

# BANKING CONDUCT SUPERVISION REPORT

2022



BANCO DE  
PORTUGAL  
EUROSISTEMA



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2022



**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
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

2022 was marked by an enormous set of challenges, in particular in the area of banking conduct supervision.

The number of bank customer complaints rose by almost 13% between 2021 and 2022, providing a clear picture of the added pressure for the Banco de Portugal's banking conduct supervision.

The Banking Conduct Supervision Department (DSC) aims, first and foremost, to ensure that banking products and services are provided by supervised entities with full transparency and within the legal framework in force. It takes a three-pronged approach for this: regulation, supervision and guarantee of compliance. The number of instances of non-compliance detected in the various products and services inspected (deposits, mortgage credit, consumer credit, payment services) has been increasing, thus causing an increase in recommendations, specific orders, administrative offence proceedings and money refunded to customers. This increase stems mainly from a higher number of inspections carried out and also from the regulatory changes introduced. The objective of the actions and recommendations has also been educational; to achieve a significant increase in supply-side quality. In this regard, it is difficult to compare 2022 with 2021 and 2020 due to the pandemic experienced in those two years. For the Banco de Portugal, it is desirable (and can be expected) that the DSC's action should contribute to reduce non-compliance by supervised institutions as a result of close cooperation and in-depth intervention by the regulator.

However, the efficiency and stability of the financial system are only truly guaranteed when the quality of demand is also guaranteed, i.e. by ensuring that the system's customers, citizens and businesses are well informed and educated on key issues of financial literacy. Thus, the promotion of digital financial training has been stepped up with, among other things, the launch of the second phase of the #TopTip digital financial education campaign. The Banco de Portugal also promoted the financial inclusion of displaced Ukrainian citizens in collaboration with the High Commission for Migration in 2022.

The increase in the number of complaints largely reflects a more demanding, more informed and more alert customer. The Bank's success in financial training, especially digital literacy, has been used as an example in other countries. The DSC is part of a wide range of international groups and is often invited to tell its story and share best practices in this context.

This report reflects another year in which the Banco de Portugal, and in particular the DSC, accomplished its mission. Faced with unexpected challenges, rapid change, new behaviours, the Banco de Portugal responded and safeguarded the system's stability by contributing in particular to maintaining confidence in the retail banking market and meeting the needs of households and firms at uncertain times.

Francisca Guedes de Oliveira

Administrator



# Executive summary

In this edition of the Banking Conduct Supervision Report, the Banco de Portugal presents the work undertaken in the supervision of retail banking markets in 2022.

The report describes regulatory developments throughout the year (Chapter I) and details the Banco de Portugal's activities in supervising financial institutions (Chapter II) and credit intermediaries (Chapter III), in certifying and monitoring training entities in the field of mortgage credit and credit intermediation (Chapter IV) and in promoting the financial literacy of the population (Chapter V). It also highlights the main developments in international forums protecting the consumers of financial products and services and details the Banco de Portugal's international cooperation activities on banking conduct supervision (Chapter VI).

## ... The Banco de Portugal monitored the entry into force of the ... extraordinary rules to protect home loan borrowers.

Near the end of the year, the Portuguese legislator approved a set of exceptional measures to mitigate the effects of rising inflation and the impact of higher interest rates. Those measures, in force until 31 December 2023, included (i) strengthening the rules requiring institutions to monitor the performance of credit agreements they granted, (ii) the temporary suspension of collection of the partial or full early repayment fee in home loans with a variable interest rate and (iii) the possibility of penalty-free redemption of retirement, education and retirement/education savings plans.

The Banco de Portugal monitored the implementation of these exceptional measures, reinforcing reporting obligations on the application of the Pre-Arrears Action Plan (PRAP) to mortgage credit borrowers. Under this framework and according to the information provided by the institutions, 513 home loan and mortgage credit agreements and 6,485 consumer credit agreements were renegotiated in 2022, providing solutions to mitigate borrowers' risk of default.

The procedures initiated by institutions under the under out-of-court arrears settlement procedures (OASPs) increased in 2022 for home loans and consumer credit, the latter to levels higher than those observed in the pre-pandemic period.

The Banco de Portugal monitored 98 institutions' compliance with the temporary suspension of the early repayment fee charged on credit agreements for the purchase or construction of permanent owner-occupied dwellings with a variable interest rate. The Bank demanded the rectification of irregularities detected in 94 institutions. Following specific orders issued, the institutions changed their procedures and returned a total amount of around €502 thousand to their customers in fees charged in the first month after this rule became effective.

The Banco de Portugal also inspected the 95 institutions offering savings plans for compliance with the duty to report on special redemption conditions and required the insufficiencies identified in 86 institutions to be corrected.

• The Banco de Portugal monitored regulatory developments in 2022 and sent the Portuguese Parliament and the Ministry of Finance the Report on cross-selling and bank fees, in accordance with Law No 57/2020 of 28 August 2020.

At national level, the national legislator approved rules aimed at improving the accessibility of persons with disabilities and with functional limitations to retail banking products and services. Institutions have to comply with them by 28 June 2028. These rules transpose the European Directive on accessibility requirements for products and services into national law.

At European level, the new directives on consumer credit (CCD) and on the distance marketing of consumer financial services (DMFSD) were under discussion. As a member of the G20/OECD Task Force on Financial Consumer Protection, the Bank cooperated on revising the principles for protecting consumers of financial products, which constitute the international reference for the rights that States should grant to financial consumers.

• The Banco de Portugal prioritised the monitoring of compliance with the legal provisions that introduced caps on fees in consumer credit agreements and home loans after 1 January 2021.

Inspections were carried out to assess compliance with the rules on fees of 132 institutions regarding consumer credit and 100 institutions regarding home loans and mortgage credit. The Banco de Portugal required the correction of the irregularities detected in 122 and 97 institutions respectively.

In addition to examining fee-charging practices, inspections were carried out in respect of home loans and mortgage credit to verify the information provided at the points of sale of 81 institutions and on the websites of five institutions when marketing such products. Website information provided by 11 institutions on the opening or maintenance of a current account in connection with home loans and mortgage credit was also assessed.

In terms of credit to consumers, inspections also assessed the charging of arrears and other costs associated with default on credit cards and credit lines, and the collection of interest on overdraft facilities and credit overruns. The inspections were carried out at three institutions. The information provided by 97 institutions on their websites on personal and car loans was also assessed, as well as five institutions' marketing of consumer credit. The Banco de Portugal also assessed the draft credit agreements for car loans reported by 77 institutions.

Following these inspections, 910 specific orders and 190 recommendations were issued to 123 institutions regarding consumer credit, and 1,324 specific orders and 13 recommendations were issued to 97 institutions regarding home loans and mortgage credit.

• The Banco de Portugal carried out inspections at the branches of credit institutions to assess the information provided on basic bank accounts and the provision of a price list and complaints book.

It assessed how the poster on basic bank accounts was displayed at 234 branches of 37 credit institutions and detected irregularities in 13 institutions.



The Bank also assessed the availability of the price list and complaints book at 234 branches of 37 credit institutions and four branches of three payment institutions. Irregularities were found in the price lists provided by 23 institutions and in the complaints books provided by 21 institutions.

... The Banco de Portugal analysed 19,225 institutional advertising materials and advertising materials for banking products and services offered by 57 institutions.

Most materials (79%) concerned consumer credit products, and more than a third were offered through digital channels. Irregularities were found in 1.8% of the advertising materials analysed (2.6% in 2021). To correct the instances of non-compliance detected in these inspections, the Banco de Portugal issued 105 specific orders and 15 recommendations to 36 institutions. The advertising for optional bundled products had the highest ratio of non-compliance (8.7%).

... The Banco de Portugal received 21,778 complaints about matters it supervises, a 12.7% increase from 2021.

The increase in the number of complaints mainly reflected the increase in complaints concerning (i) information reported by institutions on customer credit liabilities, (ii) alleged digital payment fraud and (iii) difficulties experienced by foreign nationals in opening current accounts.

The Bank closed 20,570 complaints, of which 17,820 were received during 2022. The average period for closing complaints was 47 days on average. Signs of breaches were identified in 2.2% of closed complaints. The institutions solved the matter subject to complaint, despite there being no signs of breaches in 37.4% of closed complaints. No signs of infringement by the institutions were detected in 60.4% of the complaints closed.

... Following specific orders issued by the Banco de Portugal, 110 institutions returned to customers €3 million, of which €2.8 million in respect of unduly charged fees.

Within its banking conduct supervisory powers, the Banco de Portugal issued 2,829 specific orders and recommendations in total addressed to 143 institutions and initiated 117 administrative offence proceedings against 32 institutions, 115 stemming from the analysis of complaints presented by bank customers.

Most of the specific orders and recommendations focused on irregularities and deficiencies detected in the offering of home loans and mortgage credit (48%) and consumer credit products (39%). In turn, the matters most targeted in the proceedings were payment services (38 proceedings against 18 institutions) and bank deposits (33 proceedings against 14 institutions).

In 2022, the Banco de Portugal the Banco de Portugal decided on 432 administrative offence proceedings concerning banking conduct offences, resulting in fines imposed on the institutions concerned for an overall amount of €1.8 million.

As at 31 December 2022, 5,636 credit intermediaries were registered with the Banco de Portugal, a 2.9% increase from 2021.

In monitoring the actions of credit intermediaries, the Bank analysed 73 advertising materials disclosed by those entities and inspections were carried out to assess the information provided on that activity in 243 credit intermediaries' establishments open to the public, and the availability of a complaints book and the provision of related information in the establishments open to the public of 215 credit intermediaries. The Bank assessed the information provided on credit products offered on the websites of nine financial institutions when acting as a credit intermediary. Bank customers made 84 complaints against credit intermediaries and 14 of the 74 closed complaints had irregularities.

Following these inspections, the Bank issued 88 specific orders requiring 77 credit intermediaries to correct irregularities and initiated 266 administrative offence proceedings against 257 credit intermediaries. Irregularities related to the duty to update the data subject to registration originated most of the specific orders issued (56 orders addressed to 54 entities). Administrative offence proceedings were mainly the result of breaches identified during inspections (213 proceedings against 212 institutions) relating to the information provided in establishments open to the public on credit intermediation and the complaints book.

The Banco de Portugal maintained its commitment to digital financial education, the dissemination of the basic bank account and the prevention of default on credit agreements as well as to the National Plan for Financial Education.

The second phase of the #TopTip digital financial education campaign was launched to promote the safe use of banking products and services across digital channels, as well as a campaign to raise awareness of the risks of crypto-assets. The Banco de Portugal continued to cooperate with the Organisation for Economic Co-operation and Development (OECD) and the European Commission to define a digital financial literacy strategy for Portugal, which was made public in May 2023.

In collaboration with the High Commission for Migration, the basic bank account was publicised among displaced Ukrainian citizens and other migrants. Under the protocol with the Ministry of Labour, Solidarity and Social Security, the Bank provided information on basic bank accounts at information desks of the Social Security Institute, the Social Security Financial Management Institute, the Institute for Employment and Vocational Training and the National Institute for Rehabilitation.

With the support of the Directorate-General for Consumers, sessions were held on the prevention of default on credit agreements for the entities from the Bank Customer Support Network (Rede de Apoio ao Cliente Bancário — RACE) and Regional Consumer Information Centres (Centros de Informação Autárquicos ao Consumidor — CIAC) across the country.

Participation in the implementation of the National Plan for Financial Education, under which partnerships were established with a view to promoting the financial education of particularly vulnerable target groups, remained a priority. The Banco de Portugal's regional network organised 717 financial education courses involving more than 23,400 participants.

... The Banco de Portugal intervened in key international forums on banking conduct supervision, especially the European Banking Authority (EBA), the Joint Committee of the European Supervisory Authorities (JCESA) and the International Financial Consumer Protection Organisation (FinCoNet) .— which it has chaired over the past three years .— and the OECD.

Within the European Union, it has been involved in the revision of the directives on Consumer Credit and Distance Marketing of Consumer Financial Services, as well as in the opinions issued by the European Banking Authority on the revision of the mortgage credit directive and on the digitalisation of financial services. It also contributed to the development of core competencies for financial literacy among the EU adult population. At FinCoNet, it coordinated the drawing up of a report on the prevention of over-indebtedness and participated in analysing the effects of the increasing digitalisation of payments. Within the OECD, it worked on revision of the principles for the protection of consumers of financial products and on various reports on financial literacy and education.

It also responded to cooperation requests in the field of banking conduct supervision from the central banks of Angola, Mozambique, Cape Verde, São Tome and Principe, Uzbekistan, Kosovo and Indonesia and from Peru's financial supervision authority.



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# I Regulatory activities

- 1 Extraordinary rules to protect home loan borrowers
- 2 Rules on accessing retail banking products and services
- 3 Consumer Credit Directive
- 4 Directive on Distance Marketing of Financial Services
- 5 Mortgage Credit Directive
- 6 International standards on financial consumer protection
- 7 Cross-selling practices and bank fees



# 1 Extraordinary rules to protect home loan borrowers

## 1.1 Enhanced monitoring of home loan borrowers

On 26 November 2022, a package of measures to mitigate the impact of rising interest rates<sup>1</sup> on variable interest rate home loans with an outstanding value of up to €300,000 entered into force.

These measures remain in force until 31 December 2023 and are mainly aimed at strengthening the monitoring of borrowers of such home loans by lending institutions.

Under the applicable rules, financial institutions have to assess the impact of the increase in interest rates on the debt-to-income ratio of the customers concerned by 9 January 2023 and to conduct a further analysis at least 60 days before the date of resetting the interest rate for each agreement.

In situations where, as a result of that assessment and according to the criteria set out in the applicable rules, financial institutions identify that the borrower has suffered a significant increase in the debt-to-income ratio or has a significant debt-to-income ratio, institutions should apply the procedures set out in the Pre-Arrears Action Plan (PRAP)<sup>2</sup>. Institutions must also apply the PRAP when customers report facts to them indicating a deterioration in their financial capacity.

In the PRAP, institutions assess customers' financial capacity to appraise whether there is an actual default risk of the credit agreement. Where institutions conclude that there is an actual default risk and that the customer has financial capacity, institutions must submit proposals for renegotiation.

If it is agreed to extend the repayment period of the credit agreement, customers may resume the contractually agreed repayment period prior to the extension. In the five years following the agreement to extend the repayment period of the credit agreement, institutions are required to inform customers, on an annual basis, of the right to resume the previous repayment period of the credit agreement.

In addition to the enhanced monitoring of borrowers by the institutions, charging the early repayment fee in full or in part on credit agreements for the purchase or construction of permanent owner-occupied dwellings at a variable interest rate, irrespective of the outstanding amount, was also prohibited until 31 December 2023.

1. Decree-Law No. 80-A/2022 of 25 November 2022.

2. Provided for in the General Arrears Regime approved by Decree-Law No. 227/2012 of 25 October 2012.

## 1.2 Extraordinary regime for the redemption of savings plans

The Portuguese legislator temporarily provided for the possibility of redeeming, without penalty, retirement savings plans, education savings plans and retirement/education savings plans<sup>3</sup>, and the Banco de Portugal was responsible for overseeing compliance by supervised institutions with the obligation to disclose this measure.

In accordance with this specific mandate, inspections were carried out of how the 95 credit institutions offering these products disclosed the special redemption conditions for retirement, education and retirement/education savings plans on their websites and in current account statements.

When inspecting the disclosure of the special redemption conditions for retirement, education and retirement/education savings plan on websites, it was found that six of the institutions inspected failed to provide any information on those special redemption conditions and that eight other institutions did not disclose this information visibly or with appropriate prominence. Inaccuracies in the information provided by seven of the inspected institutions were also detected.

Following this inspection, **15 specific orders** and **six recommendations** were issued to **16 institutions**.

When inspecting the disclosure of the special redemption conditions for retirement, education and retirement/education savings plan in current account statements, although all the institutions inspected disclosed information in current account statements, it was found that 86 of those institutions failed to include all the information required in the statements. Following this inspection, **11 specific orders** and **75 recommendations** were issued to **86 institutions**.

## 2 Rules on accessing retail banking products and services

Rules promoting accessibility to retail banking products and services for people with disabilities and with functional limitations<sup>4</sup> were adopted on 6 December 2022, transposing the Directive on the accessibility requirements for products and services<sup>5</sup> into Portuguese law.

These new rules include changes to the way financial institutions provide and show information on retail banking products and services to consumers. Institutions are now required to make pre-contractual information available through sensory means or channels to enable access by partially-sighted users. Institutions are also required to adapt their websites and mobile apps to ensure that information is provided in appropriate font type and size and with sufficient contrast and should ensure adjustable spacing between characters, lines and paragraphs. The language itself must be simple and comprehensible and must not exceed a level of complexity greater than B2 (upper-intermediate) of the Council of Europe's Common European Framework of Reference for Languages.

3. Law No. 19/2022 of 21 October 2022, as amended by Law No. 24-D/2022 of 30 December 2022.

4. Decree-Law No. 82/2022 of 6 December 2022.

5. Directive (EU) 2019/882 of the European Parliament and of the Council of 17 April 2019 on the accessibility requirements for products and services.



In order to promote the autonomy and self-determination of people with disabilities and functional limitations, institutions should also provide identification methods, electronic signatures, security systems and payment services that are perceptible, operational, understandable and robust. For example, providing electronic signatures could have a significant impact on the daily lives of customers with disabilities or functional limitations, notably by facilitating the conclusion of agreements for retail banking products and services.

The institutions must adapt to these new requirements by 28 June 2025. The Banco de Portugal is responsible for monitoring compliance with these rules in the retail banking markets.

### 3 Consumer Credit Directive

On 9 June 2022, the Council of the European Union adopted its position on the proposal for a directive presented by the European Commission on 30 June 2021.

Among several proposals, the Council of the European Union has argued that products such as crowdfunding or leasing agreements without an option or obligation to buy the good should not be covered by the new Directive. It also suggested allowing Member States to adapt some of the pre-contractual information, advertising and early repayment requirements for products that the Commission proposed be included in the scope of the new Directive (e.g. credits involving an amount of less than €200). In order to enable the consumers to quickly compare credit offers, it proposed that there should be a single pre-contractual information document and that the key information on the credit product should be displayed on the first page.

On 12 July, the European Parliament gave its opinion on the proposal for a Directive presented by the European Commission and suggested various amendments.

Among these, note that crowdfunding is excluded from the scope of the new Directive and leasing contracts are included without an option or obligation to buy the leased item in the list of agreements subject to the Directive. Like the Council of the European Union, the European Parliament was in favour of a single pre-contractual information document, emphasising, however, the need to strengthen the information provided on the right of withdrawal from the credit agreements and the consequences of non-compliance with credit agreements. It also suggested significant changes in the requirements observed in advertising for these credit products, such as the inclusion of a prominent and clearly visible warning on the cost of credit (“Caution! Borrowing money costs money”). It also proposed relevant changes in assessing the creditworthiness of banking customers, enshrining the right to be forgotten to all consumers who have overcome situations of aggravated risk of illness. It also suggested enhanced protection of borrowers in default situations.

In the meantime, the Council of the European Union and the European Parliament reached a provisional agreement on the new Consumer Credit Directive on 2 December.

The new Consumer Credit Directive is expected to be published in the course of 2023.

## 4 Directive on Distance Marketing of Financial Services

On 11 May 2022, the European Commission presented a proposal for a Directive concerning financial services contracts concluded at a distance<sup>6</sup>.

This proposal aims to ensure the harmonisation of the rules covering consumer financial services concluded at a distance, in particular on providing information to consumers and exercising the right of withdrawal.

In providing pre-contractual information, the proposal for a Directive aims to adapt the elements to be provided to consumers who contract in a non-face-to-face manner. It provides for an obligation for financial institutions to provide customers with a telephone number and an email address. It also lays down requirements for the use of colours in digital channels and the dissemination of information by layers, regulating the use of hyperlinks (e.g. pop-ups).

As regards the right of withdrawal, in addition to information on this right and how it can be exercised, it proposes that institutions be obliged to provide a 'withdrawal button' to make it easier to exercise this right in contracts concluded by electronic means.

It also requires financial institutions to provide adequate assistance to consumers by explaining the essential characteristics of the financial service and the specific effects of the contract. Furthermore, it provides for the right of the consumer to request human intervention where the assistance tools provided by the institution do not provide for such intervention.

Likewise, it requires Member States to adopt rules to ensure that the design of interfaces where the conclusion of financial services contracts takes place is not likely to distort or impair consumers' ability to make free, autonomous and informed decisions.

This proposal of the European Commission is being reviewed by the Council of the European Union and the European Parliament and it is expected to be approved in 2023.

## 5 Mortgage Credit Directive

In 2022, the European Commission continued its work revising the Mortgage Credit Directive<sup>7</sup>, furthering the process initiated in 2021, with the publication of the report on the implementation and revision of that Directive<sup>8</sup> and the launch of a public consultation on topics considered relevant in the context of a future amendment to this European legal framework (e.g. advertising and pre-contractual information, cross-selling practices, creditworthiness assessment, impact of digitalisation, support for consumers struggling to meet their obligations, sustainability, etc.).

6. Available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0204>. This proposal aims to amend Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights and repeals Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of these services.

7. Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property.

8. Report from the Commission to the European Parliament and the Council on the review of the Directive 2014/17/EU of the European Parliament and of the Council on credit agreements for consumers relating to residential immovable property (<https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX:52021DC0229>) of 11 May 2021.

In the meantime, the European Commission has addressed a request to the European Banking Authority (EBA)<sup>9</sup> for technical advice on possible amendments to this Directive.

In its opinion of 23 June 2022<sup>10</sup>, the EBA stressed that the current Mortgage Credit Directive adequately responds to the challenges and characteristics of the mortgage banking market and has contributed to further regulatory harmonisation in the various EU Member States.

However, it considers that a future revision of the Directive should consider extending its scope to include other credits, such as leasing contracts for permanent, secondary residential property or residential leased property. The EBA advocates simplifying the information that is made available to customers at the pre-contractual stage and in the context of advertising, to make it more effective, understandable and comparable. It also underlines that the risks of financial exclusion and discrimination should be considered when reflecting on the use of artificial intelligence systems in assessing borrowers' creditworthiness.

## 6 International standards on financial consumer protection

At the end of 2022, the Council of the Organisation for Economic Co-operation and Development (OECD) adopted new principles on financial consumer protection, previously endorsed by the G20 leaders at the Bali meeting in November 2022. These principles constitute the international reference for the rights that States should grant to financial consumers.

The OECD Council thus updated the set of principles it had adopted in July 2012, also previously endorsed by G20 leaders in November 2011, taking into account developments in financial services and product markets over the last ten years.

The definition of this set of principles aims to strengthen the regulation and supervision of the financial system in terms of financial consumer protection, highlighting its contribution to promoting financial stability.

The principles recommend implementing a regulatory framework to provide adequate financial consumer protection and the existence of oversight bodies with an explicit mandate to oversee its implementation, provided with the necessary means and tools for that purpose. The principles also advocate ensuring transparency of information on the characteristics and risks of financial products and emphasise the promotion of financial literacy.

They also state that financial consumers should be treated honestly, fairly and equitably and have the right of access to adequate complaint handling and redress mechanisms in case of litigation and that institutions should primarily aim to meet the interests of their customers.

With the 2022 revision, two new principles were added to the list set in 2012: (i) the need for States to promote access to financial services and an inclusive financial system and (ii) the importance of matching financial products with consumers' interests and objectives as a contribution to their well-being.

9. [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Opinions/2022/Opinion%20on%20MCD%20review%20%28EBA-Op-2022-07%29/1036069/2022%2006%2023%20Letter%20to%20Mr%20Berrigan%20-%20Response%20MCD%20CfA.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Opinions/2022/Opinion%20on%20MCD%20review%20%28EBA-Op-2022-07%29/1036069/2022%2006%2023%20Letter%20to%20Mr%20Berrigan%20-%20Response%20MCD%20CfA.pdf).

10. Cf. [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Opinions/2022/Opinion%20on%20MCD%20review%20%28EBA-Op-2022-07%29/1036068/EBA%27s%20response%20to%20the%20EC%20Call%20for%20advice%20on%20the%20review%20of%20MCD.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Opinions/2022/Opinion%20on%20MCD%20review%20%28EBA-Op-2022-07%29/1036068/EBA%27s%20response%20to%20the%20EC%20Call%20for%20advice%20on%20the%20review%20of%20MCD.pdf).

Cross-cutting themes were also highlighted and should be considered in the implementation of all principles: (i) promote financial resilience and consumer well-being, (ii) consider the impact of technological developments on the financial sector and (iii) the importance of sustainable finance.

The effort to revise the principles was carried out by the G20/OECD Task Force on Financial Consumer Protection, of which the Banco de Portugal is a member (Chapter VI.1.4).

## 7 Cross-selling practices and bank fees

In the pursuit of its mandate<sup>11</sup>, the Banco de Portugal sent the Portuguese Parliament and the Ministry of Finance the Report on cross-selling and bank fees, published on 15 July 2022<sup>12</sup>.

The report describes the commercial practices of institutions that promote optional cross-selling in the offering of home loans and consumer credit. It also presents the fees charged on home loans, consumer credit and payment services, and the applicable legal and regulatory framework.

The report stresses that institutions often offer other financial products and services alongside home loans and personal credit in exchange for reducing the cost of such credit products. Optional cross-selling mainly includes the offer to open a current account with the lending institution and taking out insurance with an entity designated by the lending institution. It is also common for institutions to require a salary or other regular income to be paid in directly to such an account.

The report also points out that the legislator has been regulating bank fees by restricting the freedom of institutions to set prices when it considers that certain public interest purposes must be pursued, namely bank customer mobility, the reduction of information asymmetry or the mitigation of the impact of over-indebtedness.

It also highlights the difficulties in comparing the fees charged in Portugal in the offering of home loans and consumer credit with those charged in other EU Member States, due to different marketing practices and different characteristics of the products offered, as well as the limited harmonisation of the naming of services provided at European level and the lack of structured information sources. Comparing the level of fees associated with payment services is also hampered by the different business practices and models and the limited information available on fees charged, despite the terminological harmonisation of the most representative services at EU level.

In December 2022, the EBA published a report entitled “Thematic review on the transparency and level of fees and charges for retail banking products”<sup>13</sup> on the fees and charges applied to retail banking products and services in the European Union. This report stresses the difficulties in comparing practices of fees and charges, given the diversity of rules in force within the European Union, the low level of fee harmonisation, the multiplicity of existing commercial practices and the limited information available. It also points out that Member States have introduced prohibitions and limitations on the charging of fees, restricting the freedom of institutions in this area.

11. Cf. Article 7(1) of Law No 57/2020 of 28 August 2020.

12. Available at [https://www.bportugal.pt/sites/default/files/anexos/documentos-relacionados/relatorio\\_bdp\\_-\\_artigo\\_7.o\\_da\\_lei\\_57-2020\\_en.pdf](https://www.bportugal.pt/sites/default/files/anexos/documentos-relacionados/relatorio_bdp_-_artigo_7.o_da_lei_57-2020_en.pdf).

13. Cf. [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2022/1045497/Report%20on%20the%20thematic%20review%20on%20fees%20and%20charges.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2022/1045497/Report%20on%20the%20thematic%20review%20on%20fees%20and%20charges.pdf).

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## II Supervision of financial institutions

- 1 Price lists
- 2 Complaints book
- 3 Advertising
- 4 Basic bank accounts
- 5 Structured deposits
- 6 Consumer credit
- 7 Home loans and mortgage credit
  - 8 Prevention and management of arrears
  - 9 Bank customer complaints
  - 10 Supervisory activities and sanctioning of irregularities



The conduct of institutions when offering retail banking products and services is monitored by analysing reported information, carrying out inspections and appraising bank customer complaints. Wherever the Banco de Portugal detects that the institutions do not comply with the obligations incumbent upon them, it issues recommendations and specific orders requesting that the latter correct these irregularities and initiates administrative offence proceedings.

## 1 Price lists

Inspections were carried out to assess the availability of a price list at 234 branches of 37 credit institutions and four branches of three payment institutions.

These inspections assessed:

- The **provision of a price list at branches.**

The electronic device used to provide the price list was not working at 13 branches of eight institutions and the price list was not placed in a clearly visible, directly accessible place or available on an easy-to-use device at ten branches of seven institutions.

The price list displayed at one branch was not complete and the information therein did not comply with the requirements laid down in the applicable regulatory rules.

- The **timeliness of the information contained in the price list.**

The price list displayed at 29 branches of 13 institutions was outdated, as the fees and expenses leaflet did not correspond to that reported to the Banco de Portugal or the interest rate leaflet did not reflect market conditions (e.g. the information on benchmark rates used in lending and deposit operations was outdated).

- **Compliance with the obligation to report the price list to the Banco de Portugal.**

The version of the fees and expenses leaflet available at five branches of two institutions was not reported to the Banco de Portugal.

48 specific orders were issued to 23 institutions, requiring the correction of the irregularities detected.

## 2 Complaints book

Inspections were carried out to assess the availability of a complaints book and the provision of related information at 234 branches of 37 credit institutions and four branches of three payment institutions.

These inspections assessed:

- The **existence of a complaints book.**

All of the institutions inspected provided a complaints book at their branches.

- Information on the existence of a complaints book and on the authority competent to analyse complaints displayed in a clearly visible place and easy to read by the consumer.

Two branches of two institutions did not display mandatory information on the existence of a complaints book and 20 branches of 14 institutions displayed this information in a place that was not clearly visible or in characters that were not legible.

25 specific orders were issued to 21 institutions to correct the irregularities detected.

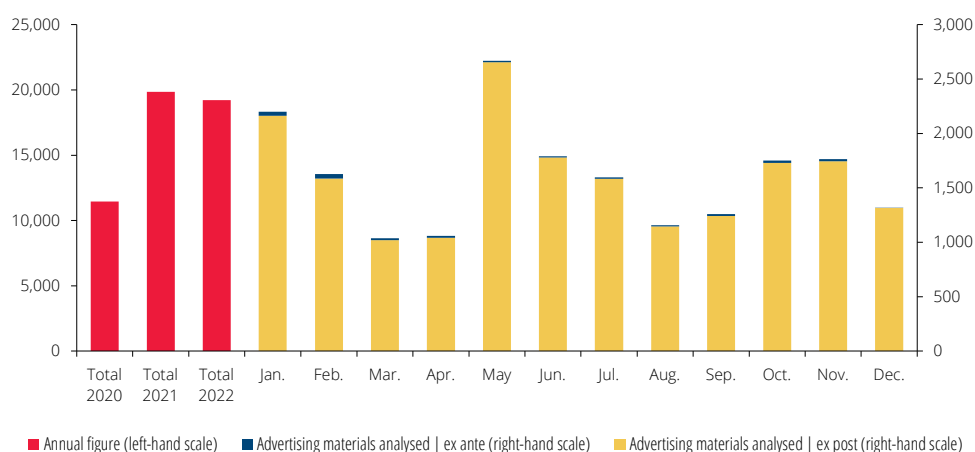
## 3 Advertising

### 3.1 Analysis of advertising materials

19,225 institutional advertising materials and advertising materials for banking products and services offered by 57 institutions were analysed. Of these, 19,005 (98.9%) were analysed after being released, 139 were subject to ex ante opinions requested by institutions and 81 — on structured deposits — were submitted for prior approval according to the applicable laws.

∴ Advertising materials released by institutions fell by 3.2% from 2021.

Chart II.3.1 • Advertising | Number of advertising materials monitored | 2020–2022



Source: Banco de Portugal.

Most materials analysed advertised consumer credit products (79% of the total), in particular credit cards (47%).



## Advertising materials for home loans and deposits increased.

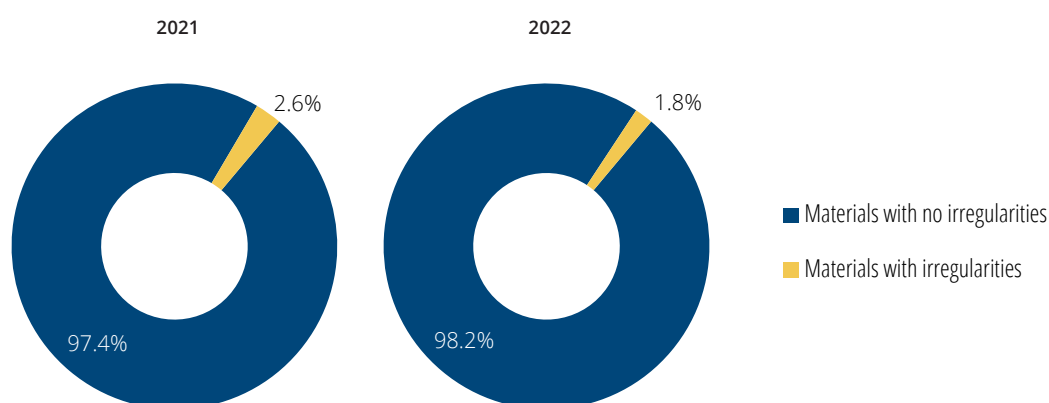
In contrast, the number of advertising materials for more than one product (multi-product), for payment services or for corporate credit declined.

Given the importance of advertising for consumer credit — for credit cards in particular — posters and leaflets displayed inside marketing spaces, such as credit intermediary points of sale or financial institution branches, accounted for more than half of all materials analysed. Materials disclosed through digital channels represented more than one-third of all materials analysed, in particular advertising on the institutions' websites and mobile phones through push notifications and banners on mobile applications.

### 3.2 Instances of non-compliance detected

Irregularities were detected in 349 (1.8% of the total) of the 19,005 materials analysed, compared with 2.6% in 2021.

Chart II.3.2 • Advertising | Percentage of advertising materials with irregularities | 2021–2022

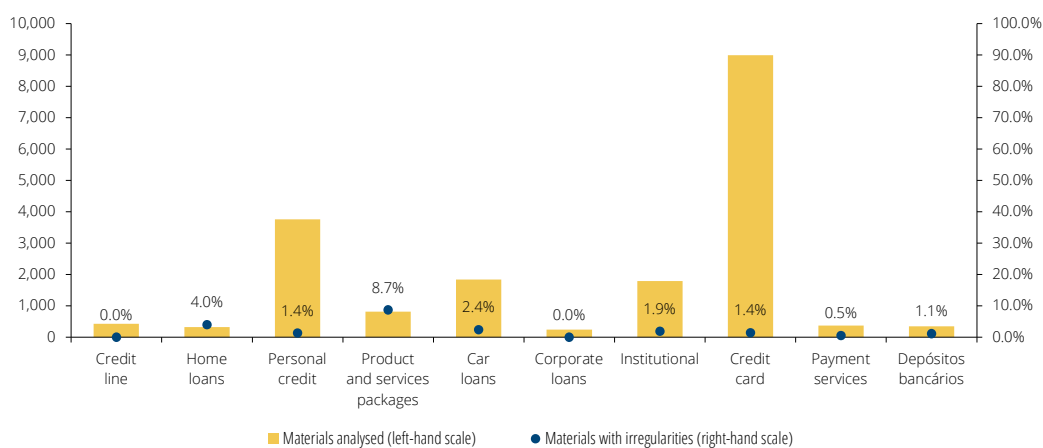


Source: Banco de Portugal.

Non-compliance was more frequent in materials advertising bundling, involving more than one product, in particular package accounts (8.7% of these materials). Lack of prominence of the APRC and incorrect presentation of the APRC representative example were the most frequent instances of non-compliance, e.g. when a credit card was offered together with a current account.

By distribution channel, breaches were more frequently identified in television (10.6% of the materials), followed by press (5%).

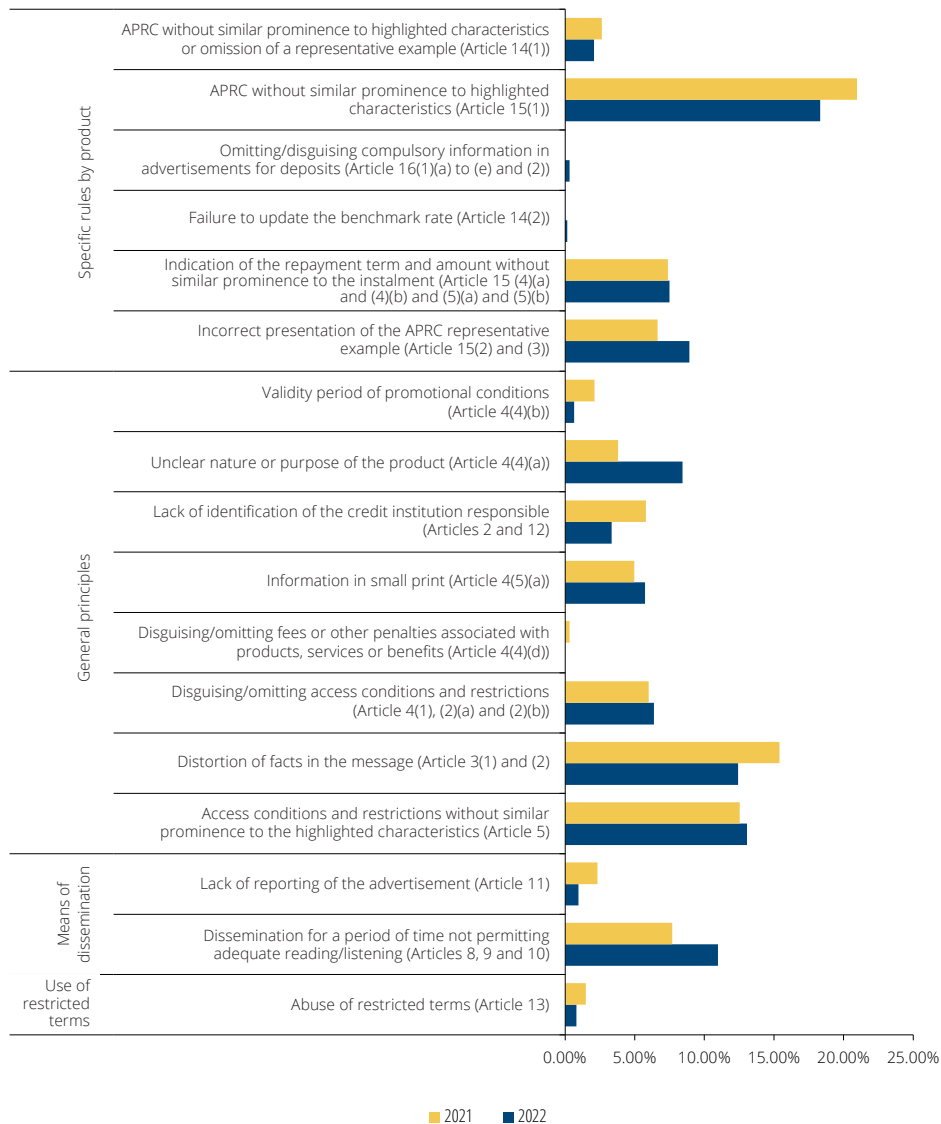
**Chart II.3.3 • Advertising | Percentage of advertising materials with irregularities by type of product | 2022**



Source: Banco de Portugal.

The most frequent irregularities detected were display of the APRC applicable to consumer credit or access conditions and restrictions on banking products without giving them similar prominence to the characteristics of these products as highlighted by the institutions. Incorrect or incomplete information on the characteristics of products and services was also detected — potentially leading to a distortion of facts in the advertising message — as well as information provided for a period of time not permitting adequate reading or listening.

Chart II.3.4 • Advertising | Main instances of non-compliance with Notice No. 10/2008 | 2021–2022



Source: Banco de Portugal.

105 specific orders and 15 recommendations were issued to 36 institutions responsible for the 349 advertising materials that were non-compliant.

Table II.3.1 • Advertising | Specific orders and recommendations | 2022

Topics	Number	Corrected advertisements	Entities covered
<b>Products and services</b>	106	315	34
Consumer credit	83	225	24
Mortgage credit	7	13	6
Deposits	2	4	2
Multi-product	12	71	9
Payment services	2	2	2
<b>Institutional</b>	14	34	11
<b>Total</b>	<b>120</b>	<b>349</b>	<b>a)</b>

Source: Banco de Portugal. | Note: (a) In 2022 specific orders and recommendations were issued to 36 institutions.

## 4 Basic bank accounts

Inspections were carried out to assess the disclosure of basic bank accounts (BBAs) at 234 branches of 37 credit institutions.

These inspections assessed:

- The **poster on BBAs** to determine whether it was displayed in a visible place.  
The poster on BBAs was not provided or was displayed in a place that was not clearly visible (e.g. behind the counter, behind pillars, on the counter or in an electronic or physical format that was not visible at all times) at 27 branches of 12 institutions.
  - The **contents of the poster on BBAs**.  
The poster on BBAs displayed outdated information at 16 branches of seven institutions.
- 29 specific orders were issued to 13 institutions to correct the irregularities detected.

## 5 Structured deposits

### 5.1 Analysis of Key Information Documents

The Bank assessed compliance of the Key Information Documents (KIDs) of 36 structured deposits submitted by six institutions, notably information provided on risk and cost indicators and expected performance scenarios for the yield of each structured deposit.

The Bank requested changes to the KIDs of 32 structured deposits.

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

### 5.2 Yield monitoring

The yields of the 46 deposits maturing in 2022 were monitored according to the method used to calculate yields as indicated in the corresponding pre-contractual information document (KID) and subsequently disclosed on the Bank Customer Website.

**Table II.5.1 • Structured deposits | Monitored yields | 2021–2022**

Deposit type	2021		2022	
	Matured	Entities covered	Matured	Entities covered
Structured	76	9	45	6
Dual				
Fixed component	0	0	1	1
Index-linked component	0	0	0	0
<b>Total</b>	<b>76</b>	<b>9</b>	<b>46</b>	<b>6</b>

Source: Banco de Portugal.

## 6 Consumer credit

In 2022 the most relevant topics covered by the inspections were compliance with the rules applicable to fees on consumer credit agreements in effect since 1 January 2021, the charging of arrears interest and other costs in case of arrears and the offering of these credit products through digital channels.

### 6.1 Analysis of draft credit agreements

Following the assessment of 57 draft credit agreements for car loans reported by 77 institutions<sup>1</sup>, 77 specific orders were issued to these institutions, requiring the correction of irregularities detected in the information provided in contractual clauses and the reporting of new draft agreements complying with the applicable legal framework.

### 6.2 Inspections

#### 6.2.1 Fee-charging practices

Inspections were carried out to assess the fee-charging practices of 132 institutions.

These inspections assessed:

- Compliance with the prohibition of charging fees for renegotiating credit conditions.

The practice of charging fees for renegotiating credit agreements was identified in 23 of the institutions analysed, mostly by renegotiating non-financial terms and conditions, e.g. changes to the instalment payment date or the account debited.

1. Under Instruction of the Banco de Portugal No. 24/2010.

This was also detected in situations where the customer did not repay the amounts used in the credit card in compliance with the established payment method.

In addition, the price list of 99 institutions analysed unduly provided for fees to be charged for renegotiating credit agreements.

- Compliance with the **prohibition of charging fees for processing instalments on consumer credit agreements** concluded as of 1 January 2021.

Charging fees to process instalments in credit agreements concluded as of 1 January 2021 was detected in 21 of the institutions monitored. The price list of three institutions unduly provided for the charging of such fees.

- Compliance with the **prohibition of charging fees for issuing and providing a document extinguishing the real guarantee** within 14 working days of the credit agreement's date of expiry.

Charging fees to issue a document extinguishing the real guarantee was detected in 82 of the institutions analysed. The deadline for institutions to issue a document extinguishing the real guarantee within 14 working days of the agreement's date of expiry was not complied with by 88 institutions. There were instances in 81 institutions where the document was not provided to the customer.

- Compliance with the **prohibition of charging fees for issuing debt statements** for customers to access social support or benefits and public services up to a limit of six statements per year.

21 institutions charged fees for issuing debt statements for customers to access social support or benefits or public services. In addition, the price lists of 29 institutions analysed unduly provided for these fees to be charged.

793 specific orders were issued to 122 institutions to correct the irregularities detected.

## 6.2.2 Charging of arrears interest and other costs in case of default on credit cards and credit lines

### Compliance with the arrears regime in credit cards and credit lines was inspected in three institutions.

These inspections 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 for the recovery of outstanding amounts or other costs in case of default.

The incorrect calculation of arrears interest was detected in one of the institutions analysed, which considered in this calculation a period of time when the customers were not yet in arrears.

- **Compliance with reporting requirements during the lifetime of consumer credit agreements when the customer fails to comply with their contractual obligations and when they settle their arrears.**

The information provided to customers by two of the institutions inspected was not complete and was incorrect and inconsistent.

Nine specific orders were issued to two institutions to correct the irregularities identified.

### 6.2.3 Charging interest on overdraft facilities and overrunning

#### Inspections were carried out on charging interest on overdraft facilities and overrunning in three institutions.

This inspection assessed:

- **The calculation of compensatory interest on principal outstanding.**

Interest charged on overrunning by the three institutions analysed was not calculated on the amount of principal outstanding at all times based on the agreed interest rate, with customers being required to pay a minimum amount of interest.

- **Compliance with the duty to specify the interest rate (ANR) applicable to overrunning in the current account agreement.**

Current account agreements concluded by one institution did not specify the ANR applicable in the event of overrunning, although they provided for the possibility of the customer making transactions on the account beyond the funds available.

- **Compliance with the duty to conclude the overdraft facility agreement in a document separate from the current account agreement.**

One of the institutions analysed allowed subscribing an overdraft facility with the current account without concluding a separate credit agreement.

- **Provision of periodic information on the interest charged on overrunning.**

Current account statements issued by one of the institutions analysed did not include information on the amount used in overrunning, the start and end dates of the period when interest was charged to the customer or the ANR applied.

11 specific orders were issued to the three institutions to correct the irregularities identified.

### 6.2.4 Information on personal and car loans on institutions' websites

#### Mystery shopper inspections were carried out on the information on personal and car credit products provided on the websites of 97 institutions.

This inspection assessed:

- **Information provided** on the characteristics of personal and car credit products.

Information provided by 87 institutions on personal and car credit products was considered insufficient, mostly due to the fact that the simulators highlighted monthly instalment amounts, while information on other credit terms and conditions was secondary.

- **How options for the terms and conditions applied to these products are presented to the customer** by assessing whether options were selected by default.

The credit amount and loan repayment term were pre-selected in the simulators of 88 institutions analysed. One of the institutions monitored did not provide information on the possibility of borrowers taking out insurance equivalent to that required from an insurance company of their choice.

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

Credit-related costs (namely fees for concluding an agreement and stamp duty) were included in the amount to be financed by one of the institutions analysed without the customer's express request.

181 recommendations were issued to 89 institutions to correct the irregularities detected.

## 6.2.5 Offering through digital channels

### Inspections were carried out on the consumer credit products offered through digital channels by five institutions.

The Bank analysed the processes for offering three personal credit products, one car loan, seven credit cards and one overdraft facility and assessed:

- Compliance with **pre-contractual and contractual information obligations and the provision of mechanisms to ensure these documents were adequately viewed and read.**

The credit product's Standardised Information Sheet (SIS) was not provided by one of the institutions analysed and the SIS provided by another institution did not comply with all the information requirements nor did it reflect the customer's preferences on credit conditions.

The information provided in the credit agreements of four of the institutions analysed showed irregularities when describing the credit's characteristics, cost and general terms and conditions, explaining the signing-up process and identifying the date on which those agreements were concluded.

- Compliance with the **obligation to inform the customer of the reasons credit was declined** when this was based on information from credit liability databases or other relevant databases.

Despite informing the customer of the reasons credit was declined, one of the institutions analysed failed to present the information contained in those databases. Another of the institutions monitored did not inform the customer of the reasons credit was declined when this was based on information from databases other than the Banco de Portugal's Central Credit Register (CCR).

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

One institution failed to give adequate prominence to the characteristics of credit products.

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

Credit options were already selected by default by one of the institutions analysed.

- **Provision of information on the stages of the process and the information needed to take out credit through digital channels.**

The information provided on the stages of the signing-up process and the description of the information needed was incomplete in three financial institutions.

- **The provision of mechanisms allowing customers to exercise their right to freely terminate the agreement and to early repayment through digital channels** in order to ensure that these rights are exercised as easily and conveniently as the conclusion of the credit agreement.

The right to freely terminate the agreement through digital channels was not provided by one of the institutions analysed.

20 specific orders and nine recommendations were issued to four institutions to correct irregularities and deficiencies detected.



## 6.3 Instances of non-compliance detected

Following inspections on the offering of consumer credit described in the aforementioned sections, a total of 910 specific orders and 190 recommendations were issued to 123 institutions.

**Table II.6.1 • Consumer credit | Specific orders and recommendations | 2022**

Topics inspected	Specific orders		Recommendations		Total	
	Number	Institutions covered	Number	Institutions covered	Number	Institutions covered
Contractual information obligations	77	77			77	77
Bank fees	793	122			793	122
Charging arrears interest and other costs in case of default	9	2			9	2
Charging arrears interest and information obligations on the overdraft facility and overrunning	11	3			11	3
Information on personal and car loans provided on the websites			181	89	181	89
Offering through digital channels	20	4	9	3	29	4
<b>Total</b>	<b>910</b>	<b>(a)</b>	<b>190</b>	<b>(a)</b>	<b>1,100</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 2022 specific orders and recommendations were issued to 123 institutions.

## 7 Home loans and mortgage credit

Compliance with the rules applicable to fees charged on home loans and mortgage credit and the prohibition of making the ability to conclude or renegotiate these credit agreements dependent on opening or holding a current account with the lending institution, in effect as of 1 January 2021, were the most important topics covered by the inspections carried out in 2022.

At the end of the year, the Bank also monitored compliance with the suspension of the early repayment fee charged on variable-rate home loan agreements, one of the measures adopted by the legislator to mitigate the effects of the interest rate rise (Chapter I.1).

## 7.1 Inspections

### 7.1.1 Fee-charging practices

Inspections were carried out to assess the fee-charging practices of 100 institutions.

These inspections assessed:

- Compliance with the **prohibition of charging fees for processing instalments on home loan and mortgage credit agreements** concluded as of 1 January 2021.

Charging fees to process instalments on credit agreements concluded as of 1 January 2021 was detected in three institutions analysed.

Fees to process instalments were still mentioned in the information provided to customers by five institutions analysed.

- Compliance with the **prohibition of charging fees for issuing and providing a document extinguishing the real guarantee** within 14 working days of the credit agreement's date of expiry.

81 institutions analysed were charging fees to issue a document extinguishing the real guarantee. The deadline of 14 working days of the agreement's expiry date to issue a document extinguishing the real guarantee was not being complied with by 91 institutions: this document was not provided to customers by three institutions analysed.

- Compliance with the **prohibition of charging fees to issue debt statements** for customers to access social support or benefits and public services up to a limit of six statements per year.

88 institutions monitored charged fees to issue debt statements for customers to access social support or benefits and public services.

In addition, the price lists of 18 institutions analysed unduly provided for these fees to be charged.

- Compliance with the **prohibition of charging fees to renegotiate the terms and conditions of home loans and mortgage credit**.

The price lists of three institutions monitored provided for fees to be charged for renegotiating the credit agreement when amending non-financial terms and conditions.

- The **right to total or partial early loan repayment without charges** additional to those set out in the applicable regulation.

Three institutions inspected charged fees to issue debt statements when transferring the loan to another institution.

662 specific orders were issued to 97 institutions to correct the irregularities detected.

### 7.1.2 Information provided when offering home loan and mortgage credit agreements

#### “Mystery shopper” inspections were carried out to assess the information provided by 81 institutions when offering home loan and mortgage credit agreements

These inspections focused on:

- Whether **general pre-contractual information was provided and up-to-date**.  
General pre-contractual information on home loan products was not provided by 80 institutions analysed, despite being requested by the “mystery shopper”.
- Whether the customer is able to express their preferences concerning the product’s terms and conditions.  
When simulating the credit, 80 institutions monitored would open a current account and bundle products and services with the lending institution without previously asking the customer whether they wanted these products and services.
- Compliance with the **obligation to assist the customer**, namely with the loan characteristics, in particular on the applicable interest rate and fees, the APRC and the impact on the credit cost of an increase in the variable interest rate where applicable.  
Irregularities were detected in the 81 institutions monitored.
- **Information provided on other financial products and services bundled with the home loan and mortgage credit agreement**, namely the separate impact on the credit cost of the customer not taking out each of these products.  
Irregularities were detected in the 81 institutions monitored.
- Compliance with the legally established terms and conditions requiring **opening or maintaining a current account and taking out insurance**.  
The information provided by eight institutions analysed was not correct.

347 specific orders were issued to 81 institutions to correct the irregularities detected.

### 7.1.3 Information on opening or maintaining a current account linked to home loans and mortgage credit provided on the institutions’ websites

#### “Mystery shopper” inspections were carried out to assess the information on opening or maintaining a current account linked to home loans and mortgage credit provided on the websites of 11 institutions.

The information provided on the websites of eight institutions analysed did not comply with the legal rule that prohibits making the conclusion or renegotiation of a home loan or mortgage credit agreement dependent on opening or maintaining a current account with the lending institution.

16 specific orders were issued to the eight institutions to correct the irregularities detected.

#### 7.1.4 Information on home loans and mortgage credit provided on the institutions' websites

“Mystery shopper” inspections were carried out to assess the information on home loan and mortgage credit products provided on the websites of five institutions.

This assessment focused on:

- **Information provided on the characteristics of home loan and mortgage credit products.**

Four institutions analysed did not place as much emphasis on the charges on offered products as on the instalment amount or the impact of bundled products or services on the credit cost.

- **Providing the general pre-contractual information document.**

The general pre-contractual information document was provided by all the institutions monitored and was also available for download.

- **The options on the terms and conditions for credit products presented to the customer** by assessing whether institutions used options selected by default or graphic elements that induced the customer to choose a particular option.

There were options unduly selected by default, namely for credit amount, repayment term and type of interest rate on the websites of the five institutions analysed.

- **Providing information on it being possible for the customer to take out compulsory insurance with another entity of their choice, provided the cover required by the lending institution was safeguarded.**

Three institutions did not mention this possibility.

- **Compliance with the obligation to provide assistance.**

The obligation to provide assistance was being adequately complied with on the websites of the five institutions.

- **How information on bundling is provided.**

Although the websites of the five institutions analysed identified the characteristics of the products and services being bundled with home loans and mortgage credit, the websites of two institutions did not provide information on the cost of these products, while the website of one institution did not mention the impact on the cost of the credit agreement of taking out each of these products, namely the impact on the interest rate spread. Three institutions analysed were also found not to provide information on the impact on the credit cost of not maintaining such products and services during the lifetime of the agreement.

**17 specific orders** and **13 recommendations** were issued to the **five institutions** inspected to correct irregularities and deficiencies detected.

**7.1.5** Temporary suspension of the early repayment fee charged in credit agreements for the purchase or construction of permanent owner-occupied dwellings with a variable interest rate

Inspections were carried out in 98 institutions to assess compliance with suspension of the early repayment fee charged in credit agreements for the purchase or construction of permanent owner-occupied dwellings with a variable interest rate.

On the basis of information on price lists, the Bank assessed the suspension of the early repayment fee charged in credit agreements for the purchase or construction of permanent owner-occupied dwellings with a variable interest rate, in force from 26 November 2022 to 31 December 2023 (Chapter I.1). 94 institutions analysed were found to not comply with this obligation.

282 specific orders were issued to 94 institutions to correct irregularities detected.

## 7.2 Instances of non-compliance detected

A total of 1,324 specific orders and 13 recommendations were issued to 97 institutions following inspections on the offering of home loans and mortgage credit as described in the previous Section.

**Table II.7.1 • Home loans and mortgage credit | Specific orders and recommendations | 2022**

Topics inspected	Specific orders		Recommendations		Total	
	Number	Institutions covered	Number	Institutions covered	Number	Institutions covered
Bank fees	662	97			662	97
Offering of home loans	347	81			347	81
Website information on opening or maintaining a current account linked to home loans and mortgage credit	16	8			16	8
Website information on home loans and mortgage credit	17	5	13	5	30	5
Early repayment of credit agreements for the purchase or construction of permanent owner-occupied dwellings with a variable interest rate	282	94			282	94
<b>Total</b>	<b>1,324</b>	<b>(a)</b>	<b>13</b>	<b>(a)</b>	<b>1,337</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 2022 specific orders and recommendations were issued to 97 institutions.

## 8 Prevention and management of arrears

The implementation of the general arrears regime for credit agreements is monitored by first analysing data reported by the institutions on a monthly basis<sup>2</sup> on the application of proceedings laid down in the Pre-Arrears Action Plan (PRAP) and the Out-of-court Arrears Settlement Procedure (OASP).

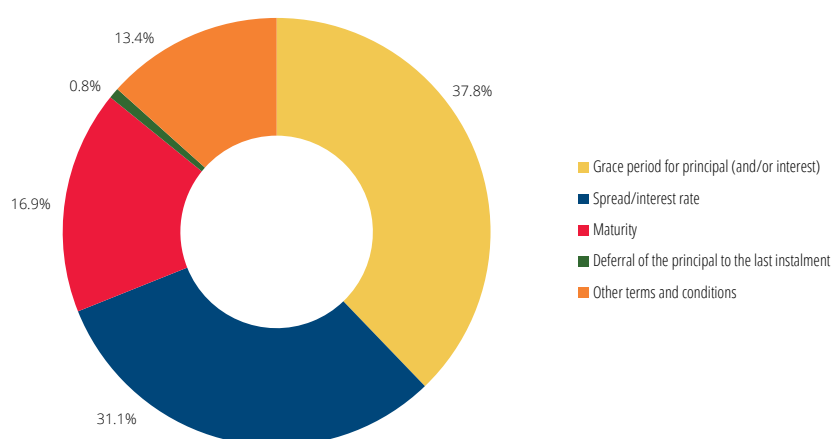
With the entry into force, at the end of November 2022, of the PRAP extraordinary regime<sup>3</sup> laying down new bank customer rights, additional information was requested from institutions on the application of the proceedings set out in this regime.

### 8.1 Arrears prevention

Renegotiations between institutions and customers under the PRAP were more frequent for consumer credit agreements than for home loan and mortgage credit agreements.

Data reported by institutions on the application of the PRAP general regime to home loans and mortgage credit indicate that, in 2022, 513 agreements were renegotiated to implement solutions enabling credit risk mitigation, as a result of the application of this regime's proceedings. The most frequently renegotiated terms and conditions were the introduction of a grace period for principal and interest, changes to the spread or interest rate and the extension of the repayment period.

**Chart II.8.1 • PRAP | Home loans and mortgage credit | Terms and conditions renegotiated in proceedings concluded by agreement between the parties | 2022<sup>(a)</sup>**



Source: Banco de Portugal. | Notes: (a) Renegotiations may combine more than one of the solutions indicated in this Chart.

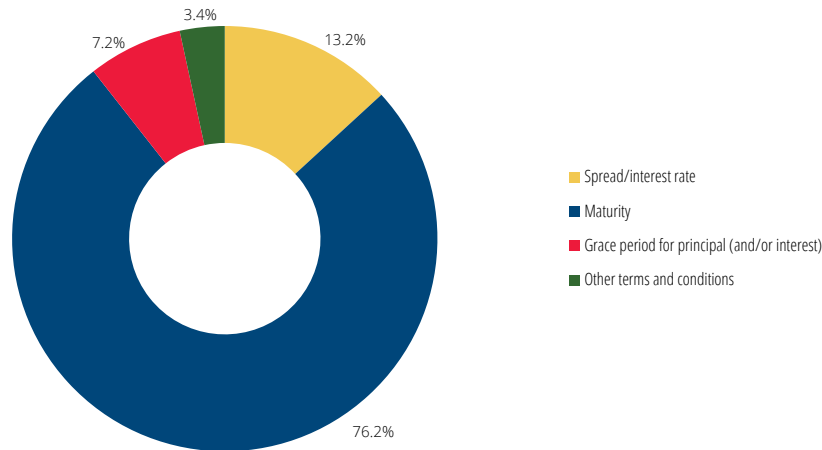
2. Instruction of the Banco de Portugal No. 16/2021 repealing Instruction of the Banco de Portugal No. 44/2012.

3. See Chapter I of this Report for a characterisation of the PRAP extraordinary regime introduced by Decree-Law No. 80-A/2022.

Data reported by institutions on the application of the PRAP general regime to consumer credit indicate that, in 2022, 6,485 agreements were renegotiated to implement solutions enabling credit risk mitigation, as a result of the application of this regime's proceedings.

The extension of the repayment period was predominant among the contractual terms and conditions most frequently renegotiated.

**Chart II.8.2 • PRAP | Consumer credit | Terms and conditions renegotiated in the proceedings concluded | 2022<sup>(a)</sup>**

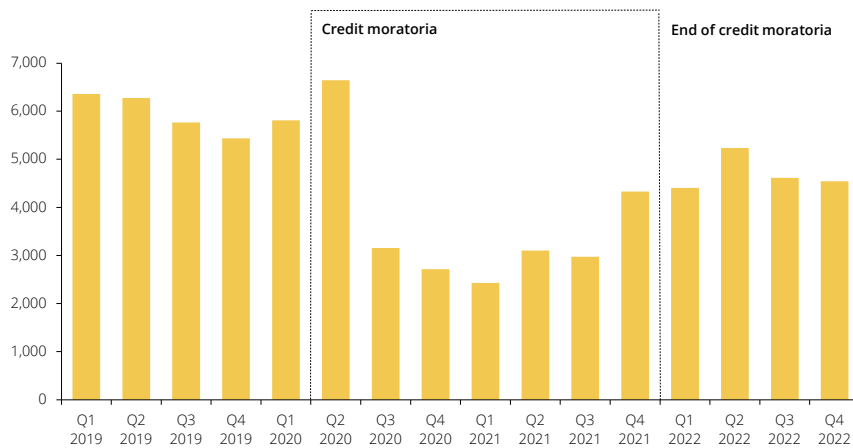


Source: Banco de Portugal. | Notes: (a) Renegotiations may combine more than one of the solutions indicated in this Chart.

## 8.2 Arrears management

In 2022 the number of new OASP proceedings for home loans and mortgage credit recorded an increase, albeit to levels below those observed before the pandemic.

**Chart II.8.3 • OASP | Home loans and mortgage credit | Proceedings initiated (monthly figures) | 2019–2022**



Source: Banco de Portugal.

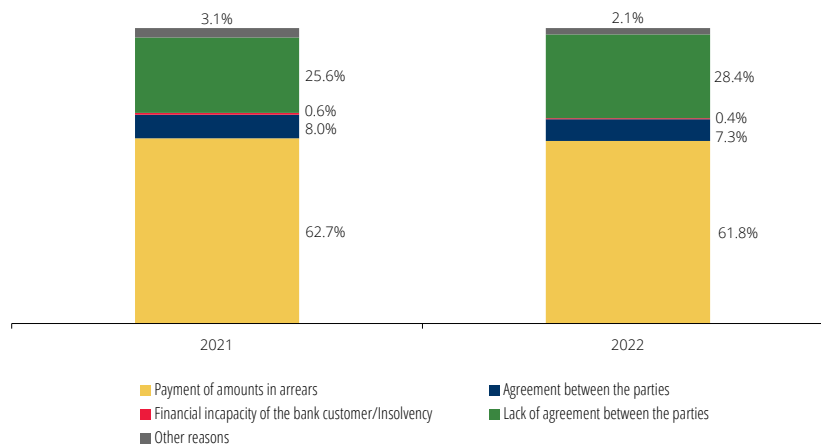
In 2022 institutions reported 56,378 OASP proceedings initiated, involving home loan and mortgage credit agreements.

**Table II.8.1 • OASP | Home loans and mortgage credit | Proceedings initiated, under analysis and concluded | 2021–2022**

	2021	2022		
		H1	H2	Total
<b>OASP proceedings initiated</b>				
Number	38,493	28,907	27,471	56,378
<b>OASP proceedings under analysis<sup>(d)</sup></b>				
Number	22,166	-	-	25,463
<b>OASP proceedings concluded</b>				
Number	36,380	26,519	26,562	53,081
<b>Of which:</b>				
OASP proceedings concluded with settlement of arrears <sup>(e)</sup>	25,701	18,975	17,716	36,691
Payment of amounts in arrears	22,807	17,119	15,722	32,841
Agreement between the parties <sup>(f)</sup>	2,894	1,856	1,994	3,850
<b>OASP proceedings concluded with settlement of arrears/OASP proceedings concluded</b>	<b>70.6%</b>	<b>71.6%</b>	<b>66.7%</b>	<b>69.1%</b>

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

**Chart II.8.4 • OASP | Home loans and mortgage credit | Reasons for cancellation | 2021–2022**



Source: Banco de Portugal.



The reason most frequently given by credit institutions for closing OASP proceedings continued to be the payment of amounts in arrears by bank customers (61.8%)<sup>4</sup>. In 7.3% of the proceedings concluded, an agreement was reached between the institution and the customer (8% in 2021). The renegotiation of the terms and conditions of the agreements was the most frequent solution agreed between institutions and customers.

**Table II.8.2 • OASP | Home loans and mortgage credit | Solutions agreed in proceedings concluded | 2021–2022<sup>(a), (b)</sup>**

	2021		2022	
	Number	Amount (EUR millions)	Number	Amount (EUR millions)
Renegotiation of the credit agreement	2,870	31.4	3,826	27.2
Additional loan for payment of instalments	10	0.1	17	0.2
Refinancing	8	0.2	4	0.4
Consolidation of loans	0	–	4	0.0
Transfer in lieu of payment	6	–	1	–

Source: Banco de Portugal. | Notes: (a) This table presents the number of solutions agreed, with more than one solution possible per loan agreement. (b) The OASP proceedings concluded with settlement of arrears in 2022 covered 2,388 home loan and mortgage credit agreements.

**Table II.8.3 • OASP | Home loans and mortgage credit | Terms and conditions renegotiated in proceedings concluded | 2021–2022<sup>(a), (b)</sup>**

	2021	2022
Grace period for principal (and/or interest)	390	212
Maturity	198	81
Spread/interest rate	35	26
Deferral of the principal to the last instalment	61	52
Other terms and conditions <sup>(c)</sup>	2,508	3,649

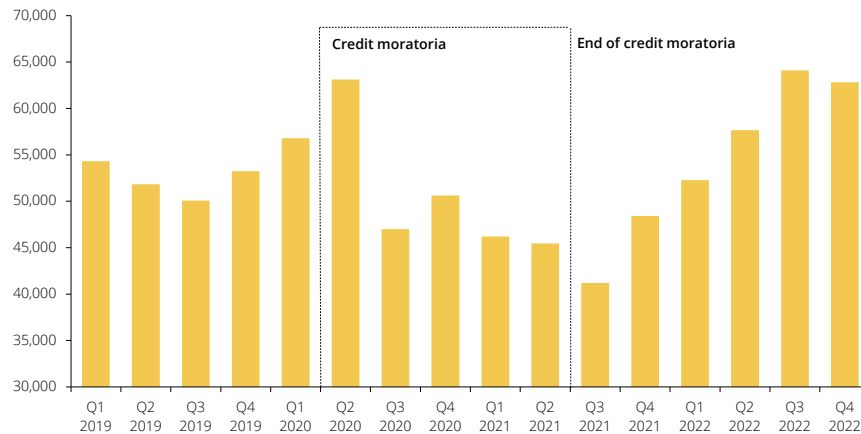
Source: Banco de Portugal. | Notes: (a) Renegotiations may combine more than one of the solutions indicated in this table. (b) The OASP proceedings concluded with renegotiations in 2022 covered 1,880 home loan and mortgage credit agreements. (c) This category covers, namely, payment plans for the settlement of late repayments, changes to the interest rate and changes in ownership. Reporting is aggregated, meaning it is not possible to disaggregate the renegotiated terms and conditions included in this category.

### ⋮ In 2022 OASP proceedings for consumer credit increased, exceeding the pre-pandemic levels.

In the first half of 2022, an average of 54,961 OASP proceedings were initiated per month for this type of credit and, in the second half, an average of 63,464 proceedings were initiated per month, reaching figures higher than in 2021.

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

Chart II.8.5 • OASP | Consumer credit | Proceedings initiated (monthly figures) | 2019–2022



Source: Banco de Portugal.

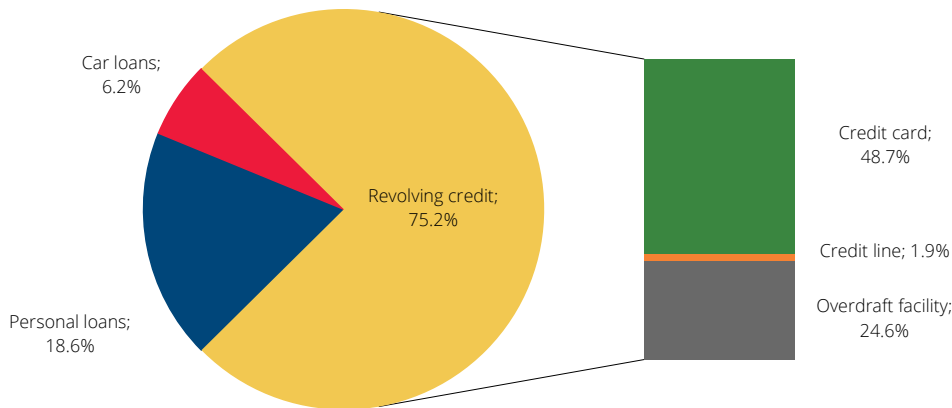
Throughout the year, institutions reported a growing number of new OASP proceedings concerning consumer credit agreements to the Banco de Portugal. Most consumer credit agreements incorporated into the OASP continued to be revolving credit products (75.2%), most notably debt incurred with credit cards, accounting for almost half of the proceedings initiated (48.7%). Personal loans and car loans represented 18.6% and 6.2%, respectively, of the loans incorporated into the OASP.

Table II.8.4 • OASP | Consumer credit | Proceedings initiated, under analysis and concluded | 2021–2022

	2021	2022		
		H1	H2	Total
<b>OASP proceedings initiated</b>				
Number	543,856	329,763	380,781	710,544
<b>OASP proceedings under analysis<sup>(d)</sup></b>				
Number	148,871	–	–	167,938
<b>OASP proceedings concluded</b>				
Number	538,281	317,435	374,042	691,477
<b>Of which:</b>				
OASP proceedings concluded with settlement of arrears <sup>(e)</sup>	231,615	137,902	127,146	265,048
Payment of amounts in arrears	218,245	131,860	120,108	251,968
Agreement between the parties <sup>(f)</sup>	13,370	6,042	7,038	13,080
<b>OASP proceedings concluded with settlement of arrears/OASP proceedings concluded</b>	<b>43.0%</b>	<b>43.4%</b>	<b>34.0%</b>	<b>38.3%</b>

Source: Banco de Portugal. | Notes: (a) 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 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) Renegotiation, consolidation of loans, refinancing, granting of an additional loan for payment of instalments and transfer in lieu of payment.

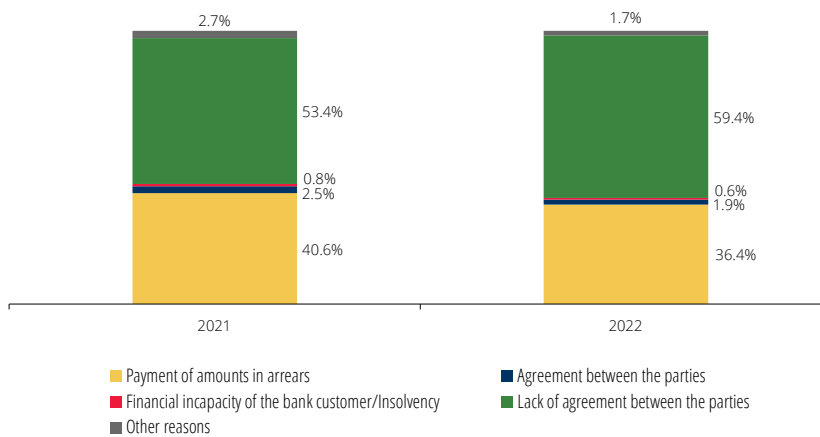
**Chart II.8.6 • Consumer credit | Distribution of OASP agreements by type of credit | 2019–2022**



Source: Banco de Portugal.

In 2022, 691,477 OASP proceedings were closed, involving 458,769 consumer credit agreements and totalling €1,110.8 million. These agreements had a 10% default ratio, above that observed in 2022 (9.3%). At the end of 2022, 167,938 OASP proceedings relating to consumer credit agreements were under analysis or negotiation.

**Chart II.8.7 • OASP | Consumer credit | Reasons for cancellation | 2021–2022**



Source: Banco de Portugal.

Institutions reported that, in 59.4% of the proceedings concluded, arrears were not settled because the parties failed to reach an agreement, a share higher than in 2021 (53.4%). In turn, in 36.4% of the proceedings concluded, the customers paid the amounts in arrears, a situation less frequent than in 2021 (40.6%). The parties reached an agreement in 1.9% of the proceedings, an amount which was also below that observed in the previous year (2.5%).

In the agreements reached between institutions and customers, renegotiation of the credit agreement was the most frequent solution (66%). The main condition renegotiated was the grace period for principal and/or interest, followed by the extension of the repayment period and changes in the spread/interest rate. Consolidation of loans also increased in the agreements concluded.

**Table II.8.5 • OASP | Consumer credit | Solutions agreed in the proceedings concluded | 2021–2022<sup>(a), (b)</sup>**

	2021		2022	
	Number	Amount (EUR millions)	Number	Amount (EUR millions)
Renegotiation of the credit agreement	10,028	23.1	8,641	19.0
Consolidation of loans	1,707	9.3	2,698	23.2
Refinancing	1,301	10.5	1,295	10.5
Additional loan for payment of instalments	435	3.9	420	4.4
Transfer in lieu of payment	52	–	42	–

Source: Banco de Portugal. | Notes: (a) This table presents the number of solutions agreed, with more than one solution possible per loan agreement. (b) The OASP proceedings concluded with settlement of arrears in 2022 covered 12,515 consumer credit agreements.

**Table II.8.6 • OASP | Consumer credit | Terms and conditions renegotiated in the proceedings concluded | 2021–2022<sup>(a), (b)</sup>**

	2021	2022
Grace period for principal (and/or interest)	490	1,616
Maturity	2,426	676
Spread/interest rate	772	657
Deferral of the principal to the last instalment	4,275	504
Other terms and conditions <sup>(c)</sup>	3,647	6,148

Source: Banco de Portugal. | Notes: (a) Renegotiations may combine more than one of the solutions indicated in this table. (b) The OASP proceedings concluded with renegotiations in 2022 covered 7,060 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, meaning it is not possible to disaggregate the renegotiated terms and conditions included in this category.

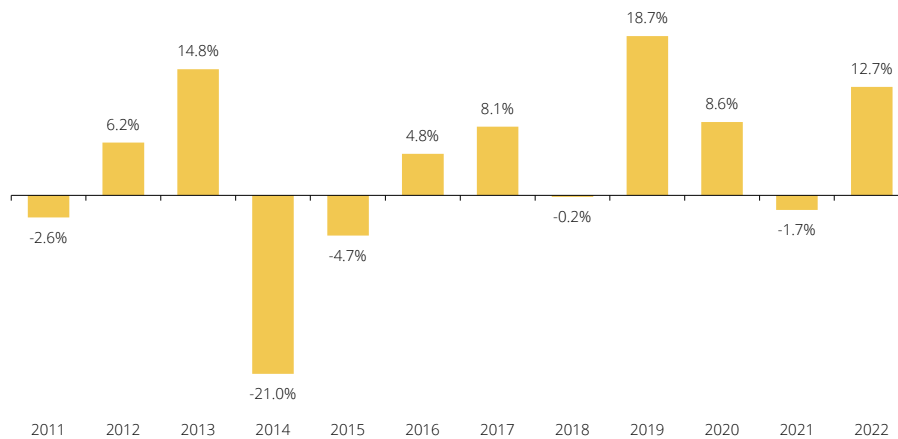
# 9 Bank customer complaints

## 9.1 Recent developments

The Banco de Portugal received 21,778 complaints about matters that fall within the Bank’s supervisory activities, 12.7% more than in 2021.

This increase was due to an upsurge in complaints about information reported by institutions to the Central Credit Register (CCR), digital payment fraud and difficulties experienced by migrant foreign citizens when opening a current account.

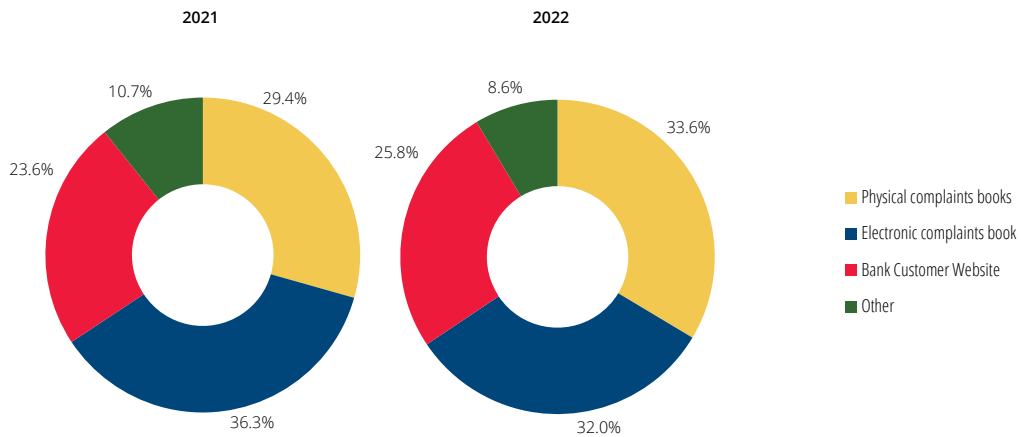
**Chart II.9.1 • Complaints | Developments in the monthly average number of complaints submitted | 2012-2022**



Source: Banco de Portugal.

The physical complaints book available at institutions’ branches and the electronic complaints book (e-platform “Livro de Reclamações”) were the channels most used to lodge complaints (33.6% and 32% of complaints submitted respectively), followed by the Bank Customer Website (25.8%). The Bank also receives complaints sent otherwise, such as by email or letter (around 8.7% of all complaints received in 2022, 10% in 2021). The importance of the physical complaints book and the Bank Customer Website increased from 2021 (up by 32.6% and 19.5% respectively).

Chart II.9.2 • Complaints | Submitted, by origin (per cent) | 2022



Source: Banco de Portugal. | Notes: Figures refer to complaints about banking products and services. In 2021 and 2022, the Bank also received 2,657 and 2,828 complaints respectively that were beyond its remit, 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 the Insurance and Pension Funds Supervisory Authority.

Bank deposits, consumer credit, payment cards, home loans and mortgage credit were the products subject to the most complaints. Together, they accounted for 79.1% of complaints received in 2022.

Table II.9.1 • Number of complaints submitted, by banking product and service | 2021–2022

Products and services subject to complaint <sup>(a)</sup>	Absolute values			Relative values <sup>(b)</sup>			Reference unit
	2021	2022	Annual Δ	2021	2022	Δ	
Bank deposits	5,570	6,503	16.8%	30	35	15.5%	100,000 accounts
Consumer credit	5,724	5,893	3.0%	45	48	5.9%	100,000 agreements
Payment cards	2,017	2,480	23.0%	87	108	25.1%	million agreements
Home loans and mortgage credit	2,255	2,356	4.5%	111	117	5.7%	100,000 agreements
Credit transfers	1,132	1,605	41.8%	53	74	40.4%	10 million transfers
Cash transactions	381	539	41.5%	104	135	29.7%	100 million transactions
Cheques	372	422	13.4%	27	36	33.6%	million cheques
Loans to enterprises	482	394	-18.3%	42	33	-21.0%	100,000 agreements
ATMs	278	323	16.2%	180	213	18.0%	10,000 ATMs
Direct debits	174	210	20.7%	77	87	13.3%	100 million transactions
Other	937	1,053	12.4%	-	-	-	-
<b>Total</b>	<b>19,322</b>	<b>21,778</b>	<b>12.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Banco de Portugal. | Notes: (a) The figures presented here refer to matters that fall within the Banco de Portugal's remit. "Other" covers complaints about various matters, as well as issues accounting for less than 1% of total complaints, including, for instance, complaints about the failure to make the complaints book available. (b) The reference units used in the relativisation of each matter are specified in the Annex on "Methodological notes for calculating which institutions received most complaints".

## 9.2 Matters subject to the most complaints

The largest contributions to the greater number of complaints came from an increase in matters related to information reported by institutions to the CCR on customer credit liabilities, digital payment fraud involving the use of cards in online shopping or transfers via digital channels. Albeit less relatively substantial, complaints about the opening of accounts by migrant foreign citizens also grew markedly, due to the integration of Ukrainian citizens in the first half of the year.

In turn, complaints about fees and charges in the marketing of current accounts and credit products decreased. Complaints on matters related to the collection of amounts due also declined.

**Table II.9.2 • Largest contributions to developments in the number of complaints submitted | 2022**

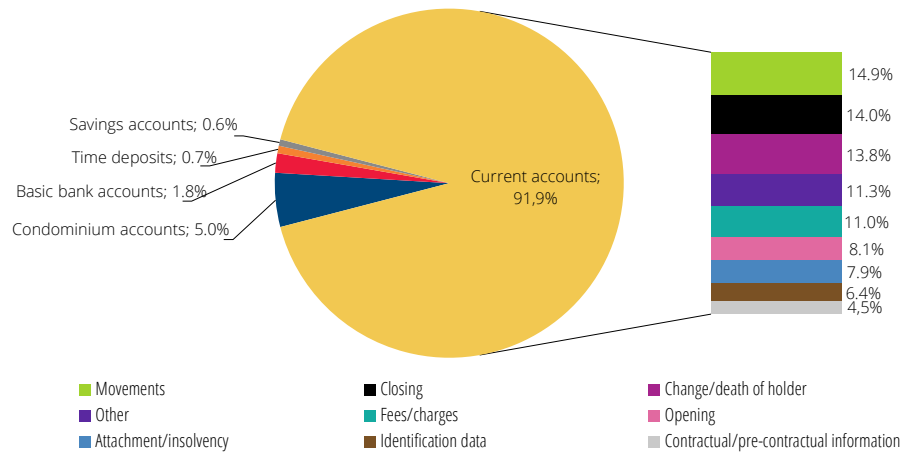
Topics	2021	2022	Δ	Contribution
	Weight (%)	Weight (%)		
Information on credit liabilities	9.5%	11.6%	38.5%	3.6%
Alleged fraud involving digital payments	5.4%	7.2%	50.1%	2.7%
Opening of a current account	1.6%	2.4%	73.0%	1.1%
Availability of the amount in transfers	1.2%	1.5%	51.1%	0.6%
Closing of current account	4.1%	4.2%	14.3%	0.6%
Calculation of instalments/APRC in credit agreements	2.4%	2.7%	23.3%	0.6%
Change or death of account holder	4.2%	4.1%	10.7%	0.4%
Crediting or debiting a current account	4.6%	4.4%	8.1%	0.4%
Information included in agreements	4.3%	4.1%	8.2%	0.4%
Collection of amounts due in credit agreements	5.9%	4.0%	-23.6%	-1.4%
Charging of fees and charges	9.6%	7.1%	-16.5%	-1.6%

Source: Banco de Portugal.

### 9.2.1 Bank deposits

Complaints about bank deposits increased by 16.8% to a total of 6,503 complaints, reflecting developments in complaints about current accounts (91.9% of this set of complaints), most notably complaints about opening an account, including the aforementioned complaints by migrants.

Chart II.9.3 • Complaints | Bank deposits | 2022



Source: Banco de Portugal.

The most frequent complaints about current accounts concerned:

- **Movements on accounts (14.8%)**, including (i) constraints on access to the account, particularly as a result of the unavailability of digital channels, (ii) blocking of a current account and (iii) transactions carried out by institutions allegedly without the customer's consent;
- **Closing of an account (13.9%)**, namely on (i) the procedures required by the institution to close the account and (ii) the failure to comply with the time frame to close the account;
- **Change/death of account holder (13.7%)**, most notably (i) the delay in the estate filing due to the death of the account holder, (ii) the charges required in this process, (iii) the change of ownership of the account to add new holders or to exclude them, for instance following a divorce;
- **Charging of fees, commissions or other charges (10.9%)**, when there is a change in (i) conditions applicable to the charging of fees linked to the account and (ii) in the value of fees charged by institutions, particularly those associated with the account maintenance service;
- **Opening of an account (8%)**, most notably documentation requirements and difficulties in opening the account, namely by migrant foreign citizens or those who are displaced in Portugal.

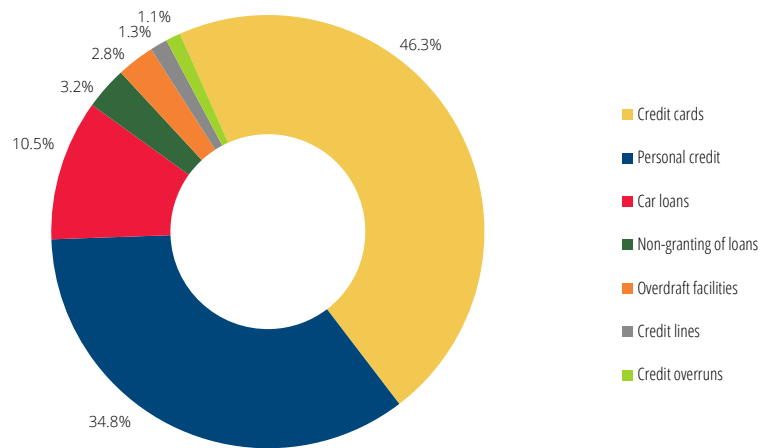
### 9.2.2 Consumer credit

Complaints on matters related to consumer credit increased by 3% from 2021, to a total of 5,893 complaints, mainly due to the higher number of complaints about personal credit.

However, complaints about credit cards are still predominant (46.3% of complaints related to consumer credit), followed by personal credit (34.8% of complaints) and car loans (10.5%).

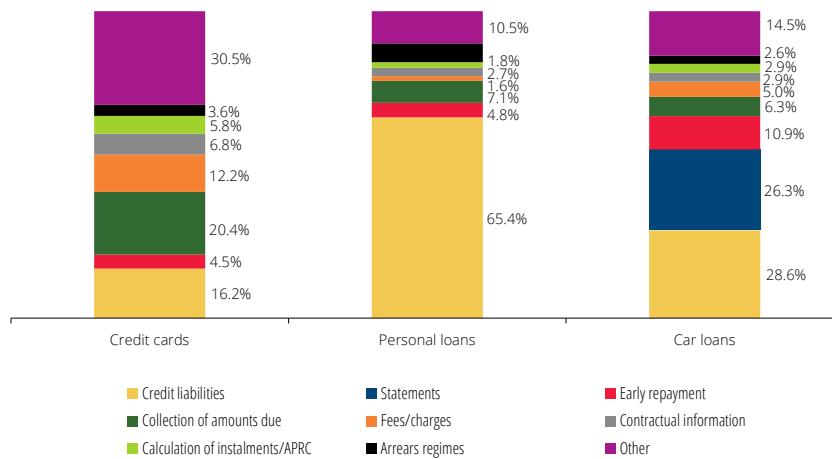


Chart II.9.4 • Complaints | Consumer credit products | 2022



Source: Banco de Portugal.

Chart II.9.5 • Complaints | Personal credit, credit cards and car loans<sup>(a)</sup> | 2022



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

The most frequent consumer credit complaints<sup>5</sup> were about:

- **Credit liabilities (36.4%)**, referring to the reporting by institutions to the CCR on (i) the inaccuracy of information, (ii) a delay in rectifying the information reported, namely as a result of the order to discharge remaining liabilities in insolvency proceedings, (iii) failure to inform the customer that the reporting period on credit liabilities in arrears had started and (iv) not knowing who the entity reporting to the Central Credit Register is after the transfer of the loan to third parties by the lender;
- **Collection of amounts due (13.8%)**, namely (i) the demand for payment of amounts due and the calculation of these amounts, (ii) difficulties associated with payment of amounts due; (iii) and (iii) procedures adopted by the institutions and the entities outsourced by them for collection of amounts due;

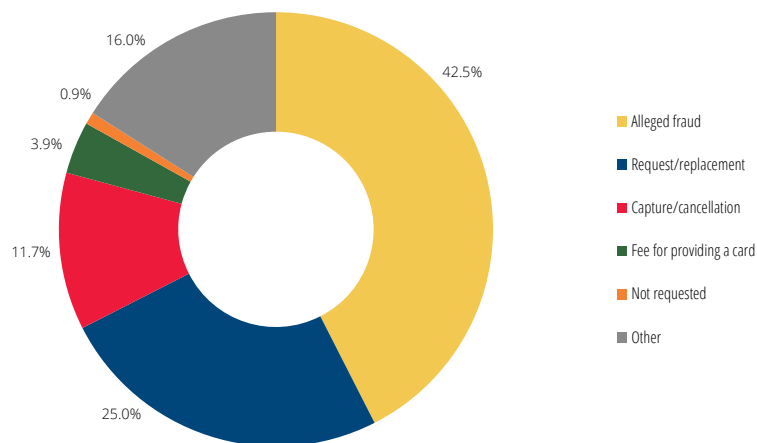
5. The percentages shown relate to complaints about personal credit, credit cards and car loans, the three products most complained about.

- **Charging of fees, commissions or other charges (7.4%)**, most notably (i) the legitimacy of charging fees within the scope of credit agreements, namely fees for recovery of amounts due and (ii) the amount of fees charged by institutions for services provided.

### 9.2.3 Payment cards

Complaints about payment cards increased by 23% from 2021, totalling 2,480 complaints, with a strong growth in complaints about fraud.

**Chart II.9.6 • Complaints | Payment cards | 2022**



Source: Banco de Portugal.

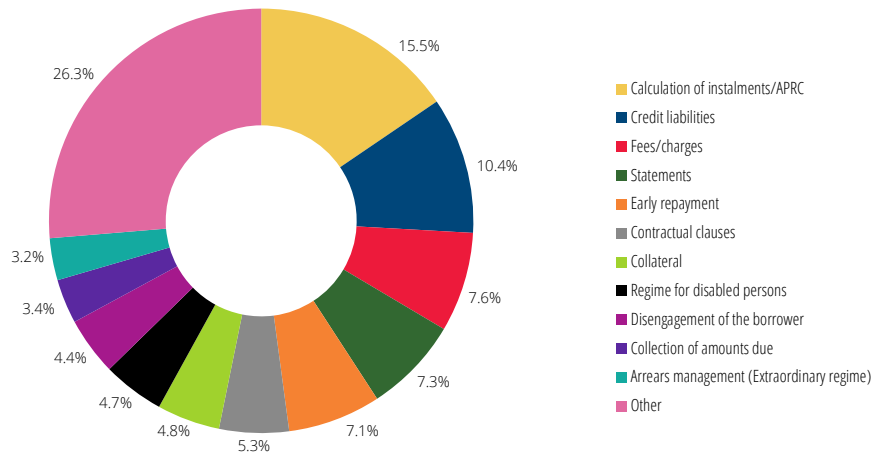
The most frequent complaints about payment cards concerned:

- **Fraud (42.5%)**, citing (i) the use of payment cards without their holder's consent, chiefly in a digital context and (ii) allegedly fraudulent transactions carried out by institutions;
- **Request or replacement of cards (25%)**, affecting (i) the delay associated with the issuing or replacement of payment cards and (ii) the fees charged in this context;
- **Capture and cancellation of cards (11.7%)**, when (i) cards are retained in automatic teller machines, (ii) cards are blocked by their issuing institutions and (iii) contracts for the use of cards are terminated or rescinded by their issuing institutions.

### 9.2.4 Home loans and mortgage credit

Complaints about home loans and mortgage credit increased by 4.5% from 2021 to a total of 2,356 complaints, mainly due to the growth in complaints about the calculation of instalments and the APRC.

Chart II.9.7 • Complaints | Home loans and mortgage credit | 2022



Source: Banco de Portugal.

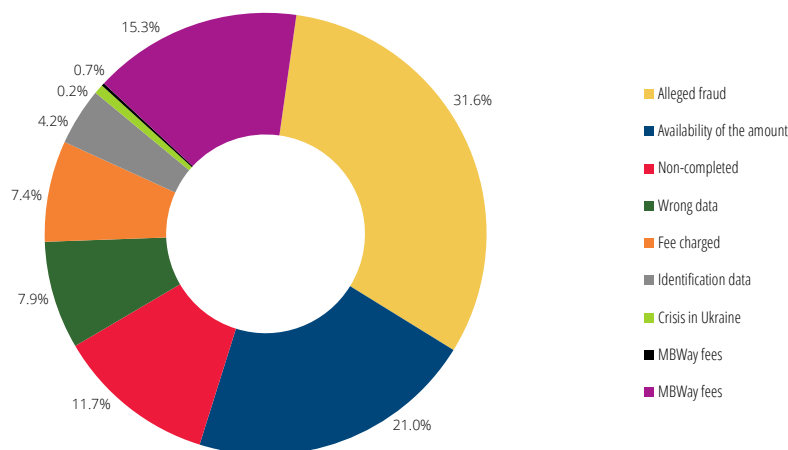
The most frequent complaints about home loans and mortgage credit concerned:

- **Calculation of instalments and APRC (15.5%)**, enquiring about (i) how the applicable spread is determined, by reference to bonuses resulting from optional cross selling and (ii) the calculation of the instalment based on the arithmetic average of the benchmark rate at the time of its regular review;
- **Credit liabilities (10.4%)**, claiming (i) the reporting of incorrect information to the CCR, (ii) delays in correcting that information, and (iii) the lack of information given to the customer on the reporting of non-performing loans;
- **Charging fees, commissions or other charges (7.6%)**, enquiries about (i) the amount of fees associated with the credit agreement, (ii) the legitimacy of charging certain fees, particularly the property valuation fee, the fee for early repayment and the fee charged for issuing and providing the statement for mortgage extinction and (iii) debiting amounts related to insurance linked to home loans;
- **Statements (7.3%)**, on (i) non-compliance with the legal deadline for issuing and providing the deed of release of mortgage and (ii) the associated cost and delay in issuing statements.

## 9.2.5 Credit transfers

Complaints on credit transfers rose by 41.8% from 2021, to a total of 1,605 complaints, due to the impact of the growth of complaints about fraud.

Chart II.9.8 • Complaints | Credit transfers | 2022



Source: Banco de Portugal.

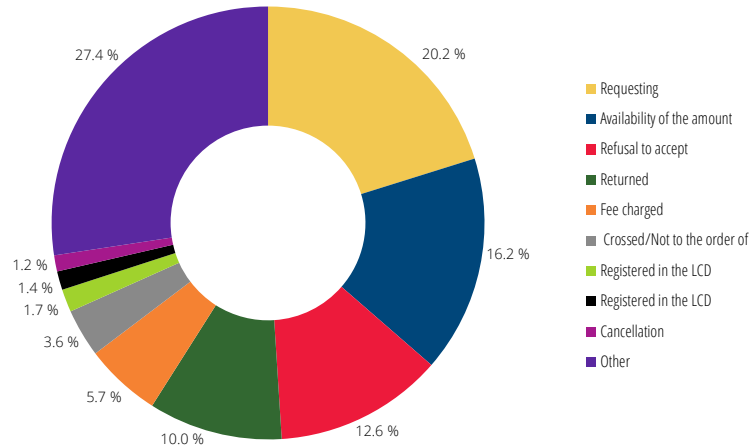
The most frequent complaints about credit transfers concerned:

- **Fraud (31.6%)**, citing (i) the lack of consent of the payment service user to carry out transfers and (ii) institutions' responsibility for such transactions being executed;
- **Release of the amount transferred (21%)**, enquiring about (i) the delay in the completion of the transfer ordered by the customer and (ii) the delay in making the transferred amount available in the payee's account;
- **Non-completed operations (11.7%)**, about the non-completion of transfers ordered by the complainant, notably due to outdated personal data or fraud alerts;
- **Collection of fees (7.4%)**, mainly about the amount of fees charged by institutions when carrying out or returning transfers.

### 9.2.6 Cheques

Complaints about cheque-related matters increased by 13.4% from 2021, totalling 422 complaints, with a notable rise in complaints about requesting cheques.

Chart II.9.9 • Complaints | Cheques | 2022



Source: Banco de Portugal.

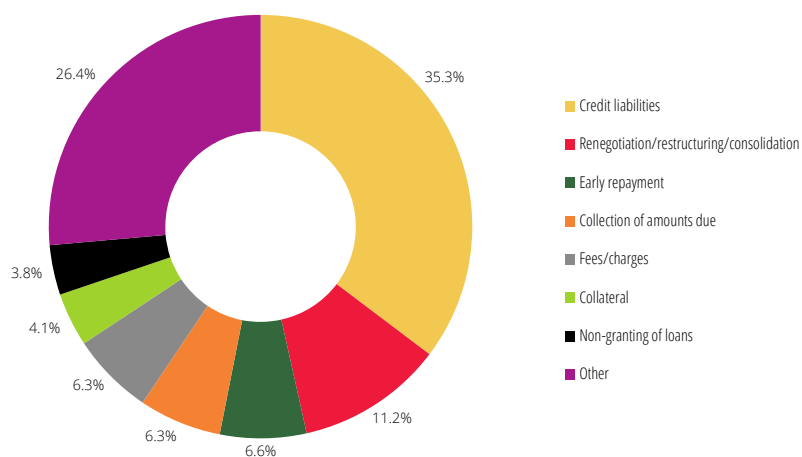
The most frequent complaints about cheques concerned:

- **Requesting cheques (20.2%)**, disputing (i) institutions' failure to provide cheques or cheque books and (ii) the delay in processing customers' cheques or cheque book requests;
- **Availability of the amount (16.2%)**, mentioning the delay in the availability of the amount represented by the cheque;
- **Refusal to accept cheques (12.6%)**, mainly related to (i) cheques presented for payment by a person other than its beneficiary and (ii) incorrect completion of cheques;
- **Returned cheques (10%)**, enquiring about the non-payment of cheques, particularly due to insufficient funds.

### 9.2.7 Loans to enterprises

Complaints about loans to enterprises decreased by 18.3% from 2021, to a total of 394 complaints, due to the base effect associated with the increase in the previous year when the public moratorium was applied, which expired during that year.

Chart II.9.10 • Complaints | Loans to enterprises | 2022



Source: Banco de Portugal.

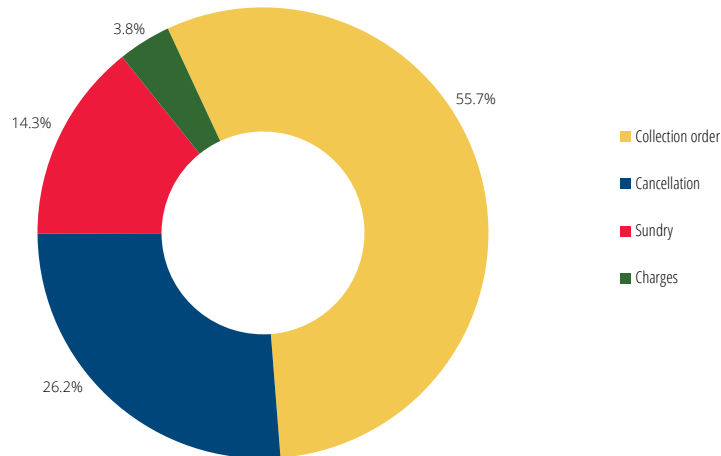
The most frequent complaints about loans to enterprises concerned:

- **Credit liabilities (35.3%)**, enquiring about (i) the inaccuracy of information reported to the CCR, and (ii) the delay in correcting incorrect or wrongly reported information;
- **Renegotiation/restructuring/consolidation (11.2%)**, mainly in relation to the slowness and the conditions required in credit agreement renegotiation, restructuring and consolidation proceedings.

### 9.2.8 Direct debits

Complaints about direct debits increased by 20.7% from 2021, to a total of 210, particularly with regard to increasing complaints about the cancellation of debits.

Chart II.9.11 • Complaints | Direct debits | 2022



Source: Banco de Portugal.

The most frequent complaints about direct debits concerned:

- **Collection order (55.7%)**, enquiring about (i) lack of authorisation from the payer of direct debits allegedly executed fraudulently and (ii) intervention by the payer's payment service provider when executing this service;
- **Cancellation (26.2%)**, particularly complaints about the request for refunds or rectification of direct debits.

## 9.3 Institutions subject to the most complaints

### 9.3.1 Bank deposits

The table below shows the number of complaints per 1,000 current accounts, by institution, for 2022. Complaints about bank deposits were considered, irrespective of whether the Bank detected non-compliance or irregularity by the institutions.

**Table II.9.3 • Complaints | Per 1,000 current accounts | 2022**

Abbreviation	Credit institution	2022
BACTI	BANCO ACTIVOBANK, S. A.	0.73
ABCSU	ABANCA CORPORACIÓN BANCARIA, S. A., SUCURSAL EM PORTUGAL	0.62
BACTT	BANCO CTT, S. A.	0.55
NOVOB	NOVO BANCO, S. A.	0.45
BCP	BANCO COMERCIAL PORTUGUÊS, S. A.	0.41
BAEUR	BANCO ATLÂNTICO EUROPA, S. A.	0.37
BBPI	BANCO BPI, S. A.	0.37
CGD	CAIXA GERAL DE DEPÓSITOS, S. A.	0.37
BANSU	BANKINTER, S. A. — SUCURSAL EM PORTUGAL	0.37
	<b>System average</b>	<b>0.35</b>
BBEST	BEST — BANCO ELECTRÓNICO DE SERVIÇO TOTAL, S. A.	0.31
CEMGB	CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, S. A.	0.30
BBSPT	BANCO BILBAO VIZCAYA ARGENTARIA, S. A., SUCURSAL EM PORTUGAL	0.29
BBPOR	BANCO BIC PORTUGUÊS, S. A.	0.27
BSTOT	BANCO SANTANDER TOTTA, S. A.	0.25
CCEI	CAIXA DE CRÉDITO AGRÍCOLA MÚTUO DE LEIRIA, C. R. L.	0.16
BAINV	BANCO INVEST, S. A.	0.16
NBACO	NOVO BANCO DOS AÇORES, S. A.	0.14
CCCAM	CAIXAS DE CRÉDITO AGRÍCOLA MÚTUO INTEGRADAS NO SICAM	0.14
BINVG	BANCO DE INVESTIMENTO GLOBAL, S. A.	0.11

Source: Banco de Portugal. | Note: The system average equates to 35 complaints per 100 thousand current accounts.

The institutions listed above received, on average, more than one complaint per quarter in 2022<sup>6</sup>.

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 the table, it was decided not to include them in order to be representative. They include: Caixa Económica da Misericórdia de Angra do Heroísmo, Caixa de Crédito Agrícola Mútuo da Chamusca, C. R. L. and Caixa de Crédito Agrícola Mútuo de Bombarral, C. R. L.

The table above also excludes credit institutions that, despite receiving more than one complaint on average per quarter, did not carry out any business throughout the year, as is the case of BNI — Banco de Negócios Internacional (Europa), S. A.

No complaint was received about other major institutions operating in the area of current accounts, namely: Banco BAI Europa, S. A., Caixa — Banco de Investimento, S. A., Banco Finantia, S. A., Banco Português de Gestão, S. A., Banco L. J. Carregosa, S. A., Caixa de Crédito Agrícola Mútuo de Mafra, C. R. L. and Caixa de Crédito Agrícola Mútuo de Torres Vedras, C. R. L.

6. 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.



### 9.3.2 Consumer credit

O quadro seguinte apresenta, para 2022, o número de reclamações por cada mil contratos de crédito aos consumidores, por instituição. Foram consideradas as reclamações, independentemente de, na sua análise, terem sido detetados incumprimentos ou irregularidades por parte das instituições reclamadas.

**Table II.9.4 • Complaints | Per 1,000 consumer credit agreements | 2022**

Abbreviation	Credit institution	2022
FCACP	FCA CAPITAL PORTUGAL, INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	4.79
RBANS	RCI BANQUE SUCURSAL PORTUGAL	1.99
SCFS	SANTANDER CONSUMER FINANCE S. A. — SUCURSAL EM PORTUGAL	1.84
VBGSP	VOLKSWAGEN BANK GMBH — SUCURSAL EM PORTUGAL	1.39
WBSUC	WIZINK BANK, S.A.U. — SUCURSAL EM PORTUGAL	1.22
UNVSO	UNIVERSO, IME, S. A.	1.03
UNICR	UNICRE — INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	1.00
BFT	BANCO FINANTIA, S. A.	0.92
321CR	321 CRÉDITO — INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	0.74
BBEST	BEST — BANCO ELECTRÓNICO DE SERVIÇO TOTAL, S. A.	0.74
ABCSU	ABANCA CORPORACIÓN BANCARIA, S. A., SUCURSAL EM PORTUGAL	0.72
ABSER	ABANCA SERVICIOS FINANCIEROS, E.F.C., S. A. — SUCURSAL EM PORTUGAL	0.72
BACTT	BANCO CTT, S. A.	0.70
BACTI	BANCO ACTIVOBANK, S. A.	0.69
BANSU	BANKINTER, S. A. — SUCURSAL EM PORTUGAL	0.67
BBPI	BANCO BPI, S. A.	0.64
MTPCR	MONTEPIO CRÉDITO — INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	0.63
MERCE	MERCEDES-BENZ FINANCIAL SERVICES PORTUGAL — SOCIEDADE FINANCEIRA DE CRÉDITO, S. A.	0.62
BMWSP	BMW BANK GMBH, SUCURSAL PORTUGUESA	0.58
BBVIF	BBVA, INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S. A.	0.50
COFID	COFIDIS	0.48
CBPCS	CAIXABANK PAYMENTS & CONSUMER, E.F.C., E.P., S. A. — SUCURSAL EM PORTUGAL	0.48
	<b>System average</b>	<b>0.48</b>
NOVOB	NOVO BANCO, S. A.	0.47
BPRIM	BANCO PRIMUS, S. A.	0.41
NBACO	NOVO BANCO DOS AÇORES, S. A.	0.38
FINCI	FINANCEIRA EL CORTE INGLÉS PORTUGAL, S.F.C., S. A.	0.38
BBPOR	BANCO BIC PORTUGUÊS, S. A.	0.37
BCFSP	BANKINTER CONSUMER FINANCE, E.F.C., S. A. — SUCURSAL EM PORTUGAL	0.36
BAINV	BANCO INVEST, S. A.	0.35
ONEYB	ONEY BANK — SUCURSAL EM PORTUGAL	0.33
BSTOT	BANCO SANTANDER TOTTA, S. A.	0.30
BCBOM	BANCO CREDIBOM, S. A.	0.28
CGD	CAIXA GERAL DE DEPÓSITOS, S. A.	0.27
BBSPT	BANCO BILBAO VIZCAYA ARGENTARIA, S. A., SUCURSAL EM PORTUGAL	0.27
CEMGB	CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, S. A.	0.25
CCCAM	CAIXAS DE CRÉDITO AGRÍCOLA MÚTUO INTEGRADAS NO SICAM	0.23
BNPSU	BNP PARIBAS PERSONAL FINANCE, S. A. — SUCURSAL EM PORTUGAL	0.22
BCP	BANCO COMERCIAL PORTUGUÊS, S. A.	0.21

Source: Banco de Portugal. | Note: The system average equates to 48 complaints per 100 thousand consumer credit agreements.

The institutions listed above received, on average, more than one complaint per quarter in 2022.

Other institutions were subject to complaints with regard to consumer credit. However, given that the number of complaints received by those institutions was lower than that of the entities in the table, it was decided not to include them in order to be representative. They include: BNP Paribas Lease Group, S. A., Toyota Kreditbank GmbH — Sucursal em Portugal, Montepio Investimento, S. A. and Union De Creditos Inmobiliarios, S. A., Establecimiento Financiero de Crédito (Sociedad Unipersonal) — Sucursal em Portugal.

The table above also excludes credit institutions that, despite receiving more than one complaint on average per quarter, did not carry out any business throughout the year, as is the case of BNI — Banco de Negócios Internacional (Europa), S. A.

No complaints were received about other major institutions operating in the area of consumer credit, such as Caixa Económica da Misericórdia de Angra do Heroísmo, Banco de Investimento Global, S. A., Banco Atlântico Europa, S. A. and Caixa de Crédito Agrícola Mútuo de Leiria, C. R. L.

### 9.3.3 Home loans and mortgage credit

The table below shows the number of complaints per 1,000 home loan and mortgage credit agreements in 2022, by institution. Complaints about this product were considered, irrespective of whether the Bank detected non-compliance or irregularity by the institutions.

**Table II.9.5 • Complaints | Per 1,000 home loan and mortgage credit agreements | 2022**

Abbreviation	Credit institution	2022
BACTT	BANCO CTT, S. A.	6.36
ABCSU	ABANCA CORPORACIÓN BANCARIA, S. A., SUCURSAL EM PORTUGAL	1.98
CEMGB	CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, S. A.	1.37
NOVOB	NOVO BANCO, S. A.	1.27
CGD	CAIXA GERAL DE DEPÓSITOS, S. A.	1.26
BANSU	BANKINTER, S. A. — SUCURSAL EM PORTUGAL	1.19
	<b>System average</b>	<b>1.17</b>
BBSPT	BANCO BILBAO VIZCAYA ARGENTARIA, S. A., SUCURSAL EM PORTUGAL	1.12
BBPI	BANCO BPI, S. A.	1.08
BSTOT	BANCO SANTANDER TOTTA, S. A.	1.05
BCP	BANCO COMERCIAL PORTUGUÊS, S. A.	1.02
UNCRE	UNION DE CRÉDITOS INMOBILIÁRIOS, S. A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO (SOCIEDAD UNIPERSONAL) — SUCURSAL EM PORTUGAL	0.88
CCCAM	CAIXAS DE CRÉDITO AGRÍCOLA MÚTUO INTEGRADAS NO SICAM	0.83
BBPOR	BANCO BIC PORTUGUÊS, S. A.	0.65

Source: Banco de Portugal. | Note: The system average equates to 117 complaints per 100 thousand home loan and mortgage credit agreements.

The institutions listed above received, on average, more than one complaint per quarter in 2022.

Other institutions were subject to complaints with regard to home loans and mortgage credit. However, given that the number of complaints received by those institutions was lower than that of the entities in the table, it was decided not to include them in order to be representative. They include: Novo Banco dos Açores, S. A., Caixa Económica da Misericórdia de Angra do Heroísmo, Banco Atlântico Europa, S. A., BNI — Banco de Negócios Internacional (Europa), S. A., Caixa de Crédito Agrícola Mútuo de Leiria, C. R. L. and Caixa de Crédito Agrícola Mútuo de Torres Vedras, C. R. L.

## 9.4 Breaches detected

... The Bank closed 20,570 complaints in 2022, of which 17,820 had  
... been submitted during this period.

The **average period** for closing complaints was 47 days, compared to 50 days in 2021, while for complaints submitted through the complaints book at the institution's branch the average was 30 days (31 in 2021), 52 days (47 in 2021) for complaints submitted through the electronic complaints book and 68 days (65 in 2021) for those lodged directly with the Banco de Portugal.

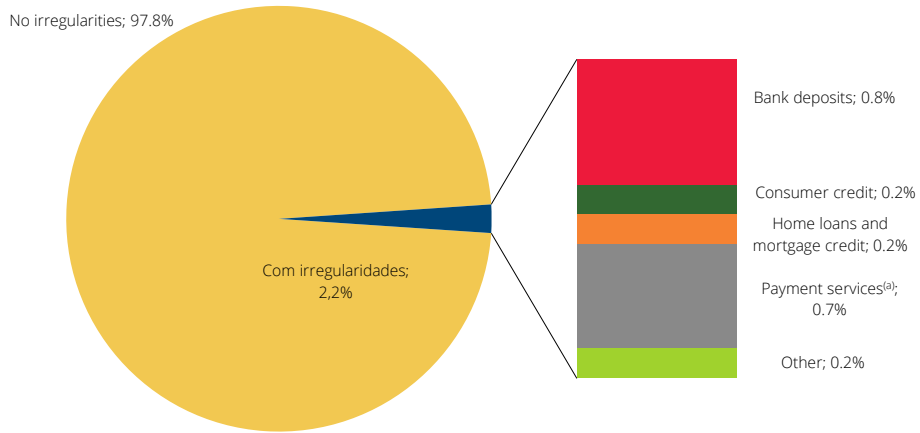
The average analysis period includes the time taken by the Banco de Portugal and the credit institutions themselves to analyse the complaint. In accordance with the legal provisions and the applicable regulations, the Banco de Portugal must always hear the institution complained about. The institutions' time frame for replying is 20 working days if the complaint is lodged directly with the Bank (RCO) and 15 working days if the complaint is recorded in the physical or electronic complaints book of an institution (RCL).

... Irregularities were identified in 449 complaints, 2.2% of total  
... closed complaints.

No signs of breaches by the targeted institution were detected in 60.4% of the complaints closed (61.7% in 2021). The institutions resolved the complaint although there were no indications of infringement in 37.4% of the complaints closed (34.8% in 2021)<sup>7</sup>.

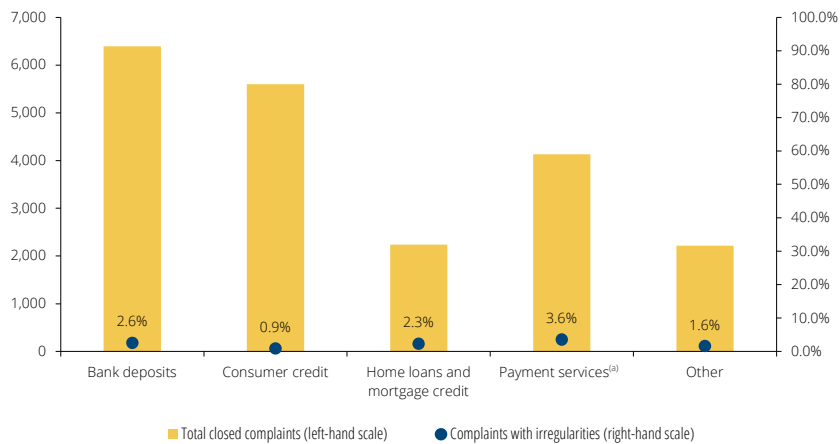
7. The type of results described here refer to complaints that fall within the Banco de Portugal's remit. As regards complaints which, despite being lodged with the Banco de Portugal, fall outside its remit, results may be due to: forwarding the complaint to another supervisory authority of the financial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

**Chart II.9.12 • Closed complaints with irregularities | 2022**



Source: Banco de Portugal. | Note: (a) Complaints about “Payment services” include complaints about payment cards, credit transfers, cheques and direct debits.

**Chart II.9.13 • Percentage of closed complaints with irregularities, by matter | 2022**



Source: Banco de Portugal. | Note: (a) Complaints about “Payment services” include complaints about payment cards, credit transfers, cheques and direct debits.

Following analysis of the 449 closed complaints with signs of breaches, 51 specific orders were issued to 14 institutions, involving 51 complaints, and 115 administrative offence proceedings were initiated against 32 institutions, involving 398 complaints.

**Table II.9.6 • Closed complaints resulting in specific orders and recommendations | 2022**

Topics	Number of complaints covered	Specific orders and recommendations	
		Number	Institutions covered
Bank deposits	10	10	5
of which: BBA	4	4	2
Consumer credit	2	2	2
Home loans and mortgage credit	19	19	5
Payment services <sup>(a)</sup>	13	13	4
Other	7	7	5
<b>Total</b>	<b>51</b>	<b>51</b>	<b>(b)</b>

Source: Banco de Portugal. | Notes: (a) Complaints about “Payment services” include complaints about payment cards, credit transfers, cheques and direct debits. (b) In 2022 specific orders and recommendations were issued to 14 institutions.

**Table II.9.7 • Closed complaints for which administrative offence proceedings were initiated | 2022**

Topics	Number of complaints covered	Administrative offence proceedings	
		Number	Institutions covered
Bank deposits	155	33	14
Consumer credit	47	21	14
Home loans and mortgage credit	33	13	6
Payment services <sup>(a)</sup>	134	38	18
Other	29	27	12
<b>Total</b>	<b>(b)</b>	<b>(b)</b>	<b>(b)</b>

Source: Banco de Portugal. | Notes: (a) Complaints about “Payment services” include complaints about payment cards, credit transfers, cheques and direct debits. (b) For reasons of procedural economy, some administrative offence proceedings aggregate indications of an infringement of various rules and, as such, the sum of proceedings by matter does not correspond to the total number of proceedings initiated. Overall, 115 administrative offence proceedings were initiated against 32 institutions (involving 398 complaints).

#### 9.4.1 Bank deposits

The Banco de Portugal found irregularities in 165 complaints concerning bank deposits (2.6% of total closed complaints on this matter).

Following analysis of ten of those complaints, ten specific orders were issued to five institutions to correct irregularities relating to (i) the refusal to provide a debit card to BBA account holders, (ii) non-compliance with the legally prescribed time limit of ten working days for switching a current account into a BBA, (iii) failure to provide information to customers when their credentials to access digital channels are blocked, and (iv) failure to provide 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 the remaining 155 complaints, the Banco de Portugal initiated 33 administrative offence proceedings against 14 institutions for breaching obligations related to:

- Providing information to customers, in particular a statement with information on transactions on the current account at least once a month, except where no transactions have occurred in the month in question, in which case it must be provided at least once a year;
- Crediting or debiting a current account in strict compliance with the conditions agreed upon between the credit institution and the bank customer and the non-introduction of blockages or other impediments without a legal or contractual basis;
- The exercise of contractual prerogatives allowing the institution to unilaterally modify the terms and conditions of the agreement for the opening of a current account;
- The timely fulfilment of the customer's application for termination of the current account agreement.

#### 9.4.2 Consumer credit

The Banco de Portugal found irregularities in 49 complaints concerning consumer credit (0.9% of total closed complaints on this matter).

Following analysis of two of those complaints, two specific orders were issued to two institutions to correct irregularities in reporting information to the CCR.

Following analysis of the remaining 47 complaints, the Banco de Portugal initiated 21 administrative proceedings against 14 institutions for breaching obligations related to:

- Providing information to customers, in particular (i) the standardised information sheet and a copy of the credit agreement once it has been concluded, on paper or another durable medium, whether face-to-face or by means of distance communication; (ii) data that must be included in the credit agreement; (iii) providing a statement of the credit agreement once a month or at similar intervals to that laid down in the agreement for the payment of instalments or other amounts, and in any event at least once a year, and (iv) the completeness of the information contained in the statement;
- The customer's right to pay off the credit agreement early;
- Compliance with information obligations associated with reporting to the CCR and the related information and rectification obligations;
- The obligation to integrate the customer into the OASP and the duty to inform customers via a durable medium of the result of their creditworthiness assessment within 30 days of applying the OASP;
- The information that should be included in the communications sent to bank customers under the OASP;
- Compliance with the APRC upper limits applicable at the time the agreement was concluded;
- The obligation to refrain from unfair, excessive or disproportionate contact with bank customers at risk of default or in arrears.

#### 9.4.3 Home loans and mortgage credit

The Banco de Portugal found irregularities in 52 complaints concerning home loans and mortgage credit (2.3% of total closed complaints on this matter).

Following analysis of 19 of these complaints, the Bank issued 19 specific orders to five institutions to correct the irregularities detected: (i) failure to issue the deed of release of mortgage, free of charge,

within 14 working days of the credit agreement's expiry date, and (ii) the increase in the spread on the grounds of late payment.

Following analysis of the remaining 33 complaints, the Banco de Portugal initiated 13 administrative offence proceedings against six institutions, for having found indications of non-compliance with obligations related to:

- Special monitoring of bank customers who benefited from extraordinary credit protection measures in the context of the COVID-19 pandemic, including the assessment of signs of deterioration in the customers' creditworthiness and the presentation of suitable solutions for their financial situation;
- Integration of credit agreements into the OASP between the 31st and the 60th day following the date for the obligation under the mortgage credit agreement if default persists;
- The obligation to inform the guarantor within 15 days after an obligation falls into arrears;
- The customer's right to early repayment, in whole or in part, of the credit agreement, at any time during the term of the agreement;
- Reporting obligations associated with the communication of liabilities to the CCR;
- Informing the insurance undertaking of developments in the outstanding amount under a home loan agreement, for the purpose of updating the insured capital;
- The obligation to reflect the negative value of the interest rate in credit agreements for purchase or construction of permanent or secondary residential property or property for rental.

#### 9.4.4 Payment services

The Banco de Portugal found irregularities in 147 complaints concerning payment cards, credit transfers, cheques and direct debits (3.6% of total closed complaints on this matter).

After analysing 13 of those complaints, the Banco de Portugal issued 13 specific orders to four institutions to correct the irregularities detected that did not comply with (i) the limits on the blocking of payment instruments, namely its duration and the provision of information to the holder thereof, (ii) the formalities that the institutions must follow when reporting payment transactions unauthorised by the payment service user, and (iii) the outbound communication that could mislead customers.

Following analysis of the remaining 134 complaints, the Banco de Portugal initiated 38 administrative offence proceedings against 18 institutions, for having found indications of non-compliance with obligations related to:

- The unfounded blocking of payment instruments and failure to inform the payment card holder of this blocking and the reasons for it;
- The collection of charges in connection with information requirements or corrective and preventive measures for which institutions are responsible;
- The obligation to apply strong customer authentication to access the payment account, to initiate electronic payment transactions or carry out any action through a remote channel, involving risk of payment fraud or other abuse;
- An immediate refund of the amount of the unauthorised payment transaction and, where applicable, restoration of the debited payment account to the state in which it would have been had the unauthorised payment transaction not taken place;
- A refund of the amount of the unauthorised payment transaction where strong customer authentication was not applied;

- The time limit for the payer's institution to execute the payment transaction and credit the account of the payee's payment service provider;
- The obligation to make the amount of the payment transaction available to the payee immediately after crediting that amount to the account of the payee's payment service provider;
- Breach of the principle of equality of charges in force for cross-border payment transactions;
- The deadline for making the amount of a cash deposit available in the bank customer's account;
- The availability of the amount, within the legally established time limit, represented by a deposited cheque, in particular at an automated terminal.

#### 9.4.5 Other

The Banco de Portugal found irregularities in 36 complaints concerning other matters (1.6% of total closed complaints on this matter).

Following an analysis of seven of these complaints, the Bank issued seven specific orders and recommendations to five institutions to correct the irregularities related to (i) exchanging banknotes and coins for different denominations over the counter, (ii) reviewing and streamlining procedures and (iii) delaying in settling amounts due to the customer.

Following analysis of the remaining 29 complaints, the Banco de Portugal initiated 27 administrative offence proceedings against 12 institutions, due to non-compliance with the following obligations:

- Banking secrecy which the members of the management or supervisory bodies of institutions and their staff are subject to;
- Availability of the complaints book and replying to the customer within the legally established time limit;
- Compliance with information and correction duties associated with reporting liabilities to the CCR in relation to corporate credit;
- The application to requesting customers, within the applicable legal deadline, of support measures designed in the context of the COVID-19 pandemic;
- Compliance with the obligation to withhold counterfeit or suspect banknotes and coins.



# 10 Supervisory activities and sanctioning of irregularities

To correct and sanction irregularities detected as a result of inspections carried out, the analysis of information reported by institutions, the monitoring of institutions' advertising and the analysis of complaints lodged by bank customers, 2,829 specific orders and recommendations were issued and 117 administrative offence proceedings were initiated. Determinações específicas e recomendações.

## 10.1 Specific orders and recommendations

The 2,829 specific orders and recommendations were issued to 143 financial institutions.

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

**Table II.10.1 • Specific orders and recommendations | By topic | 2022**

Topics	Number	Institutions covered
Price list	48	23
Complaints book	25	21
Advertising	120	36
BBAs	33	13
Bank deposits	7	5
Consumer credit	1,102	121
Home loans and mortgage credit	1,356	97
Payment services	13	4
Other	125	112
<b>Total</b>	<b>2,829</b>	<b>(a)</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 accounted for separately. (a) In 2022 specific orders and recommendations were issued to 143 institutions.

## 10.2 Administrative offence proceedings

117 administrative offence proceedings were initiated against 32 financial institutions, resulting mostly from the analysis of 394 bank customer complaints.

The administrative offence proceedings initiated involved 394 bank customer complaints.

**Table II.10.2 • Administrative offence proceedings initiated | By topic | 2022**

Topics	Number	Institutions covered
Bank deposits	33	14
Consumer credit	21	14
Home loans and mortgage credit	13	6
Payment services	38	18
Other	27	12
<b>Total</b>	<b>(a)</b>	<b>(a)</b>

Source: Banco de Portugal. | Notes: (a) In 2022, 117 administrative offence proceedings were initiated against 32 institutions. For reasons of procedural economy, administrative offence proceedings may aggregate indications of an infringement of the rules governing the offering of different retail banking products and services.

Over the course of 2022, 432 administrative offence proceedings concerning banking conduct offences were completed and fines totalling €1,849,500 were imposed.

## 10.3 Non-compliance in BBAs by institution

Nos termos do artigo 7.º-C, n.º 2, do Decreto-Lei n.º 27-C/2000, de 10 de março, que cria o regime da conta de SMB, o Banco de Portugal “avalia a aplicação das regras previstas no presente diploma, publicando os resultados dessa avaliação no seu relatório de supervisão comportamental, discriminando por instituição financeira o tipo de incumprimentos verificados no âmbito da sua competência fiscalizadora”. Em cumprimento dessa obrigação, apresentam-se no quadro seguinte as irregularidades identificadas em ações de inspeção e na análise de reclamações:

**Table II.10.3 • BBAs | Type of non-compliance by institution | 2022**

Non-compliance	Institution
Provision of BBA services	Banco BIC Português, S. A.
Provision of BBAs to customers complying with the access conditions provided by law	Caixa Económica Montepio Geral, Caixa Económica Bancária, S. A. Banco Santander Totta, S. A.
Provision of information on access conditions and features of BBAs	Banco Santander Totta, S. A. Banco Comercial Português, S. A. Caixa Geral de Depósitos, S. A. Banco BIC Português, S. A. Abanca Corporación Bancaria, S. A. — Sucursal em Portugal Bankinter, S. A. — Sucursal em Portugal Caixa de Crédito Agrícola Mútuo do Norte Alentejano, C. R. L. Caixa de Crédito Agrícola Mútuo dos Açores, C. R. L. Novo Banco, S. A. Banco BPI, S. A. Caixa Económica Montepio Geral, Caixa Económica Bancária, S. A. Banco CTT, S. A. Caixa de Crédito Agrícola Mútuo de Terras de Santa Maria, C. R. L.

Source: Banco de Portugal.

## 10.4 Amounts returned to customers by institutions

In situations where the irregularities detected led to amounts being charged to bank customers (interest, fees or expenses) in breach of the applicable regulatory framework, compliance with the specific orders issued to remedy these irregularities involved the amounts unduly charged being returned to customers.

In 2022 and early 2023, 110 institutions returned €3 million to customers, in compliance with specific orders issued following inspections, some of which had been carried out in previous years.

Approximately €2.8 million was used to settle unduly charged fees.

**Table II.10.4 • Amounts returned to customers as a result of supervisory measures issued by the Banco de Portugal | 2022–2023 jan./fev.**

Topic	Total amount settled (in euro)	Number of operations with settled amounts	Number of institutions covered
Fees charged for renegotiating consumer credit agreements	1,108,207	16,823	20
Fees charged for processing instalments in consumer credit agreements	805,362	15,243	19
Fees charged for early repayment of variable-rate home loan agreements <sup>(a)</sup>	502,465	2,741	85
ANR applied above that contractually agreed in credit card agreements	161,877	6,150	1
Fees charged for issuing debt statements for home loan and mortgage credit agreements	129,419	1,728	84
Fees charged for issuing debt statements for consumer credit agreements	90,486	2,185	16
Fees and expenses charged for services included in the BBA	81,207	4,633	2
Fees and expenses charged in overdraft agreements not provided for in the price list	67,222	34,901	2
Reply to request for access to the BBA below the 10-working day period	20,795	22,666	2
Fees charged for issuing a document extinguishing the real guarantee in consumer credit agreements	15,208	354	4
Consumer credit agreements concluded with APRC above the upper limit in force on the date of conclusion	12,989	379	72
Fees charged for issuing a statement extinguishing the mortgage following the expiry of home loan and mortgage credit agreements	7,961	87	75
Other topics, individually below €5,000	13,282	3,982	11
<b>Total</b>	<b>3,016,480</b>	<b>111,872</b>	<b>(b)</b>

Source: Banco de Portugal. | Note: (a) For fees charged in a period when their enforceability is legally suspended (Chapters I.1 e II.7.1.5). (b) The amounts returned cover 110 institutions.

Returns recorded mostly concern the correction of the following irregularities:

- **Fees unduly charged**

This concerns charging (i) fees for processing instalments in home loan and mortgage credit agreements and consumer credit agreements concluded after 1 January 2021, (ii) fees for issuing debt statements for bank customers to access support, social benefits or public services (up to a limit of six statements per year), (iii) fees for issuing and providing a document extinguishing the real guarantee and (iv) fees for renegotiating credit terms and conditions.

- **Compensatory interest unduly charged**

This concerns situations where the lending institution applied an ARN to a credit agreement higher than that agreed with the customer.

- **Fees and expenses unduly charged for services included in the BBA**

This concerns situations where fees were unduly charged to BBA account holders for services already covered on that account, such as issuing and replacing debit cards and carrying out SEPA+ standing orders.

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## III Supervision of credit intermediaries

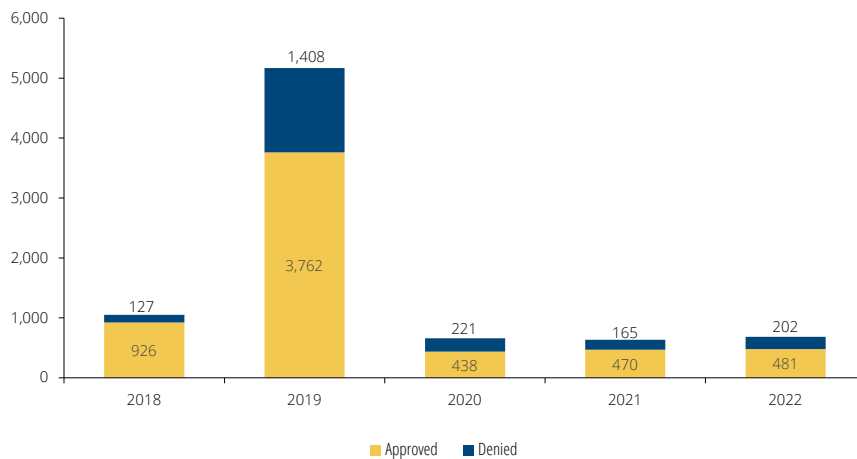
- 1 Authorisation and registration
- 2 Analysis of reported information
  - 3 Advertising
  - 4 Inspections
- 5 Bank customer complaints
  - 6 Supervisory activities and sanctioning of irregularities



# 1 Authorisation and registration

In 2022, the Banco de Portugal received 683 applications for authorisation to pursue the activity of credit intermediary (up by 7.6% from 2021), approving 481 applications and denying 202.

Chart III.1.1 • Credit intermediaries | Authorisation applications decided upon | 2018–2022



Source: Banco de Portugal.

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

In 2022, the authorisation granted to 122 credit intermediaries was withdrawn on the grounds of supervening lack of any access requirements to the activity and the authorisation granted to 218 credit intermediaries lapsed, either upon express renunciation by the intermediaries or as a result of their winding-up. Such withdrawal or lapsing of authorisations resulted in the cancellation of the registration of 340 credit intermediaries. The registration of two credit intermediaries authorised in other Member States who were active in Portugal under the freedom to provide services was also cancelled at the request of the national competent authorities.

At the end of 2022, 5636 credit intermediaries were registered (up by 2.9% from the previous year).

The list of credit intermediaries authorised to operate in Portugal is available on the Bank Customer Website<sup>1</sup>, along with information to be made public for each credit intermediary. The list of credit institutions, financial companies, payment institutions and electronic money institutions providing credit intermediation services<sup>2</sup> is also published on the Bank Customer Website. By the end of 2022, it listed 20 entities.

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

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

In 2022, the bank answered 803 requests for information on credit intermediation. Around 94% of the 821 requests for information received that year 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 a change request.

Chart III.1.2 • Credit intermediaries | Requests for information, by topic | 2022



Source: Banco de Portugal.

## 2 Analysis of reported information

Banking conduct supervision, in its supervisory activity, takes into account the information reported to it by lenders and credit intermediaries, and also considers data reported to it by other sources, including through denouncements.

An analysis of the information provided by lenders found that 58 credit intermediaries failed to comply with the obligation to update the information in their registration concerning the identity of the lenders with whom they have binding agreements. A credit intermediary no longer had civil liability insurance and had terminated the binding agreement with at least one lender, thus failing to meet the requirements for carrying out the activity.

Based on the applications to amend the registration, a non-tied credit intermediary was found to have engaged in activities other than credit intermediation, breaching one of the specific requirements for operating as non-tied credit intermediary.

On the basis of denouncements and other information collected, evidence was found that five credit intermediaries failed to comply with the prohibition to commit the provision of credit intermediation services to third parties, and that three other credit intermediaries failed to comply with other duties related to the activity, the updating of the data subject to registration and the provision of information to the Banco de Portugal.



It was also found that six credit intermediaries did not disclose information about the activity of credit intermediation on their websites and that four credit intermediaries did not provide the information requested by the Banco de Portugal. In addition, two intermediaries were found to use terms on their websites that might suggest the pursuit of business reserved for credit institutions and financial companies.

Following these inspections, 69 specific orders were issued to 59 credit intermediaries and 21 administrative offence proceedings were initiated against 21 credit intermediaries.

**Table III.2.1 • Credit intermediaries | Analysis of reported information | Specific orders and administrative offence proceedings, by topic | 2022**

Topics	Specific orders		Administrative offence proceedings	
	Number	Entities covered	Number	Entities covered
Changes to the elements subject to registration	56	54	9	9
Requirements for taking up the business	2	2		
Prohibition on provision of services by third parties	2	2	3	3
Availability of information on credit intermediation activity on the website	7	3	3	3
Use of restricted terms	2	2		
Workers' knowledge and skills			1	1
Reporting to the Banco de Portugal			5	5
<b>Total</b>	<b>69</b>	<b>(a)</b>	<b>21</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: (a) In 2022, specific orders were issued to 59 credit intermediaries and 21 administrative offence proceedings were initiated against 21 credit intermediaries.

## 3 Advertising

### 3.1 Analysis of materials

73 advertising materials released by credit intermediaries were analysed.

Of the 73 materials analysed, 55 aimed to promote the activity of the advertiser, and 18 aimed to advertise credit products, 11 of which related to personal loans, six to car loans and one to home loans.

## 3.2 Instances of non-compliance detected

Irregularities were identified in 50 advertising materials relating to credit intermediation activity, and eight specific orders were issued to seven credit intermediaries to ensure that they were corrected. The absence of mandatory elements, such as identification of the credit intermediary concerned, mandatory information provided under conditions that did not ensure its legibility, and the use of expressions that could cause confusion between services provided by credit intermediaries and lending were the most commonly detected irregularities.

Ten administrative offence proceedings were also initiated against eight credit intermediaries for failure to comply with the disclosure rules applicable to advertising relating to credit intermediation activity.

As a result of analysing advertising materials produced by credit intermediaries to promote credit products<sup>3</sup>, in eight of these materials the lender responsible for the credit product was not identified and had not previously approved such materials. Failure to comply with these obligations led to the initiation of eight administrative offence proceedings against eight credit intermediaries. One of these administrative offence proceedings also targeted the failure to provide information to the Banco de Portugal.

In addition, the lenders identified as responsible for the credit products in seven advertising materials had not previously approved such materials, leading to four administrative offence proceedings against four credit intermediaries.

The irregularities detected in the advertising by credit intermediaries generated eight specific orders addressed to seven credit intermediaries and 22 administrative offence proceedings against 19 credit intermediaries.

**Table III.3.1 • Credit intermediaries | Advertising | Specific orders and administrative offence proceedings, by topic | 2022**

Topics	Number of materials	Number of materials with irregularities	Specific orders		Administrative offence proceedings	
			Number	Entities covered	Number	Entities covered
Advertising on credit intermediation activity	55	50	8	7	10	8
Advertising for personal loans	11	8			5	5
Advertising for car loans	6	6			6	5
Advertising for home loans	1	1			1	1
Reporting to the Banco de Portugal					1	1
<b>Total</b>	<b>73</b>	<b>65</b>	<b>8</b>	<b>7</b>	<b>(a)</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: (a) For reasons of procedural economy, some administrative offence proceedings aggregate indications of a breach of rules, so the sum of the proceedings for each subject does not correspond to the total number of proceedings initiated. In total, 22 administrative offence proceedings were brought against 19 credit intermediaries.

3. 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 II.3).

## 4 Inspections

Inspections were carried out at various places in Portuguese territory to establish compliance with the obligations to disclose information on their activity inside and outside the establishments open to the public and to make the Complaints Book available in those establishments.

In addition, mystery shopper inspections were carried out in the establishment of a credit intermediary open to the public to establish compliance with banking conduct obligations and the information provided to customers was analysed as was the advertising of credit products disclosed on the websites of institutions selling credit agreements as credit intermediaries.

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

Inspections covered establishments of 243 credit intermediaries open to the public and located in various parts of Portuguese territory.

This inspection assessed:

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

Of all the credit intermediaries inspected, 179 failed to provide information on the activity of credit intermediation inside the establishment or provided information that did not include all the mandatory data. It was also found that 41 credit intermediaries did not provide information on credit intermediation activity in a prominent, directly accessible place, and that the information disclosed by 79 credit intermediaries was not complete, true, up-to-date, clear and objective.

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

Inspections concluded that 141 credit intermediaries did not provide information on credit intermediation activity outside their establishments or provided information that did not include all the mandatory information. In addition, it was found that the information available outside the 31 credit intermediary institutions was not made available in a prominent and legible place and that four credit intermediaries disclosed information that was not complete, true, up-to-date, clear and objective.

- **The timeliness of the information in the register concerning the address of establishments open to the public.**

Nine credit intermediaries failed to request an amendment to the data in their registration following a change in the address of their establishments.

- **Whether credit intermediaries not operating exclusively through distance communication means had an establishment open to the public.**

Two credit intermediaries had no establishment open to the public, contrary to the information in their registration with the Banco de Portugal.

Following these inspections, 11 specific orders were issued to 11 credit intermediaries and 205 administrative offence proceedings were brought against 205 credit intermediaries.

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

The inspection on the complaints book being available and the provision of related information covered 215 credit intermediaries located in various parts of Portugal.

These inspections assessed:

- **The existence of a Complaints Book.**  
Ten credit intermediaries had no complaints book in the establishments inspected.
- **Information display on the existence of a Complaints Book and the competent authority to analyse complaints** in a clearly visible place that is easy to read by the consumer.  
It was found that 40 credit intermediaries did not have information in their establishments on the complaints book and on the competent authority to examine the complaints or did not provide all the mandatory information. It was also found that 77 credit intermediaries failed to display the information in question in a clearly visible place that is easy to read by the consumer.

Following the inspections to assess the availability of a complaints book and the provision of related information, 105 administrative offence proceedings were brought against 105 credit intermediaries.

## 4.3 Compliance with conduct of business obligations and the duty to provide information

A mystery shopper inspection took place in an establishment of a credit intermediary open to the public to assess compliance with conduct of business obligations and the information provided to customers during the provision of credit intermediation services.

This inspection focused on:

- **Credit intermediaries' compliance with conduct of business obligations towards consumers when providing credit intermediation services**, in particular the duty to act with discretion, diligence, respect for consumers' interests and to refrain from intermediating credit agreements on which they do not possess detailed and objective information.
- Providing information on paper or on another durable medium prior to providing credit intermediation services.

No evidence was found of any breach of the applicable rules by the inspected credit intermediary.

## 4.4 Disclosure of advertising to credit products on websites

The inspection carried out on the websites of nine institutions acting as a credit intermediary focused on the advertising disclosed in respect of credit products intermediated by those institutions. The analysis checked whether the advertising materials had previously been approved by the lender responsible for the advertised credit product.

Seven of the institutions analysed disclosed advertising to credit products intermediated by them on their websites, and the advertising materials disclosed by six of the institutions had not been previously approved by the lender responsible for those products.

As a result of these inspections, six administrative offence proceedings were brought against six institutions acting as credit intermediaries.

## 4.5 Instances of non-compliance detected

Following the inspections carried out, 11 specific orders were issued to 11 credit intermediaries and 213 administrative offence proceedings were initiated against 212 institutions acting as credit intermediaries.

**Table III.4.1 • Credit intermediaries | Inspections | Specific orders and administrative offence proceedings, by topic | 2022**

Topics	Specific orders		Administrative offence proceedings	
	Number	Entities covered	Number	Entities covered
Disclosure of information on credit intermediary activity inside establishments open to the public			196	196
Disclosure of information on credit intermediary activity outside establishments open to the public			168	168
Changes to the elements subject to registration	9	9	1	1
Existence of an establishment open to the public	2	2		
Existence of a complaints book			10	10
Display of information on the existence of a complaints book and the competent authority to analyse complaints			105	105
Approval of advertising of credit products by the lender			6	6
<b>Total</b>	<b>11</b>	<b>11</b>	<b>(a)</b>	<b>(a)</b>

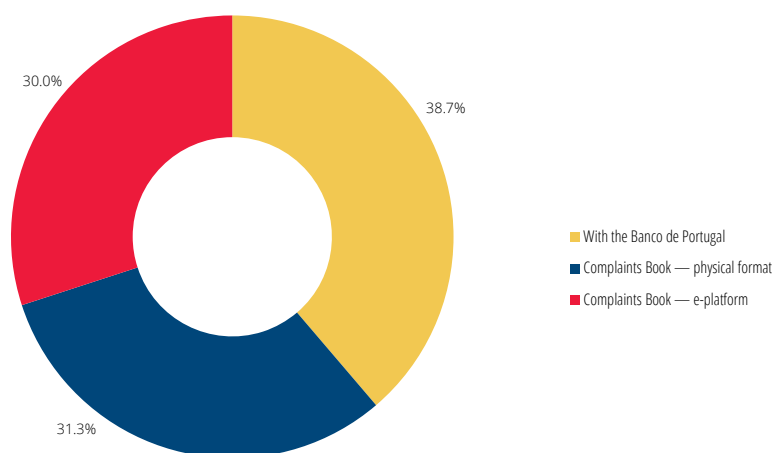
Source: Banco de Portugal. | Note: (a) Por razões de economia processual, existem processos de contraordenação que agregam indícios de infração a diferentes normas, pelo que a soma dos processos por matéria não corresponde ao número total de processos instaurados. No total foram instaurados 213 processos de contraordenação contra 212 intermediários de crédito.

# 5 Bank customer complaints

## 5.1 Analysis of developments

The Bank received 80 complaints from bank customers against the conduct of entities authorised to provide credit intermediation services.

Chart III.5.1 • Credit intermediaries | Complaints submitted, by origin | 2022



Source: Banco de Portugal.

Complaints received were largely related to the conduct of credit intermediaries regarding consumer credit agreements (74%), focusing, in particular, on the provision of pre-contractual information. The conduct of these entities in the context of home loan agreements led to 17% of complaints. The remainder (9%) focused on various matters related to the pursuit of credit intermediation activities.

The Bank closed 74 complaints about the conduct of entities authorised to provide credit intermediation services<sup>4</sup>. The average period for closing complaints was 78 days<sup>5</sup>.

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

5. When handling complaints from bank customers, credit intermediaries must comply with similar rules to those applicable to financial institutions, as described in Chapter II.9 in this report.

## 5.2 Instances of non-compliance detected

The Banco de Portugal detected irregularities in 14 complaints, corresponding to 19% of all closed complaints.

No signs of breaches by the targeted institution were detected in around 63% of the complaints closed. The institutions solved the matter subject to complaint, despite there being no signs of breaches in 18% of closed complaints. Irregularities were detected in the remaining 19% that led to ten administrative offence proceedings being brought against eight credit intermediaries.

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 advisory services (nine 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 elements provided by law (11 complaints);
- Credit intermediaries must provide the Banco de Portugal with the required information to analyse consumer complaints (two complaints).

**Table III.5.1 • Credit intermediaries | Complaints | Administrative offence proceedings, by topic | 2022**

Topics	Number of complaints covered	Administrative offence proceedings	
		Number	Entities covered
Prohibition of engaging third parties for the provision of credit intermediary services	9	5	4
Credit intermediation agreement requirements	11	5	4
Reporting to the Banco de Portugal	2	2	2
<b>Total</b>	<b>(a)</b>	<b>(a)</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: (a) For reasons of procedural economy, some administrative offence proceedings aggregate indications of a breach of rules, so the sum of the proceedings for each subject does not correspond to the total number of proceedings initiated. Ten administrative offence proceedings were brought against eight credit intermediaries (concerning 14 complaints).

## 6 Supervisory activities and sanctioning irregularities

On the basis of the measures taken to correct and sanction irregularities detected in the information reported in advertising by credit intermediaries, inspections and complaints submitted by bank customers, 88 specific orders were issued to 77 credit intermediaries and 266 administrative offence proceedings were brought against 257 credit intermediaries.

**Table III.6.1 • Credit intermediaries | Specific orders, by origin | 2022**

Topics	Specific orders	
	Number	Entities covered
Analysis of reported information	69	59
Advertising	8	7
Inspections	11	11
<b>Total</b>	<b>88</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: (a) In 2022, specific orders were addressed to 77 credit intermediaries.

**Table III.6.2 • Credit intermediaries | Administrative offence proceedings, by origin | 2022**

Topics	Administrative offence proceedings	
	Number	Entities covered
Analysis of reported information	21	21
Advertising	22	19
Inspections	213	212
Complaints	10	8
<b>Total</b>	<b>266</b>	<b>(a)</b>

Source: Banco de Portugal. | Note: (a) In 2022, administrative offence proceedings were initiated against 257 credit intermediaries.



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## IV Monitoring of training entities

1 Certification

2 Follow-up of the activity



# 1 Certification

The Banco de Portugal concluded the examination of two applications for certification submitted by entities that intended to provide training courses for professional certification in credit intermediation. One of these requests was approved and the other was refused for not complying with the applicable regulatory requirements.

At the end of 2022 nine entities were certified by the Banco de Portugal to provide training courses for professional certification in the offering of mortgage credit agreements and credit intermediation. The list of training entities certified by the Banco de Portugal is released on the Bank Customer Website<sup>1</sup>.

## 2 Follow-up of the activity

Staff members of credit institutions involved in the drafting, offering and conclusion of home loans and mortgage credit agreements should possess a level of knowledge and skills appropriate to the performance of their duties, proved by concluding the “Offering of mortgage credit” training course with a training entity certified by the Banco de Portugal.

Natural persons who intend to carry out the activity of credit intermediation, perform tasks as a member of the management body of a credit intermediary, as a technical manager or as a worker involved in providing services relating to home loans and mortgage credit agreements should also possess the appropriate knowledge and skills. Proof of this knowledge and skills can be obtained by professional certification, involving the completion of the “Credit intermediation” training course and, depending on the area of activity they wish to pursue, the “Offering of mortgage credit” and “Offering of consumer credit” courses.

In 2022 training entities certified by the Banco de Portugal granted 4,175 professional certifications, of which 37.9% was for completing the “Offering of mortgage credit” training course, 35.1% for the “Credit intermediation” course and 27% for the “Offering of consumer credit” course.

**Table IV.2.1 • Training entities | Professional certifications granted | 2021–2022**

	2021	2022	Δ 2022–2021
“Offering of mortgage credit” training course	1,636	1,581	-55
“Offering of consumer credit” training course	1,023	1,127	104
“Credit intermediation” training course	1,212	1,467	255
<b>Total</b>	<b>3,871</b>	<b>4,175</b>	<b>304</b>

Source: Banco de Portugal.

Compared to 2021, there were 304 more professional certifications granted by certified training entities, despite the slight decrease in professional certifications granted in the “Offering of mortgage credit” course. There was also a 17% increase in the number of professional certifications granted in the “Credit intermediation” training course compared to the same period a year earlier.

1. Available at <https://www.bportugal.pt/en/entidades-formadoras>.



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## V Financial education

- 1 Sectoral activities
- 2 Participation in the National Plan for Financial Education



Banking conduct supervision sees financial education as one of the pillars of its operational strategy. Its channel of choice is the Bank Customer Website (BCW), which it uses to carry out financial awareness campaigns. These are complemented by financial education initiatives throughout the country, carried out with the support of the Banco de Portugal's regional network. The Bank also runs training activities as part of the National Plan for Financial Education (NPFE) alongside the other financial supervisors and in partnership with a broad set of entities. It supports bank customers by answering their requests for information, mainly through the BCW.

# 1 Sectoral activities

## 1.1 Digital financial education campaigns

The promotion of digital financial education has been scaled up as a response to the growing use of digital channels, which allow quick and convenient access to financial products and services, but present new risks associated with the security of operations and the exacerbation of behavioural biases.

⋮ The Banco de Portugal launched the second phase of the #TopTip  
⋮ digital financial education campaign.

At the end of 2022, the second phase of the #TopTip digital financial education campaign was launched to promote the safe use of banking products and services via digital channels. After a first stage targeting young people, the second directed at the population in general. This campaign addresses digital financial fraud, the use of digital banking services, remote account opening, online shopping and the online offering of consumer credit. As part of the campaign, the Banco de Portugal posted five videos and five decoders over several weeks and later collected them in a brochure. These materials were shared on the Bank's website, the BCW and the Bank's social media channels and are available for viewing and download. They were added to the materials on the Todos Contam website and were published with the support of the Portuguese Banking Association to strengthen the footprint of the initiative.

Figure V.1.1 • #TopTip digital financial education campaign — second phase



Source: Bank Customer Website (<https://cliente bancario.bportugal.pt/en/digital-financial-education-adults>).

Other initiatives were carried out throughout the year to promote digital financial education. In February, to celebrate Safer Internet Day, the BCW published a set of best practices that bank customers should adopt to measure and manage their digital footprint, thereby preventing the misuse of their personal data by third parties. In European Cybersecurity Month in October, the Bank reminded bank customers of the precautions they should take when receiving emails or messages requesting personal information.

Figure V.1.2 • Bank Customer Website | Special feature on Safer Internet Day



Source: Bank Customer Website (<https://cliente bancario.bportugal.pt/pt-pt/noticias/dia-da-internet-mais-segura-dicas-para-conhecer-e-gerir-sua-pegada-digital>, in Portuguese only).

Figure V.1.3 • Bank Customer Website | Special feature on European Cybersecurity Month



Source: Bank Customer Website, <https://cliente bancario.bportugal.pt/pt-pt/noticias/banco-de-portugal-associa-se-celebracoes-domes-europeu-da-ciberseguranca-0>, in Portuguese only).

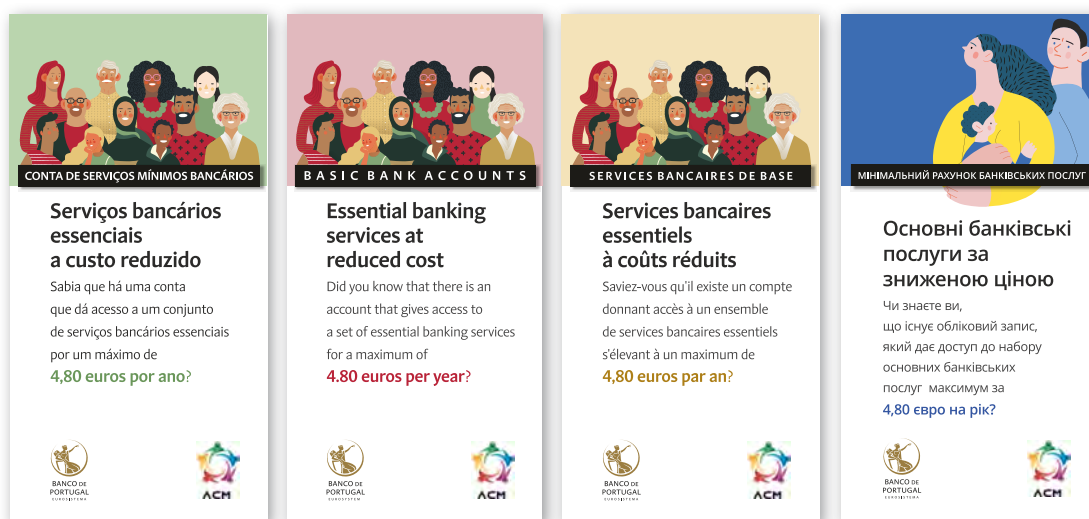


## 1.2 Dissemination of basic bank accounts

The Banco de Portugal promoted the financial inclusion of displaced Ukrainian nationals.

In partnership with the High Commission for Migration, the Bank organised information sessions on basic bank accounts (BBAs), promoting the financial inclusion of migrants, particularly Ukrainian refugees. Approximately 100 staff members from migrant support centres across the country participated in these sessions. Simultaneously, the Bank distributed around 72 thousand leaflets about the access conditions and features of BBAs in Portuguese, English, French and Ukrainian, which are also available for download on the BCW.

Figure V.1.4 • Leaflets on basic bank accounts



Source: Banco de Portugal/High Commission for Migration.

Under the protocol with the Ministry of Labour, Solidarity and Social Security to disseminate information on BBAs, the campaign launched in 2021 was renewed, with videos, posters and leaflets on BBAs being provided at 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. More than 2,000 posters and 42 thousand leaflets were distributed by the information desks of these four organisms.

## 1.3 Arrears prevention in credit agreements

With the support of the Directorate-General for Consumers (Direção-Geral do Consumidor — DGC), the Banco de Portugal organised two sessions, on 4 February and 24 November, with entities from the Bank Customer Support Network (Rede de Apoio ao Cliente Bancário — RACE) and Regional Consumer Information Centres (Centros de Informação Autárquicos ao Consumidor — CIAC) across the country, on the changes to the general regime for arrears prevention and management in credit agreements. The procedures put in place under the Pre-Arrears Action Plan (PRAP) and the Out-of-court Arrears

Settlement Procedure (OASP) were analysed, highlighting the network's role in advising bank customers on the risk of default or on arrears in credit agreements. The Bank released the DGC's video on the entities that make up the RACE network and their role on the BCW.

**Figure V.1.5 • Bank Customer Website | Special feature on the video about RACE**



Source: Bank Customer Website (<https://cliente bancario.bportugal.pt/pt-pt/noticias/direcao-geral-do-consumidor-divulga-video-sobre-rede-de-apoio-ao-cliente-bancario>, in Portuguese only).

After legislative measures to mitigate the impact of rising interest rates on home loan agreements entered into force at the end of November 2022, the BCW clarified the new rights of bank customers and the obligations of credit institutions through new content and a podcast released on digital platforms (i.e. Apple Podcasts, Stitcher, Spotify, Soundcloud and Google Podcasts).

**Figure V.1.6 • Bank Customer Website | Special feature on the podcast about measures to deal with rising interest rates**



Source: Bank Customer Website (<https://www.bportugal.pt/page/conheca-medidas-para-lidar-com-subida-dos-juros>, in Portuguese only).

## 1.4 Awareness campaign on the characteristics and risks of crypto-assets

In the context of Global Money Week, an awareness campaign on the characteristics and risks of crypto-assets was launched under the motto: “ativos virtuais, riscos reais” (“virtual assets, real risks”). This campaign included the release of three videos on the risks of crypto-assets as a means of payment, the difference between crypto-assets and central bank digital currency and the Banco de Portugal’s scope of intervention as the national authority responsible for registering crypto-exchanges. These videos were shared on the Bank’s website, the BCW and social media channels.

Figure V.1.7 • “Virtual assets, real risks” campaign



Source: Bank Customer Website (<https://cliente bancario.bportugal.pt/pt-pt/material/moedas-virtuais-nao-sao-verdadeiras-moedas-saiba-porque>, in Portuguese only).

Source: Bank Customer Website (<https://cliente bancario.bportugal.pt/pt-pt/material/o-euro-digital-e-os-criptoativos-que-diferencas>, in Portuguese only).

Source: Bank Customer Website (<https://cliente bancario.bportugal.pt/pt-pt/material/sabia-que-ao-investir-em-ativos-virtuais-esta-faze-lo-por-sua-conta-e-risco>, in Portuguese only).

## 1.5 Digital Financial Literacy Strategy for Portugal

... The OECD, the European Commission and the Banco de Portugal carried out the first survey on the digital financial literacy of the Portuguese population.

Alongside the Organisation for Economic Co-operation and Development (OECD) and the European Commission, the Bank continued to work on drafting a Digital Financial Literacy Strategy for Portugal, a project that began in October 2021 that is one of the priorities of the Strategic Plan of the Banco de Portugal for 2021–25.

In March 2022, an international workshop was held at the Money Museum to discuss the results of mapping the digital financial literacy initiatives in Portugal. Subsequently, the first survey was carried out on the digital financial literacy of the Portuguese population, between July and September 2022, to diagnose its financial education needs. This was a pioneering initiative aimed at assessing the behaviours, attitudes and knowledge of the population in terms of digital financial products and services and online security procedures.

The goal of this first stage of the project was to analyse the main challenges consumers face when using digital financial products and services and to reflect on topics and areas the future Strategy should prioritise. This Strategy will be presented at an international conference at the Money Museum in May 2023.

## 1.6 Financial education courses across the country

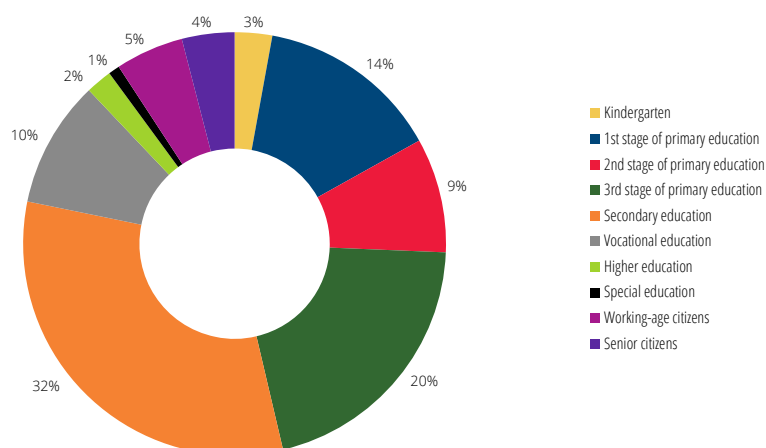
Throughout the year, financial education courses were carried out across the country with the support of the Bank's regional network and in collaboration with schools, local authorities and other citizens' advisory bodies.

⋮ The Bank organised 717 financial education courses involving more than 23,400 participants.

These courses were directed at different target audiences from various age groups, mainly secondary school students (32% of total participants).

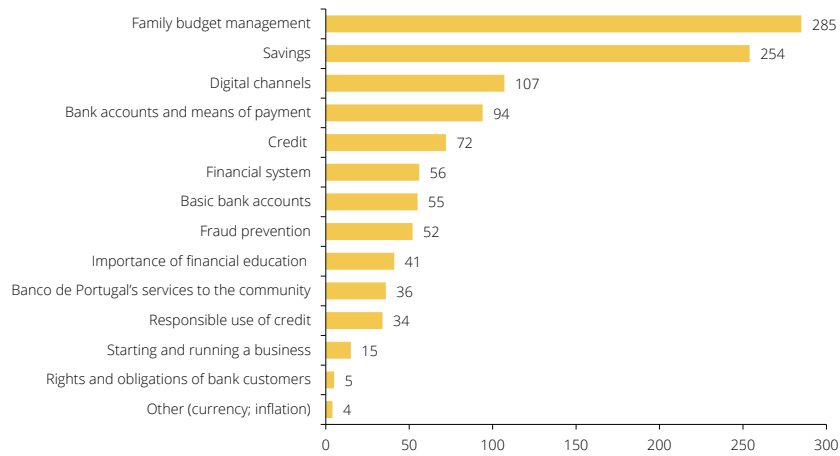
The topics most discussed were family budget management, savings and the safe use of digital channels when accessing banking products and services.

Chart V.1.1 • Financial education | Course participants by target group



Source: Banco de Portugal.

**Chart V.1.2 • Formação financeira | Temas apresentados nas ações de formação**

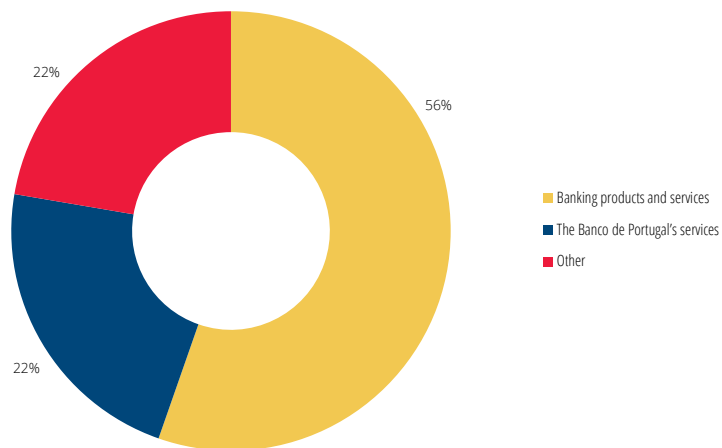


Source: Banco de Portugal.

## 1.7 Answers to bank customer requests for information

In 2022, the Bank received 2,213 requests for information (+5% from 2021), with most questions relating to the rights and obligations of customers when accessing banking products and services (56%). The answers to requests for information on the offering of banking products and services and on the services provided by the Banco de Portugal to the community generally, redirect bank customers to educational content on the BCW.

**Chart V.1.3 • Pedidos de informação de clientes bancários | 2022**



Source: Banco de Portugal.

## 2 Participation in the National Plan for Financial Education

The Banco de Portugal and the other financial supervisors (CMVM and ASF) coordinate the National Plan for Financial Education (NPFE) within the scope of the National Council of Financial Supervisors (Conselho Nacional de Supervisores Financeiros — CNSF).

In 2022, new partnerships were established to extend the scope of action of the NPFE. With a view to promoting the financial education of particularly vulnerable target groups, partnerships were established with the DGC and the Regional Secretariat for Social Inclusion and Citizenship (Secretaria Regional de Inclusão Social e Cidadania — SRIC) of the Autonomous Region of Madeira.



Signing of the cooperation protocol between the CNSF and the DGC. From left to right: CMVM's representative in the Coordination Committee of the NPFE, Maria Igreja, Director-General of the DGC, Ana Catarina Fonseca, Head of the Banking Conduct Supervision Department of the Banco de Portugal and Chair of the Coordination Committee of the NPFE, Lúcia Leitão, and ASF's representative on the Coordination Committee of the NPFE, Eduardo Pereira.



Signing of the protocol between the financial supervisors and the Autonomous Region's SRIC, in the Salão Nobre of the Regional Government of Madeira in Funchal. From left to right, Chair of the Coordination Committee of the NPFE and the Banco de Portugal's representative, Lúcia Leitão, Regional Director of Citizenship and Social Affairs, Maria da Graça Moniz, Regional Secretary of Education, Science and Technology, Jorge Carvalho (in representation of the Regional Secretary of Social Inclusion and Citizenship, Rita Andrade), CMVM's representative on the Coordination Committee of the NPFE, Maria Igreja, and ASF's representative on the Coordination Committee of the NPFE, Eduardo Pereira.



Signing of the protocol between the financial supervisors and DGLAB on the latter's premises in Lisbon. From left to right, ASF's representative on the Coordination Committee of the NPFE, Eduardo Pereira, Chair of the Coordination Committee of the NPFE and the Banco de Portugal's representative, Lúcia Leitão, Director-General of DGLAB, Silvestre Lacerda, and CMVM's representative on the Coordination Committee of the NPFE, Maria Igreja.



Ceremony launching the partnership between the financial supervisors and the AT, on the premises of the Ministry of Finance in Lisbon. From left to right, member of the Board of Directors of the Banco de Portugal, Ana Paula Serra, Chair of the CNSF and Governor of the Banco de Portugal, Mário Centeno, Deputy Minister for Finance and Tax Affairs, António Mendonça Mendes, Chair of ASF, Margarida Corrêa de Aguiar, member of the Management Board of CMVM, Rui Pinto, and Director-General of AT, Helena Alves Borges.

The Bank signed a protocol with the Directorate-General for Books, Archives and Libraries (Direção-Geral do Livro, dos Arquivos e das Bibliotecas — DGLAB) to strengthen collaboration with local authorities via the network of public libraries.

Additionally, the Banco de Portugal established a partnership with the Tax and Customs Authority (Autoridade Tributária — AT), which made it possible to integrate content on taxes and taxation into financial literacy initiatives. This content was published in the “Conhecer os impostos” (“Know taxes”) tab on the Todos Contam website. This project is part of the work to implement the Financial competence framework for adults in the European Union, published in 2022 by the European Commission and the OECD International Network on Financial Education (OECD/INFE), where the topic of taxation appears as an essential component of financial literacy.

The NPFE shared the results of the first survey on financial literacy of entrepreneurs of micro and small enterprises<sup>1</sup>, conducted in 2021 by the CNSF and the Ministry of the Economy and Maritime Affairs. This survey was part of an international comparison exercise between 14 OECD/INFE countries. Portuguese entrepreneurs ranked first in the global financial literacy indicator for enterprises with up to nine employees and second for enterprises with 10-49 employees.

Global Money Week 2022 celebrations took place between 21 and 27 March, with more than 122 thousand people participating in financial education initiatives organised by schools, financial supervisors and partners of the NPFE or through social media campaigns. On this occasion, the financial supervisors organised a webinar on the importance of financial awareness initiatives, attended by more than 100 representatives of financial supervisory authorities of Portuguese-speaking countries: Angola, Brazil, Cabo Verde, Guinea-Bissau, Mozambique, Portugal and São Tomé and Príncipe.

On behalf of the CNSF, the Vice-Governor of the Banco de Portugal, Luís Máximo dos Santos, visited two of the winning schools of the 10th Todos Contam Competition to present the first share of prizes awarded in the competition and to raise students’ and teachers’ awareness of the importance of knowing how to adequately manage money.



Participation of the Minister of the Economy and Maritime Affairs, António Costa Silva, in the session that launched the report on the first survey on financial literacy of entrepreneurs of micro and small enterprises, at the Money Museum, in Lisbon.

1. *Relatório do 1.º Inquérito sobre a Literacia Financeira de Empresários de Micro e Pequenas Empresas e os Desafios da COVID-19 em Portugal 2021*, available on the Todos Contam website ([https://www.todoscontam.pt/sites/default/files/2022-07/relatorio\\_do\\_1.o\\_inquerito\\_sobre\\_a\\_literacia\\_financeira\\_de\\_empresarios\\_de\\_micro\\_e\\_pequenas\\_empresas\\_e\\_os\\_desafios\\_da\\_covid-19\\_em\\_portugal\\_2021.pdf](https://www.todoscontam.pt/sites/default/files/2022-07/relatorio_do_1.o_inquerito_sobre_a_literacia_financeira_de_empresarios_de_micro_e_pequenas_empresas_e_os_desafios_da_covid-19_em_portugal_2021.pdf), in Portuguese only).



Award ceremony of the 10th Todos Contam Competition for the first stage of basic education at the Centro de Educação e Desenvolvimento D. Maria Pia — Casa Pia de Lisboa, with the Vice-Governor of the Banco de Portugal, Luís Máximo dos Santos.



Award ceremony of the 10th Todos Contam Competition for the third stage of basic education at the Agrupamento de Escolas do Paião — Escola Básica dos 2.º e 3.º ciclos Dr. Pedrosa Veríssimo, with the Vice governor of the Banco de Portugal, Luís Máximo dos Santos.

Financial Literacy Week 2022 took place from 24 to 31 October, under the motto “Na Formação Financeira Todos Contam!” (“Everybody Counts in Financial Literacy!”). A number of initiatives was carried out during this week, organised by the financial supervisors, the NPFE’s partners and schools throughout the country and frequented by students of all ages, teachers, senior citizens, workers and unemployed persons. The full programme of the Financial Literacy Week was published for the first time in a microsite created for this purpose<sup>2</sup>.

Figure V.2.1 • Micro-site | Semana da Formação Financeira



Source: Microsite of Financial Literacy Week 2022 (<https://www.semanaformacaoфинanceira.com/>, in Portuguese only).



Participation of the Chair of the CNSF and Governor of Banco de Portugal, Mário Centeno, in the formal session of Financial Literacy Week 2022, at the Money Museum, in Lisbon.

2. Microsite of Financial Literacy Week (<https://www.semanaformacaoфинanceira.com/>, in Portuguese only).



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## VI 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, including 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).

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

At EBA level, the Banco de Portugal participated in the Standing Committee on Consumer Protection and Financial Innovation (SCConFin), the Sub-group on Consumer Protection (SGCP), the Sub-group on Innovative Applications (SGIA) and the Sub-group on Payment Services (SGPS). In 2022 the Banco de Portugal started chairing the SGCP and coordinating its work.

The SCConFin agenda was marked by the responses to the European Commission's requests for technical advice regarding the review of the Mortgage Credit Directive (Chapter I.5) and non-bank lending in the European Union.<sup>1</sup>

SCConFin also participated in the response to the request for technical advice on the digitalisation of financial services addressed to ESAs by the European Commission. The ESAs published their position in a report where they identify the main risks and opportunities to the digitalisation of financial services and issue recommendations to promote the adequate use of digital channels in providing financial services<sup>2</sup>. In this report, they highlight the risks of information transparency and cross selling practices in a digital context. They also signal risks related to the handling of complaints, since consumers may have trouble identifying the conduct supervisory authority of the entity they wish to complaint about and how they can lodge a complaint. The ESAs present a series of recommendations to adapt information obligations to digital channels and promote consumer digital financial literacy, as well as highlighting the importance of clarifying the status financial institutions operate under when they provide services in other Member States through digital channels, particularly when handling complaints.

The EBA published its first report on the transparency of fees charged on retail banking products and services by financial institutions in the European Union. This report was prepared in the context of SCConFin and covered the offering of home loans, consumer credit, deposits, payment accounts, and payment and electronic money services based on contributions from national supervisory authorities, consumer associations and various financial institutions (Chapter I.7).

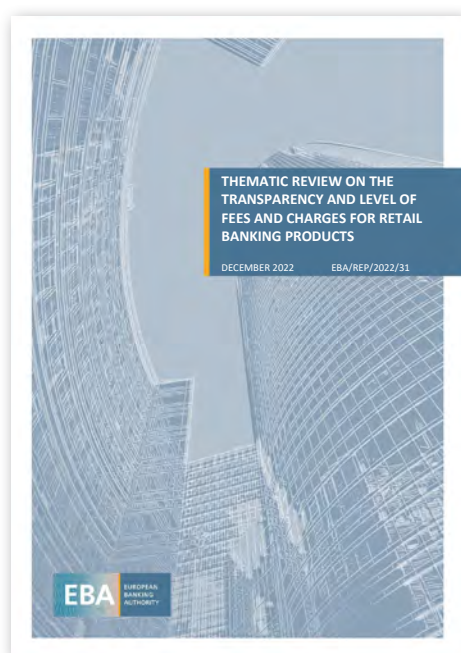
1. Letter to European Commission on its call for technical advice on non-bank lending ([https://www.eba.europa.eu/sites/default/documents/files/document\\_library/About%20Us/Missions%20and%20tasks/Call%20for%20Advice/2022/CfA%20on%20digital%20finance/1032200/2022%2004%2022%20Letter%20to%20J%20Berrigan%20re%20NBL%20Report.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/About%20Us/Missions%20and%20tasks/Call%20for%20Advice/2022/CfA%20on%20digital%20finance/1032200/2022%2004%2022%20Letter%20to%20J%20Berrigan%20re%20NBL%20Report.pdf)).

2. Joint European Supervisory Authority response to the European Commission's February 2021 Call for Advice on digital finance and related issues: regulation and supervision of more fragmented or non-integrated value chains, platforms and bundling of various financial services, and risks of groups combining different activities ([https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2022/1026595/ESA%202022%2001%20ESA%20Final%20Report%20on%20Digital%20Finance.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2022/1026595/ESA%202022%2001%20ESA%20Final%20Report%20on%20Digital%20Finance.pdf)).

Throughout 2022, in the context of SCConFin and with the support of national supervisory authorities, the EBA also prepared “mystery shopper” oversight activities on the fee-charging practices of financial institutions when offering retail banking products and services.

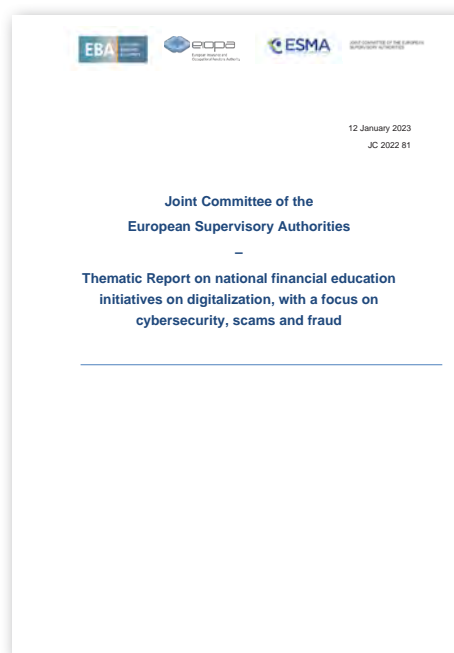
Equally relevant is the work developed by SGPS on the response to the call for advice sent to the EBA by the European Commission regarding the review of the Payment Services Directive (PSD2)<sup>3,4</sup>. The EBA’s response was published on 23 June 2022<sup>5</sup>, highlighting outstanding challenges, namely the enforcement of strong customer authentication requirements and new security risks, such as those resulting from social engineering fraud, amongst others.

**Figure VI.1.1 • EBA Report on Thematic review on the transparency and level of fees and charges for retail banking products (EBA/REP/2022/31)**



Source: EBA ([https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2022/1045497/Report%20on%20the%20thematic%20review%20on%20fees%20and%20charges.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2022/1045497/Report%20on%20the%20thematic%20review%20on%20fees%20and%20charges.pdf)).

**Figure VI.1.2 • ESA Thematic Report on national financial education initiatives on digitalization, with a focus on cybersecurity, scams and fraud**



Source: ESA ([https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Reports/2023/1050826/Thematic%20report%20on%20financial%20education.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2023/1050826/Thematic%20report%20on%20financial%20education.pdf)).

The Joint Committee of the ESAs created a repository of digital financial education initiatives as reported by national supervisory authorities with a focus on cybersecurity, scams and fraud. In cooperation with the other financial supervisors (CMVM and ASF), the Banco de Portugal shared the initiatives it carried out. This repository includes 127 financial education initiatives, 24 developed in Portugal. Subsequently, the ESAs published the Thematic Report on national financial education initiatives on

3. Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market.  
 4. Letter to the European Commission Directorate-General for Financial Stability, Financial Services and Capital Markets Union ([https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Opinions/2022/Opinion%20od%20PSD2%20review%20%28EBA-Op-2022-06%29/1036015/2022%2006%2023%20Letter%20to%20Mr%20Berrigan%20-%20Response%20PSD2%20CfA.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Opinions/2022/Opinion%20od%20PSD2%20review%20%28EBA-Op-2022-06%29/1036015/2022%2006%2023%20Letter%20to%20Mr%20Berrigan%20-%20Response%20PSD2%20CfA.pdf)).  
 5. Response to the Call for Advice on the review of PSD2 ([https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Opinions/2022/Opinion%20od%20PSD2%20review%20%28EBA-Op-2022-06%29/1036016/EBA%27s%20Response%20to%20the%20Call%20for%20advice%20on%20the%20review%20of%20PSD2.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Opinions/2022/Opinion%20od%20PSD2%20review%20%28EBA-Op-2022-06%29/1036016/EBA%27s%20Response%20to%20the%20Call%20for%20advice%20on%20the%20review%20of%20PSD2.pdf)).

digitalization, with a focus on cybersecurity, scams and fraud. The Banco de Portugal, represented by the Head of the Banking Conduct Supervision Department, was a guest speaker at the Joint ESAs High-Level Conference on Financial Education and Literacy 2022, on 1 and 2 February.

The EBA also published the second edition of its repository of financial education initiatives on retail banking products and services, updating the information made available in 2020. The Banco de Portugal was responsible for 14 of the 207 initiatives reported.

## 1.2 European Commission

The Banco de Portugal took part in reviewing the **Consumer Credit Directive** (Chapter I.3) and the **Directive concerning the distance marketing of consumer financial services** (Chapter I.4).

On 11 January, the European Commission and the OECD International Network on Financial Education (OECD/INFE) launched the *Financial competence framework for adults in the European Union*. This framework identifies the financial knowledge, attitudes and behaviours necessary to make informed and sound financial decisions, essential to the financial well-being of the European Union adult population. 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. The development of this framework was a European Commission and OECD/INFE project, supported by a group of experts from European Union Member States under the aegis of the Government Expert Group on Retail Financial Services (GEGRFs), in which the Banco de Portugal and other representatives of Portuguese financial supervisors participated.

On 25 January, the Banco de Portugal, represented by the Head of the Banking Conduct Supervision Department, was a speaker at the conference that launched this framework, having participated in the panel discussion on its implementation and benefits for European countries<sup>6</sup>.

**Figure VI.1.3 • EU/OECD-INFE Financial competence framework for adults in the European Union**



Source: European Commission/OECD/INFE (<https://www.oecd.org/finance/financial-competence-framework-for-adults-in-the-european-union.htm>).

6. Banco de Portugal participates in the conference launching the Financial competence framework for adults in the European Union (<https://clientebancario.bportugal.pt/en/noticias/banco-de-portugal-participates-launch-financial-competence-framework-adults-european-union>).

### 1.3 International Financial Consumer Protection Organisation (FinCoNet)

Banking conduct Supervision took part in the implementation of FinCoNet’s work programme, continuing to chair it. The Head of the Banking Conduct Supervision Department took up this position in 2019 on behalf of the Banco de Portugal.

It also continued to chair one of this organisation’s four standing committees. This committee promoted a worldwide discussion on the prevention of over-indebtedness resulting in the publication of the report *Supervisory approaches regarding the prevention and management of arrears: Special focus on exit strategies from payment holidays*. The report presents the regulation and supervision approaches adopted in various countries to prevent and manage arrears in credit agreements, with emphasis on the measures adopted to mitigate the impact of the exit from the credit moratoria implemented during the COVID-19 pandemic. It provides lessons on how supervisors should act in future crises.

Furthermore, FinCoNet reflected on the challenges that the increase in digital payments poses to conduct supervision, having published the report *Briefing Note — Supervisory challenges relating to the increase in digital transactions, especially payments*. This document analyses the impact of the increasing digitalisation of payments, accelerated by the COVID-19 pandemic, and a description of approaches that supervisory authorities are employing to mitigate the risks identified, particularly cybersecurity risks. In this regard, the number of security incidents, scams and fraud has increased in most jurisdictions in the past three years, particularly with internet banking, mobile banking and payment cards, mainly affecting seniors, retail investors and immigrants. It is considered essential to monitor security incidents, scams and fraud as these are some of the most relevant threats to consumer protection.

**Figure VI.1.4 • FinCoNet Report on Supervisory approaches regarding the prevention and management of arrears**



Source: FinCoNet ([http://www.finconet.org/FinCoNet-Report\\_Supervisory-Approaches-Prevention-Management-Arrears.pdf](http://www.finconet.org/FinCoNet-Report_Supervisory-Approaches-Prevention-Management-Arrears.pdf)).

**Figure VI.1.5 • FinCoNet Briefing Note on Supervisory challenges relating to the increase in digital transactions, especially payments**



Source: FinCoNet (<http://www.finconet.org/Supervisory-challenges-digital-transactions.pdf>).

The use of SupTech tools to support conduct supervision and the impact of marketing incentives when offering mortgage credit products were topics also developed by FinCoNet throughout 2022.

In November 2022, at its premises in Lisbon, the Banco de Portugal hosted the FinCoNet Annual General Meeting followed by an international seminar dedicated to the principles and challenges of the conduct supervision of retail banking markets. The general meeting, which gathered representatives of supervisory authorities of jurisdictions from various continents and several international organisations, included a roundtable discussion on recent trends and challenges in conduct supervision related to the digitalisation and supervision of credit products. After the meeting, there was a workshop on financial innovation in credit products that brought together representatives of supervisory authorities, international organisations and consumer associations. This event covered the key principles of efficient conduct supervision as well as current and future challenges, namely those brought about by the growing digitalisation of financial services.

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

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

As a member of the G20/OECD Task Force on Financial Consumer Protection, the Banco de Portugal helped revise the principles for the protection of consumers of financial products that had been approved in 2012 (Chapter I.6).

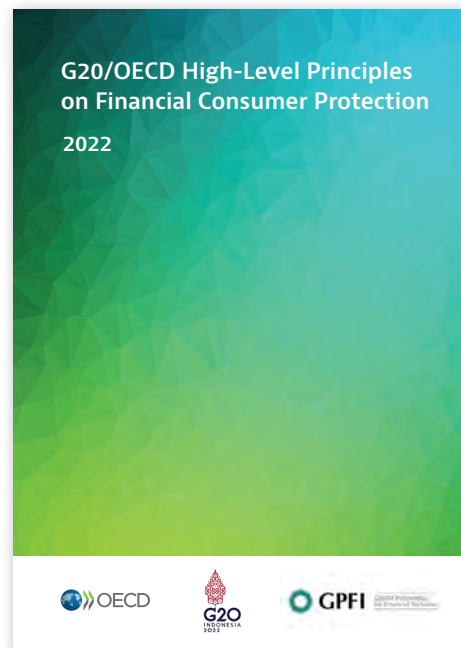
### 1.4.2 International Network on Financial Education (OCDE/INFE)

The Banco de Portugal is a founding member of the OECD/INFE and is on its Advisory Board. The Bank, represented by the Head of the Banking Conduct Supervision Department, also holds one of the two vice-chairs of this body, which establishes the organisation's strategic guidelines. The Banco de Portugal also takes part in the specialised working groups of this financial literacy network created in 2008.

The OECD/INFE published Evaluation of National Strategies for Financial Literacy, a document that provides guidelines to assess national financial literacy strategies based on the approaches and best practices shared by the OECD/INFE members, including the Banco de Portugal.

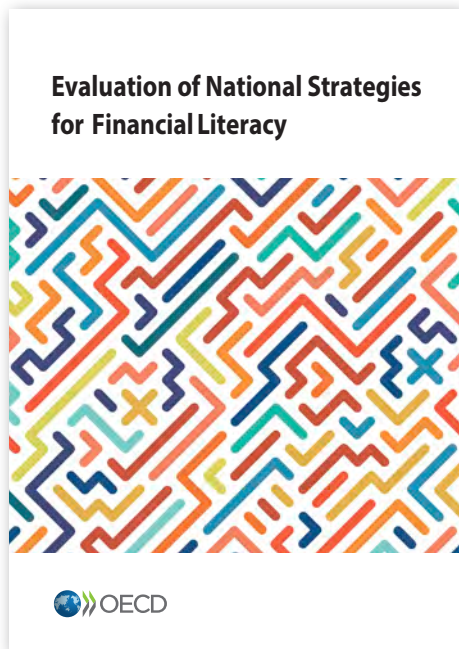
The OECD/INFE Guidance on Digital Delivery of Financial Education, to which the Banco de Portugal contributed, was also disclosed to help public authorities develop and implement financial education initiatives through digital channels.

Figure VI.1.6 • G20/OECD High-Level Principles on Financial Consumer Protection 2022



Source: G20/OECD ([https://www.oecd.org/daf/fin/financial-education/G20\\_OECD%20FCP%20Principles.pdf](https://www.oecd.org/daf/fin/financial-education/G20_OECD%20FCP%20Principles.pdf)).

Figure VI.1.7 • OECD Evaluation of National Strategies for Financial Literacy



Source: OCDE/INFE (<https://www.oecd.org/finance/financial-education/evaluation-of-national-strategies-for-financial-literacy.htm>).

Figure VI.1.8 • OECD/INFE Guidance on Digital Delivery of Financial Education



Source: OCDE/INFE (<https://www.oecd.org/financial-education/infe-guidance-on-digital-delivery-of-financial-education.htm>).

Additionally, the OECD/INFE published the report *Policy handbook on financial education in the workplace* to support public authorities, employers and other stakeholders relevant to the design of workplace financial education policies. This publication highlights the importance of financial education in the workplace and describes the experiences and challenges of Member States, including Portugal, when implementing financial education programmes for employees. On 15 June, the Head of the Banking Conduct Supervision Department, on behalf of the Banco de Portugal, was a moderator in the webinar that launched this report and took the opportunity to share the workplace financial education initiatives carried out as part of the National Plan for Financial Education (NPFE).

The OECD/INFE also published a document entitled *Financial planning and financial education for old age in times of change*, contributing to the development of financial education policies and programmes that promote financial planning for retirement in times of change, presenting a set of case studies shared by OECD/INFE members, among whom is the Banco de Portugal.

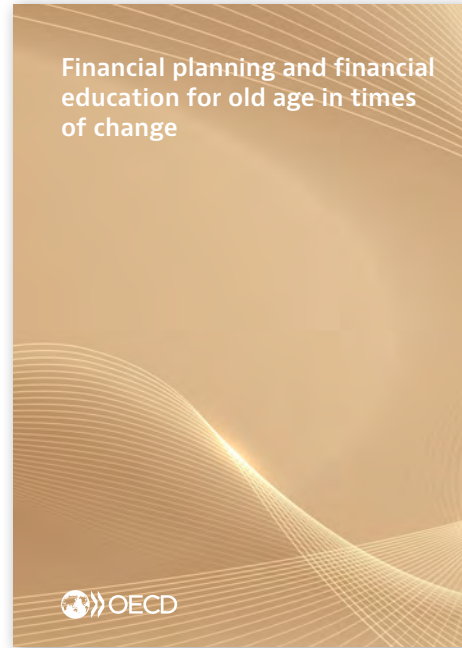


Figure VI.1.9 • OECD Policy handbook on financial education in the workplace



Source: OCDE/INFE (<https://www.oecd-ilibrary.org/docserver/b211112e-en.pdf?expires=1675523145&id=id&accname=ocid49026614&checksum=4D9DAB4BE9E2FA9E3EE915C47DBB163D>).

Figure VI.1.10 • OECD Financial planning and financial education for old age in times of change



Source: OCDE/INFE (<https://www.oecd-ilibrary.org/docserver/e1d4878e-en.pdf?expires=1675523292&id=id&accname=ocid49026614&checksum=7494CCD2419457AE6509950414612781>).

The Banco de Portugal participated regularly in the work of the OECD/INFE, including in the biannual meetings that took place in April and October, and was invited to share its experience in promoting financial literacy at webinars and workshops run by this network.

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

Also in February, 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 Greece.

In June, the Banco de Portugal was invited to present Portugal's approach to assessing its national financial education strategy within the framework of the OECD/INFE technical assistance project on financial education in south-eastern European countries.

Remaining in the context of this technical assistance project, the Banco de Portugal participated in the meeting "Financial Education in Uncertain Times: Raising Financial Resilience and Well-being in South East Europe", held in Croatia at the end of September. The Banco de Portugal shared its digital financial literacy strategy in this meeting.

## 2 International cooperation

As part of its banking conduct supervisory functions, the Banco de Portugal responded in 2022 to cooperation requests from other central banks and supervisory authorities, more specifically Banco Nacional de Angola, Banco de Moçambique, Banco Central de São Tomé e Príncipe, Banco Central de Timor-Leste, Banco de Cabo Verde, the Central Bank of the Republic of Uzbekistan, the Central Bank of the Republic of Kosovo, Bank Indonesia and the Superintendence of Banking, Insurance and Private Pension Fund Administrators of Peru.

### 2.1 Banco Nacional de Angola

On 16 May, there was a training session for the staff of **Banco Nacional de Angola** (BNA) on home loans with subsidised interest rates. On 14 November, the Bank participated in the *Encontro Nacional de Técnicos de Inclusão Financeira* (national meeting of financial inclusion specialists), hosted by the BNA, having shared the education and financial inclusion initiatives it has been carrying out.

### 2.2 Banco de Moçambique

Between 5 and 6 May, there was a training session on bank fee-charging regimes for staff members of **Banco de Moçambique**. On 2 and 3 June, the Banco de Portugal carried out a training session for Banco de Moçambique staff on financial literacy initiatives and how to prepare and implement national surveys on the population's financial literacy.

### 2.3 Banco de Cabo Verde

On 31 October, as part of **Banco de Cabo Verde's** celebration of *Semana da Poupança* (savings week), the Banco de Portugal took part in a session on the importance of financial education in schools. In this session, the Bank presented its strategy for promoting financial education in Portuguese schools under the NPFE.

### 2.4 Banco Central de São Tomé e Príncipe

On 12 and 13 December, the Banco de Portugal carried out a training session for **Banco Central de São Tomé e Príncipe** on banking conduct inspection techniques and proceedings.

### 2.5 Central Bank of the Republic of Uzbekistan

On 21 September, the Bank carried out a training session for the staff of the **Central Bank of the Republic of Uzbekistan's** Financial Consumer Protection Department. It aimed to communicate the tasks and responsibilities of the Banco de Portugal's banking conduct supervision, namely regarding complaint management and "mystery shopper" inspections.

## 2.6 Central Bank of the Republic of Kosovo

Between 5 and 7 December, the Banco de Portugal organised a training session for the staff of the **Central Bank of the Republic of Kosovo** on financial literacy initiatives developed by the Banco de Portugal on a sectoral level and under the NPFE.

## 2.7 Bank Indonesia and Superintendence of Banking, Insurance and Private Pension Funds Administrators of Peru

On 24 and 25 November, the Bank conducted a training session for the staff of **Bank Indonesia** and the **Superintendence of Banking, Insurance and Private Pension Funds Administrators** of Peru. The first day was devoted to presenting the strategy, competencies and responsibilities of banking conduct supervision and the use of SupTech tools in oversight activities. On the second day, the Bank shared its supervisory approaches in the context of digitalisation of retail banking markets and presented its digital financial literacy initiatives.

## 2.8 Alliance for Financial Inclusion (AFI)

On 20 July, the Bank took part in the conference “Ensuring financial inclusion and financial health of migrants: policy perspectives and lessons learned”, organised by the **Alliance for Financial Inclusion (AFI)** and attended by central banks and other supervisory authorities. In this conference, the Banco de Portugal shared the initiatives undertaken to promote the financial inclusion of migrants, particularly Ukrainian immigrants displaced by the war in early 2022.

