DAY 1 PRESENTATIONS

MALAYSIA-OECD HIGH-LEVEL GLOBAL SYMPOSIUM ON FINANCIAL WELL-BEING

30 SEPTEMBER - 1 OCTOBER 2015

KUALA LUMPUR, MALAYSIA

The financial well-being journey: supporting financial education and consumer protection strategies
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THE FINANCIAL WELL-BEING JOURNEY: SETTING THE STAGE

Mr. André Laboul, Deputy Director, Directorate for Financial and Enterprise Affairs, OECD

Malaysia-OECD High-level Global Symposium on Financial Well-being
30 September - 1 October 2015
Kuala Lumpur, Malaysia
I. MOTIVATION: Why strengthening FE and FCP?

II. THE FOUNDATION: What have we done so far?

III. IMPACT & REMAINING CHALLENGES: What has worked and what remains to address?

IV. WAY FORWARD: Is financial well-being the new frontier?
Empowering financial consumers in an evolving societal & financial context

Changing financial landscape: more inclusive, more innovative, more risky

In a context of low levels of financial knowledge and skills

Need of enabling tools to avoid negative spillovers for individuals, small businesses, the financial sector and governments

Financial regulation is crucial but not enough!
THE FOUNDATION
Financial consumer empowerment trilogy: Global recognition


G20 (2011) High-Level Principles on Financial Consumer Protection developed by the OECD
G20 High-Level Principles on Financial Consumer Protection (FCP)

- Legal, Regulatory and Supervisory Framework
- Role of Oversight Bodies
- Equitable and Fair Treatment of Consumers
- Disclosure and Transparency
- Financial Education and Awareness
- Responsible Business Conduct
- Protection against Fraud and Misuse
- Protection of Consumer Data and Privacy
- Complaints Handling and Redress
- Competition
DEFINITION OF A NATIONAL STRATEGY

No one size fits all model!

...a nationally coordinated approach to financial education that consists of an adapted framework or programme which:

- Recognises the importance of financial education and defines its meaning and scope at national level in function of identified national needs and gaps

- Involves the cooperation of different stakeholders as well as the identification of a national leader or coordinating body/council

- Establishes a roadmap to achieve specific and predetermined objectives within a set period of time; and,

- Provides guidance to be applied by individual programmes in order to efficiently and appropriately contribute to the strategy
# OECD/INFE policy and practical instruments

## The Overall Framework (2012)
### OECD/INFE High-level Principles on National Strategies for Financial Education

<table>
<thead>
<tr>
<th>General instruments</th>
<th>Sector-specific Good Practices</th>
<th>Methodological tools</th>
<th>Target Audiences</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 2014</td>
<td>2009</td>
<td>- 2013</td>
<td>- 2013</td>
</tr>
<tr>
<td>OECD/INFE Guidelines for private and civil stakeholders in financial education</td>
<td>Good Practices on Financial Education and Awareness relating to <strong>Credit</strong></td>
<td>Toolkit on measuring Financial Literacy and inclusion</td>
<td>OECD/INFE Policy guidance on addressing women’s and girls’ needs for financial education</td>
</tr>
</tbody>
</table>
IMPACT & REMAINING CHALLENGES
Feeding into the review of the United Nations Guidelines on Consumer Protection, in relation to financial services

In 2014, 19 out of 25 jurisdictions had competed reforms to enhance FCP following the OECD/G20 High-level Principles, according to self-reporting by FSB jurisdictions.
Steady development of national strategies for financial education

Status of national strategies in 2012

Status of national strategies in 2015

NS being revised or second NS being implemented: 10
(first) NS is being implemented: 22
NS is being actively designed: 26
NS is being planned: 5

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.
At least 30 countries used the OECD/INFE questionnaire to measure financial literacy – new exercise recently launched.

24 countries and ad economies participated in the PISA financial literacy assessment of young people in 2012-2015.

Countries and private sector organisations are using the OECD/INFE Guidelines for the Involvement of Private and Not-for-profit Stakeholders in Financial Education as a benchmark to develop their own principles/codes.
Limited synergies between FCP and FE

Role of private stakeholders: advantages but need for monitoring

Is FE having an impact? Need for (possibly coordinated) impact evaluation

Is FE sustainable? Who should bear the costs?

Limited cross-comparable data for effective evidence-based policy making
Ensuring effective delivery moving from identified challenges (I)

Promoting research and cross-comparable data & evidence

- **INFE Research Committee**
- **Database** of evaluated financial education programmes
- **Tools for data collection**: OECD/INFE financial literacy survey and PISA
- **Core competency frameworks** on the financial literacy of young people (2015) and adults (2016)
Ensuring effective delivery moving from identified challenges (II)

Ensuring delivery is targeted to population needs and evolving circumstances

_G20 deliverables and future work_

- **Policy handbook** on the implementation on national strategies
- **Guidelines for private and not-for-profit stakeholders** in financial education
- **Addressing vulnerable groups:**
  - Report and checklist on financial education for _migrants and their families_
  - Progress report on financial education for _Micro, small and medium enterprises (MSMEs)_
- Implications of **digital finance for FE and FCP**
2005 Definition of Financial Education

Financial education is the process by which financial consumers/investors improve their understanding of financial products and concepts and, through information, instruction and/or objective advice, develop the skills and confidence to:

- become more aware of financial risks and opportunities
- to make informed choices
- to know where to go for help
- and to take other effective actions to improve financial well-being
2012 Definition of Financial Literacy

Financial literacy is a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being.
THANK YOU!

SecretariatINFE@oecd.org
www.financial-education.org
LOOKING FORWARD – RESEARCHER VIEWS

Annamaria Lusardi
The George Washington University School of Business
Academic Director, Global Financial Literacy Excellence Center (GFLEC)
The growing importance of financial literacy

A new economic landscape

Major changes in many markets and institutions

- Changes in pensions
  - More individual and private accounts

- Changes in labor markets
  - Divergence in wages – skills are critical

- Changes in financial markets
  - Greater complexity
  - More opportunities to borrow & in large amounts
Increase in life expectancy changes everything

- Life expectancy is high, and has kept growing.
- Young people today will need to be able to support themselves for many years.

Source: OECD Factbook 2013: Economic, Environmental and Social Statistics - © OECD 2012
Many questions

Given these changes:

1. How well-equipped are people to deal with this new economic environment?
2. Are there vulnerable groups?
3. Does financial literacy matter?
4. What can be done to promote financial well-being?
A large amount of research on these topics

We can answer some of these questions

1. New data, thanks in particular to OECD-INFE
2. New initiatives and field work
3. Many researchers contributing to the emerging field of financial literacy/personal finance
4. A lot of new findings that are important for policy
OECD-INFE Research Committee

New committee

1. Members are from many countries and bring many different competencies
2. Provide most up-to-date relevant research
3. Provide information and expertise
4. Help looking forward
Topics I will cover in my presentations

Data – Research – Lessons learned

1. Data: PISA
2. Research: Examples of field work
3. Some lessons we have learned so far
Are students well prepared for future challenges?
Can they analyze, reason and communicate effectively?
Do they have the capacity to continue learning throughout life?

Every three years the OECD Programme for International Student Assessment (PISA) answers these questions and more. It assesses to what extent students near the end of compulsory education have acquired some of the knowledge and skills essential for full participation in society.
New module on financial literacy in 2012

- This is the first large-scale international study to assess the financial literacy of 15-year-old students

- Financial literacy assessment framework

  The framework was the first step in constructing a financial literacy assessment of international scope by providing an articulated plan for developing items, designing the instrument and providing a common language for discussion of financial literacy.
A group of experts was put together by the OECD to design the 2012 module on financial literacy.

They represented many countries and many stakeholders (Treasury departments, central banks, regulators, practitioners, academics).

Experts worked on the assessment for about two years.
Definition of financial literacy

“Financial literacy is knowledge and understanding of financial concepts and risks, and the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life.”
PISA 2012 Results: Students and Money
FINANCIAL LITERACY SKILLS FOR THE 21ST CENTURY
VOLUME VI
Participating countries-economies

18 countries-economies participated in the 2012 Financial Literacy Assessment (13 are OECD countries-economies)

Australia, Belgium (Flemish Community), Shanghai-China, Colombia, Croatia, Czech Republic, Estonia, France, Israel, Italy, Latvia, New Zealand, Poland, Russia, Slovak Republic, Slovenia, Spain, and the United States

Data was released on July 9, 2014
Mean score

- 605
- 595
- 585
- 575
- 565
- 555
- 545
- 535
- 525
- 515
- 505
- 495
- 485
- 475
- 465
- 455
- 445
- 435
- 425
- 415
- 405
- 395
- 385
- 375

Strong performance in financial literacy

- Shanghai-China

Average performance of 15-year-olds in financial literacy

Flemish Community (Belgium)

Australia

Estonia

New Zealand

Czech Republic

United States

Slovenia

Spain

Isreal

Slovak Republic

Poland

Latvia

French Federation

Colombia
Differences only partially explained by GDP per capita

$R^2 = 0.1632$

GDP per capita explains only 16% of the country level variation in financial literacy.
Distribution of student performance

Financial literacy performance levels

- 625 and above
- 550 to <625
- 475 to <550
- 400 to <475
- Less than 400 points

Top performers

- L5: 10%
- L4: 22%
- L3: 30%
- L2: 23%
- L1: 15%

Baseline

OECD average-13
Financial Literacy and Financial Inclusion
Relevance of bank account holding (accounting for socio-demographics)

On average across OECD countries and economies, students who hold a bank account score 21 points higher than students with similar socio-economic status who do not.
There is a lot to learn

- There is so much we can learn from PISA
- A lot research can be done both within and across countries
- Rich set of information about schools, teachers, parents, etc.
- It is possible to compare data not just across countries but also over time. Data will be collected in 2015, and 2018 is in the planning stage
New data on financial literacy around the world
The Global Financial Literacy Survey

In 2014, Gallup interviewed 1,000 people per country in more than 140 countries around the world about their level of financial literacy.

The survey covers 4 topics: Numeracy, interest compounding, inflation, and risk.

The data will be released in November 2015.
1 in 3 adults worldwide answered 3 out of 4 topics correctly.
Globally, risk is the concept people know the least.
Combining data from PISA (math) and Gallup Survey

- Positive relationship between knowledge of the young and the general population
- The young are doing well in some countries
Financial Literacy and Financial Inclusion

Potential to link data at the individual level with other datasets

- Well-being measures (Gallup World Poll)
- Food security measures (Voices of the Hungry)
- Financial inclusion measures (Global Findex)

Banked
Unbanked
Formal credit
No formal credit
Formal savings
No formal savings

Financial literacy

Source: GFLS & Global Findex database
Several findings

Findings hold true across countries

- Financial illiteracy is widespread in the population
- Some groups are particularly vulnerable, in particular the young
- Risk diversification is most difficult concept to grasp
- There is a link between financial literacy and financial inclusion
Improving financial literacy among the young

Evidence from adding financial literacy in high school curricula

- Brown, Collins, Schmeiser, and Urban (2014). *State Mandated Financial Education and the Credit Behavior of Young Adults*
  - When exposed to rigorous programs and trained teachers, students do well and are less likely to have problems with debt

- Bruhn, de Souza Leao, Legovini, Marchetti, and Zia (2013). *The Impact of High School Financial Education: Experimental Evidence from Brazil*
  - Financial education had an impact on both students and parents
Field work: Five steps to planning success

Building a more robust pension system starting with the young

- Focused on young workers
  - They are the ones with low financial literacy

- Covered concepts, such as risk diversification
  - This is the concept people know the least

- Kept the message free of economic/finance jargon
  - Research shows it matters, in particular for women

- Teaching using videos and narratives
Short video about risk

Risk diversification = don’t put all your eggs in one basket

http://www.rand.org/labor/centers/financial-literacy.html
We measured whether it worked

- Tested interventions using a set of respondents to an Internet panel
- Baseline questions on risk diversification
- Randomly assigned
  - Intervention group
    - Video only, narrative only, video & narrative
  - Control group
    - No intervention
- Repeated the concept questions
Findings

- After being exposed to videos and narratives, the performance on financial literacy questions (general knowledge and hypothetical choices) improved
- Video worked best
- While young were targeted, the intervention affected all age groups
When financial illiteracy is so widespread, it cannot be cured with very limited interventions.

One size does not fit all, we need targeted programs.

The young are an ideal group for financial education programs, in particular in school.

We need more experimental work so to continue to improve.
Conflicting evidence on the effectiveness of financial education?

Learning from meta-analyses

  - Interventions to improve financial literacy explain only 0.1% of the variance in financial behaviors

- What this paper shows is that the *dosage* we have used in financial education is wrong
  - Programs are very limited (an average of 10 hours)
  - Quality of material and teachers is rarely available
  - Financial knowledge, like every knowledge decays over time, which is good otherwise the data would be suspicious
Financial literacy is like reading and writing
- As it was not possible in the past to participate in society without being able to read and write, so it is not possible to thrive in today’s society without being financially literate

Building human capital for the 21st century
- Everyone deals with finance and finance is sufficiently complex that we cannot leave it to the individual to learn by himself/herself
“Knowledge is in every country the surest basis of public happiness.”

George Washington, First President of the United States (1789–97)
“(Financial) knowledge is in every country the surest basis of public happiness.”

George Washington, First President of the United States (1789–97)
“If you think education is expensive, try ignorance”

*Derek Bok, Former President of Harvard (1971-1991)*
Contact and further information

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Blog: http://annalusardi.blogspot.com/
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Integrated financial education and consumer protection strategies to promote financial well-being: a policy maker perspective

Mr Lyndwill Clarke
Head: Consumer Education
South Africa

Malaysia-OECD High-Level Global Symposium
30 September - 1 October 2015
Kuala Lumpur, Malaysia

13 Years of consumer financial education in South Africa
Overview

- Combining Financial education and financial consumer protection policies
- Sharing of Mandates
- Financial education and financial consumer protection informing and complementing each other
- Lessons learnt/challenges
Combining Financial education and financial consumer protection policies

- Legislated Consumer Protection Bodies
  - SARB – Banks
  - NCR – Credit
  - FSB – Non-banking
  - NCC - Consumer-business interaction
- Currently partially combined, not promoting inclusion
- Combined through Twin peaks approach
Sharing of Mandates

Twin-peaks model of financial regulation gives equal weight to prudential and market conduct regulation

**Prudential**

- Reserve Bank leads on
  - Macro-prudential (systemic stability)
  - Micro-prudential
- Responsible for:
  - Prudential regulation of banking and insurance
  - Assessing and responding to financial stability risks
  - Crisis planning

**Market Conduct**

- Financial Services Board leads on market conduct for financial services
- Works closely with National Credit Regulator
- Market conduct regulation of all aspects of financial services, including banking, insurance, advisory services etc.
- **Consumer financial education**

Interagency review process to set out timelines, and decide how the prudential and market conduct aspects of certain activities will change (e.g. securities regulation)
## New Regulatory Framework

<table>
<thead>
<tr>
<th>Action</th>
<th>Outcomes</th>
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<tbody>
<tr>
<td>• Created comprehensive and rigorous market conduct reporting and supervision requirements</td>
<td>• ensure that consumers of financial products and financial services are not vulnerable and exploited</td>
</tr>
<tr>
<td>• Introducing measures for identification, detection and reporting of unfair treatment to customers,</td>
<td>• ensure that the efficiency and integrity of final markets is protected and enhanced,</td>
</tr>
<tr>
<td>• Responsibly create financial awareness around financial services and available financial products</td>
<td>• contribute to the maintenance of financial stability,</td>
</tr>
<tr>
<td>• Increase and improve financial literacy levels of consumers and potential consumers through comprehensive and effective financial education programmes</td>
<td>• promote financial inclusion, and</td>
</tr>
<tr>
<td></td>
<td>• assist in combating financial crime.</td>
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</tbody>
</table>
Financial education and financial consumer protection informing and complementing each other

National Consumer Financial Education Policy

Pillar 1

Effective consumer protection and market conduct regulation

To increase the financial capability and thereby the financial wellbeing of all South Africans
13 Years of consumer financial education in South Africa

Consumer Protection and Market conduct regulation – Pillar One

- Legislation
- TCF
- Twin Peaks
- Financial Inclusion

Recourse
- Ombudsman
- Consumer activists

Consumer Protection

Regulation
- Research
- National Strategy
- Implementation
- Monitoring & Evaluation
- Financial Inclusion

Consumer Education
Financial education and financial consumer protection informing and complementing each other

National Consumer Financial Education Policy

Pillar 1
- Effective consumer protection and market conduct regulation

Pillar 2
- Common focus & direction for consumer financial education initiatives

To increase the financial capability and thereby the financial wellbeing of all South Africans
# National Consumer Financial Education Strategy (Pillar 2)

<table>
<thead>
<tr>
<th>Young people</th>
<th>Grown ups</th>
<th>The aged</th>
<th>Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financially literate</td>
<td>Financially adept</td>
<td>Financially secure</td>
<td>Economically and financially Inclusive</td>
</tr>
<tr>
<td>Responsible and self-aware</td>
<td>Avoid poverty traps (e.g. debt spirals)</td>
<td>Not victims of scams and fraud</td>
<td>Entrepreneurial</td>
</tr>
<tr>
<td>Want to improve their lives and communities</td>
<td>Plan, invest and create wealth</td>
<td>Plan and control finances</td>
<td>Developing and prospering</td>
</tr>
</tbody>
</table>

13 Years of consumer financial education in South Africa
Financial education and financial consumer protection informing and complementing each other

Pillar 1
Effective consumer protection and market conduct regulation

Pillar 2
Common focus & direction for consumer financial education initiatives

Pillar 3
Multi-stakeholder, centrally co-ordinated approach

To increase the financial capability and thereby the financial wellbeing of all South Africans
Governance Structure (Pillar 3)

Minister of Finance

National Consumer Financial Education Committee

Represented on

Stakeholders
- Government
- Regulators
  - FSB
  - NCR
- Business
- Labour
- NGOs
- Community

Financial Services Board

Secretariat

National Consumer Financial Education Strategy

Informs

Baseline Studies
- 5-year (full)
- 1-year (touch base)
- Central database of stakeholder initiatives

Informs

Implementation / Performance monitoring

Informs

Consumer financial education strategies
and Initiatives of stakeholders

Feedback loop
Financial education and financial consumer protection informing and complementing each other

National Consumer Financial Education Policy

Pillar 1
Effective consumer protection and market conduct regulation

Pillar 2
Common focus & direction for consumer financial education initiatives

Pillar 3
Multi-stakeholder, centrally co-ordinated approach

Pillar 4
National consumer financial education strategy with risk-based priorities

To increase the financial capability and thereby the financial wellbeing of all South Africans

13 Years of consumer financial education in South Africa
Research & Statistics (Pillar 4)

- Risk based approach

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<tbody>
<tr>
<td>Overall Score</td>
<td>2011: 54</td>
<td>2012: 54</td>
<td>2013: 52</td>
</tr>
<tr>
<td>Appropriate Product Choice</td>
<td>2011: 45</td>
<td>2012: 46</td>
<td>2013: 44</td>
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</table>
Lessons learnt/Challenges

Industry activities must be monitored and evaluated

Financial inclusion must be a balanced process

Coordinated approach is easy on paper

Changes in policy has a knock-on effect

Making financial education a priority is still not a priority

Policies and legislation is only as good as its implementation, monitoring and enforcement

Financial Education

Regulation

Financial Inclusion
Balance between Financial inclusion and Market Stability

<table>
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<tr>
<th>Focus</th>
<th>Prudential</th>
<th>Market Conduct</th>
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<tbody>
<tr>
<td></td>
<td>• institution-based approach</td>
<td>• individual/consumer-based approach</td>
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<tr>
<td></td>
<td>• aims to protect stability of financial institutions –</td>
<td>• aims to protect consumers</td>
</tr>
<tr>
<td>Supervisory Approach</td>
<td>• quantitative, data &amp; compliance-based, RBS approach focus on risk</td>
<td>• qualitative, consumer behaviour-based</td>
</tr>
<tr>
<td></td>
<td>management</td>
<td></td>
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<tr>
<td>Development goals</td>
<td>• underdeveloped market segments</td>
<td>• underserved population groups</td>
</tr>
</tbody>
</table>

The relationship between prudential and market conduct needs to be balanced:

Create and maintain a stable and inclusive financial market
Looking forward

- Twin Peaks – FSR Bill
- Greater prominence and importance to Financial Education and Inclusion
- Setting of standards and guidelines for financial education
- Greater say in Industry CFE activities
No country can really develop unless financially its citizens are educated.

Nelson Rolihlahla Mandela
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Philippine Context of Consumer Protection

Collective Responsibility
Consumer Empowerment
Market Conduct

Financial Stability
Banking Supervision
Consumer Protection

Source: www.hotfrog.com
Holding FIs Accountable to Five CP Standards

- Consumer Empowerment
- Market Conduct
- Collective Responsibility

- Privacy
- Information
- Selling Practices
- Redress
- Awareness

Collective Responsibility

Consumer Empowerment

Market Conduct

Bangko Sentral ng Pilipinas
Self-Assessments May be Over-Rated

Financial Literacy Rating & Scores

- 20% rated themselves as “expert” and only 34% said they considered themselves as a “novice”
- Yet, 92% scored worse than 80
- No one scored better than 90

Lifted from: SOLAR FLARe Financial Literacy Advocacy Report
WB Baseline Survey Says . . .

Profile of those with better understanding of concepts

- With highest educational attainment
- With highest income
- Who use print, broadcast, and internet media on a regular basis
- Who live in inner city
- Who started saving as a child
- Household heads
It’s the Diversity That’s Binding . . .

- Over 100 million individuals whose average age is 24 yrs old
- An archipelago of 7,107 islands
- 186 individual languages with 19 regional languages
- More than 10 ethnic groups
- 18 regions, 81 provinces, 144 cities, 1,490 municipalities, and 42,029 barangays
A Generalist-Specialist Approach

• Define **national** FinLit message

• Localize the message:
  - **Demographic** detail
  - **Local** delivery/context

• Learn from the local **experience**

• Follow people **over time**

• Periodic **re-assessment**
The Agenda Moving Forward . . .

Multi-Stakeholder Engagement + Define/Manage the Message

National Strategy for Cons Prot’n

Collective Responsibility

Consumer Empowerment

Market Conduct
Philippine Context of Consumer Protection

Source: www.hotfrog.com
Shortcomings can become strengths: Using complaints data to improve financial education policies

Maria Lúcia Leitão •
Head of Banking Conduct Supervision Department
Banco de Portugal (central bank of Portugal)
30 September 2015

Malaysia – OECD High-Level Global Symposium

The financial well-being journey: Building on the momentum and identifying new paths
Kuala Lumpur - Malaysia
Growing recognition of complaints-handling as an important tool on financial consumer protection

Principle 9. Complaints-Handling and Redress

Jurisdictions should ensure that consumers have access to adequate complaints-handling and redress mechanisms that are accessible, affordable, independent, fair, accountable, timely and efficient.

OECD, G20 High-Level Principles on Financial Consumer Protection, October 2011

Guidelines on complaints-handling for the banking sectors

The document aims to increase market confidence and for the benefit of consumers and firms alike it will ensure a harmonised approach to handling complaints for all 28 EU Member States and across all financial services sectors.

Guidelines on complaints-handling for the securities (ESMA) and banking (EBA) sectors, June 2014
✓ All providers of goods and services, including financial institutions, have to make available a Complaints Book at each branch and a display announcing it.

The Complaints Book is composed of 25 complaint sheets in triplicate.

• The original of the sheet is sent to the supervisory authority, within 10 working days.

• The duplicate is given to the complainant.

• The triplicate stays in the book kept by the provider.

✓ The analysis of complaints is free of charge.
Banco de Portugal handles customers complaints

✓ Banco de Portugal receives all complaints presented against financial institutions

• Banco de Portugal receives all complaints written in the Complaints Book and those directly submitted to Banco de Portugal by post, email or online, through the Bank Customer Website.
Complaints handling is in the banking conduct supervision mandate assigned to Banco de Portugal

- Analysis of complaints plays an important role in Banco de Portugal’s banking conduct oversight and enforcement strategy.

- The role of Banco de Portugal regarding the analysis of complaints is limited to assessing the compliance of credit institutions and financial companies with laws and regulations in the supply of financial products in the retail financial markets.

- When a violation of the law or regulations is detected through the analysis of a complaint, Banco de Portugal uses its enforcement powers to oblige the credit institutions to adapt or correct its practices in order to comply with laws and regulations.

- It is also a very important tool for ensuring consumers’ rights and to identify areas with higher learning needs in terms of financial education.

Identification of the major areas of financial consumers’ vulnerability.

Identification of situations that need to be submitted to inspection.
Analysing the issues with a larger number of complaints helps to prioritise financial education initiatives

- Currently, the focus is on over indebtedness, consumer credit and current accounts.

- The financial education/technical competences of credit institutions’ staff is not under the scope of the financial literacy initiatives promoted by Banco de Portugal.
The analysis of complaints helps to develop successful, targeted and efficient financial education initiatives:

- Helps identify financial literacy needs of adult/banked population;
- Enables the identification of gaps with respect to the population’s financial knowledge, attitudes and behaviour;
- Reveals the attitudes of consumers during their interactions with financial institutions, in particular regarding their rights and obligations;
- Enables the identification of priority issues;
- Helps identify regulatory gaps;
- Helps increase consumers’ awareness and confidence in financial institutions.

BUT

- Complaints cannot substitute survey data and other intelligence as they are only made by banked/financially included and confident/driven-to-complain consumers. However they are an immensely valuable complement.