 Pandemic”, including those stemming from the end of credit moratoria and the importance of proper default management, and also addressed cybersecurity and fraud risks stemming from the increased digitalisation of retail banking markets.

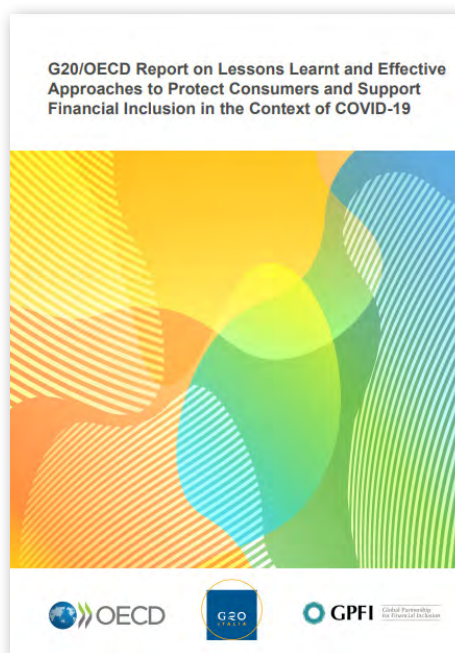
10. “Financial Product Governance and Culture”, FinCoNet, July 2021, available at <http://www.finconet.org/Financial-Product-Governance-Culture.pdf>, [http://www.finconet.org/Annex-C-Literature-review\\_Financial-Product-Governance-Culture.pdf](http://www.finconet.org/Annex-C-Literature-review_Financial-Product-Governance-Culture.pdf).

## 1.4 Organisation for Economic Co-operation and Development (OECD)

### 1.4.1 G20/OECD Task Force on Financial Consumer Protection

As part of the OECD initiatives on the challenges to financial consumers posed by the COVID-19 pandemic and in support of the G20 Global Partnership on Financial Inclusion (G20/GPFI), this forum was involved in the preparation of the “G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and Support Financial Inclusion in the Context of COVID-19”<sup>11</sup>. The report analyses the impact of the COVID-19 pandemic on financial consumers and financial inclusion, highlights the main risks (e.g. reducing financial resilience and increasing vulnerability to fraud) and presents the measures taken in the various jurisdictions to mitigate them. The long-term implications of the pandemic for financial consumer protection and financial inclusion are also highlighted, as well as “effective” lessons and approaches that regulators and supervisors can draw from this context.

**Figure VII.1.9 • G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and Support Financial Inclusion in the Context of COVID-19**



Source: G20/OECD.

### 1.4.2 International Network on Financial Education (OECD/INFE)

The Banco de Portugal is a founding member of the OECD's International Network on Financial Education (OECD/INFE) and is part of its Advisory Board, a body that sets strategic guidelines, and of several of the financial literacy network's specialised working groups.

... The OECD/INFE released the results of the first survey on financial literacy of micro, small and medium-sized enterprises (MSMEs).

In its report “Navigating the Storm: MSMEs’ Financial and Digital Competencies in COVID-19 times”, the OECD/INFE published the results of the first survey on financial literacy of entrepreneurs and managers of MSMEs, with the support of the G20/GPFI (Global Partnership for Financial Inclusion). Portugal participated in this international comparison exercise, as part of the National Plan for Financial Education (NPFE), ranking above the average of the 14 countries participating in the global financial literacy indicator, as well as in the indicators of financial attitudes, behaviours and knowledge.

11. “G20/OECD Report on Lessons Learnt and Effective Approaches to Protect Consumers and Support Financial Inclusion in the Context of COVID-19”, October 2021, available at <https://www.oecd.org/daf/fin/financial-education/G20-OECD-report-on-financial-consumer-protection-and-financial-inclusion-in-the-context-of-covid-19.pdf>.



## ... The OECD/INFE reflected on the role of digital financial literacy in promoting financial resilience.

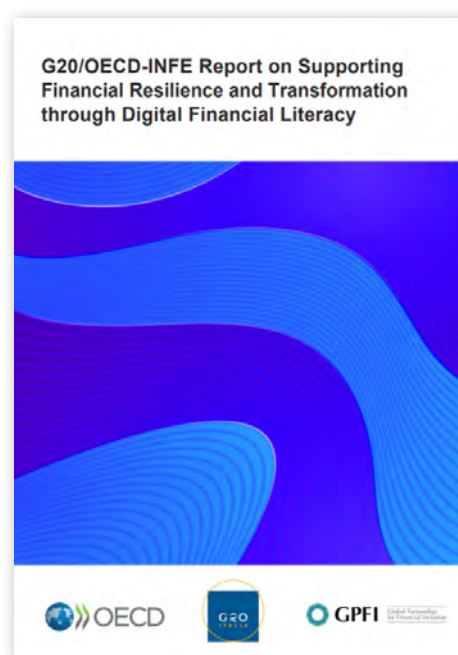
The OECD/INFE published the report “Supporting Financial Resilience and Transformation through Digital Financial Literacy”, which analyses the role of digital financial literacy in promoting financial inclusion and resilience, as well as financial well-being, presenting a set of case studies shared by OECD/INFE members, including the Banco de Portugal.

**Figure VII.1.10 • G20/OECD-INFE Report Navigating the Storm: MSMEs’ Financial and Digital Competencies in COVID-19 times**



Source: G20/OECD-INFE.

**Figure VII.1.11 • G20/OECD-INFE Report on Supporting Financial Resilience and Transformation through Digital Financial Literacy**



Source: G20/OECD-INFE.

The Banco de Portugal also participated in the work carried out by the OECD/INFE throughout 2021, including the biannual meetings held in May and November, and was invited to share its experience in promoting financial literacy in webinars and workshops run by this organisation. Notably, the Bank participated in January in the webinar “Financial resilience and financial literacy: opportunities and challenges of digital tools”, part of a series of four webinars on “Financial resilience and financial literacy: immediate needs and long-term approaches”. In this webinar, it highlighted its campaigns to mitigate the impacts of the COVID-19 pandemic and the main financial education initiatives held through digital platforms.

In February, the OECD/INFE organised a webinar for the national coordinators of the Global Money Week, in which the Banco de Portugal shared its experience, within the framework of the NPFE, in coordinating this international campaign in Portugal to raise young people’s awareness of the importance of financial literacy.

The Banco de Portugal presented its experience in drafting and implementing the NPFE in a workshop for the technical group working on a national financial education strategy in Moldova. It was held in December and was part of the OECD/INFE technical assistance project for the promotion of financial education in South Eastern European countries.

Still in December, the Banco de Portugal participated in a session on credit, over-indebtedness and financial literacy, as part of the conference “Financial Literacy Policy Responses to the Advancements of Digital Finance in the CIS”, co-hosted by the OECD/INFE and the Russian Federation. It fell within the OECD/INFE technical assistance project for the promotion of financial education in Commonwealth of Independent States countries.

## 2 International cooperation

As part of its banking conduct supervisory functions, the Bank responded in 2021 to cooperation requests from other central banks and supervisory authorities, more specifically Banco Nacional de Angola, Banco de Moçambique, Banco Central do Brasil and the Central Bank of the Republic of Kosovo.

### 2.1 Banco Nacional de Angola

From 19 to 21 April, **Banco Nacional de Angola** staff participated in a training session discussing the assessment of financial literacy initiatives and the preparation and implementation of national surveys on financial literacy of the population. On 14 July, the Banco de Portugal shared its banking conduct supervision approach to consumer credit, mortgage credit and the prevention and management of default on credit agreements.

### 2.2 Banco de Moçambique

From 12 to 14 May, there was a training session on the assessment of financial education initiatives and the preparation and implementation of national surveys on financial literacy of the population. This session was attended by staff from the **Banco de Moçambique**, other Mozambican supervisory authorities and public entities involved in the country's national financial education strategy, namely the Ministry of Agriculture and Rural Development, the National Social Security Institute, the Institute for the Promotion of Small and Medium-sized Enterprises, the Insurance Supervision Institute, the Stock Exchange and the Goods Exchange of Mozambique.

A cooperation action was also held with the Banco de Moçambique on 10 December, addressing consumer credit issues.

## 2.3 Banco Central do Brasil

On 5 and 6 July, the Banco de Portugal held a training session for **Banco Central do Brasil** staff. The first day was devoted to the regime governing arrears on credit agreements, focusing inter alia on the prevention and management of over-indebtedness and on support and monitoring systems for over-indebted bank customers. On the second day, the Banco de Portugal presented its financial training initiatives, notably those aimed at schools and those related to the use of digital channels to access and use financial products and services.

## 2.4 Alliance for Financial Inclusion (AFI)

From 9 to 10 March, the Banco de Portugal participated in the 21st Consumer Empowerment and Market Conduct Working Group Meeting, hosted by the **Alliance for Financial Inclusion (AFI)**. In the panel dedicated to the design and implementation of a digital financial literacy strategy, the Bank shared its experience, with a focus on the #toptip campaign and its adaptation to boost financial education initiatives through digital channels.

## 2.5 ESCB project with the central banks of the Western Balkans, funded by the EU

Within the framework of the **European technical assistance project with central banks and supervisory authorities in the Western Balkans**, funded by the European Union and coordinated by the European Central Bank, cooperation actions were held with the Central Bank of the Republic of Kosovo, where the Banco de Portugal shared its approaches in the field of banking conduct supervision, in particular on the handling of complaints.

