

Report on the Consumer Protection Activities of the Financial Market Supervision Unit

2022

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INTRODUCTION

Financial consumer protection is an integral part of the financial market supervision activities of Národná banka Slovenska (NBS). The present report summarises NBS's activities in this area focusing on the most important topics of 2022 relating to supervision, methodological activity, the handling of complaints lodged by financial consumers and education under the 5peňazí brand.

1 Summary

Although COVID-19 still dominated events at the start of 2022, subsequent developments affecting financial consumers in Slovakia made this a **post-pandemic** year. The war in Ukraine, rising inflation and falls in financial markets adversely affected consumer confidence and exacerbated uncertainty. Naturally, fraudsters took advantage of this and attacked their victims with increasingly sophisticated techniques. Since the start of the pandemic, when many customers had to get used to online shopping and payments, NBS has observed **a rise in phishing attacks on online banking and cashless payments**. NBS responded to this primarily through **prevention activities and warnings** for consumers to reduce their vulnerability in this area.

NBS's supervision of the consumer sector addressed the now traditional areas of **lending to consumers** and the **collection and recovery** of consumer loans, and assessed **sales practices** in various areas of the financial market to **protect consumers** against **unfair practices**. In respect of the **advertising and promotion** of financial products, NBS issued its **first sanction decision**, which enforced the principle that material information about the nature of an advertised financial service must not be withheld.

In its methodological activities, NBS concluded the market **consultation** process on consumer credit **debt recovery** by issuing an opinion. Consumer debt recovery will undergo significant change in the near future due to a European directive whose transposition NBS is already working on. NBS is also interested in dedicating part of the consumer credit space to **"social loans"** which banks could use to help customers overcome an adverse social situation or gradually climb out of intergenerational poverty.

NBS recorded a **slight decrease in financial consumer complaints** in 2022, but the problems reported were significant. There continued to be **growth in the share of complaints** from consumers reporting that they lost money due to **frauds perpetrated against them**.

NBS **financial education** under the **5peňazí** initiative is now well established. More and more educational organisations and teachers are recognising 5peňazí and partnering with NBS. In addition to its own activities, content and events, in 2022 5peňazí was focused on **building partnerships** to support financial education projects for different target groups. Key to this effort was the establishment of the **NBS Foundation**, through which financial education grants are provided.

2 Performance of supervision

Supervision for financial consumer protection covered all financial market sectors. The prohibition of **unfair business practices** and **unfair contract terms** applies equally to banks, insurance companies and investment firms. Naturally, there are many special rules for the individual sectors on top of that. For example, there are regulations on remuneration for consumer loans, termination periods for insurance contracts and the key investor information for investment products. Since financial products pose varying levels of risk for consumers, NBS's financial consumer protection staff **select topics for supervision each year based on risk weighting and indicators**. This year, NBS continued its monitoring of the marketing of retail financial products, evaluated the transparency of unit-linked life insurance, and continued to scrutinise bank and non-bank providers of consumer credit. It also responded to the increase in financial fraud and the ongoing wave of migration from Ukraine, checking the exchange of Ukrainian hryvnias in bureaux de change.

Box 1 Supervision planning

Supervision is usually planned a year in advance, with NBS keeping some capacity free for supervision activities in response to current developments in the consumer financial market. Such activities are often undertaken in response to consumers' complaints about financial services.

Plans are made for supervision both on-site (at the inspected company's registered office) and off-site (analysis and evaluation of information requested in writing). NBS draws up a protocol of identified deficiencies or a "letter of criticism", whose content is communicated to the supervised entity with instructions to rectify the situation. The findings and corrective measures are then incorporated into the methodology and rules of good practice through which NBS directs all supervised entities. In the event of a serious breach of the rules, NBS will impose penalties, with the full text of these decisions being published on NBS's website on their entry into force.

2.1 Fraud

From the start of the pandemic, NBS observed an increase in the number of attempted frauds targeting financial consumers, especially in connection with the large movement to online activities. Even consumers with weaker digital literacy and less experience of secure online shopping and internet banking were forced by circumstances to use online services, and fraudsters were naturally quick to take advantage of this. They concocted various schemes to trick people into giving them access to their accounts and their money. Through its consumer protection supervision, NBS receives information on various types of fraud. As such crimes fall under the competence of the police, **the main way in which NBS can help is**

through prevention activities and through informing customers about the latest fraudulent practices and about how to recognise them and defend against them.

Fraudsters misusing the NBS name

In 2022 NBS joined the list of institutions and firms that fraudsters have impersonated to appear trustworthy and con people out of money. In the past, there have been very well-known cases where fraudsters impersonated representatives of an electricity or gas distributor and stole cash, mainly from elderly victims, in an unguarded moment. To these methods, they have now added fraudulent telephone calls from fake bank employees requesting access to the victim's "compromised account", often in liaison with a supposed police officer. **In 2022 scammers also started pretending to be NBS employees.** They used various pretexts for calling. They might claim that you were failing to make loan repayments and therefore your current account would be blocked, or threaten to block your account if you did not pay a "fine" for a made-up inspection, or offer you a discount loan. In reality, NBS never contacts people about their loan payments, nor does it offer people loans or other services. The original schemes are now mutating into forms where the victims themselves send money to the scammer's account or purchase and transfer cryptoassets. With this type of fraud, it is not necessary to break the multi-factor security protecting cashless payments or a customer's internet banking. It is hard to protect against such frauds because even though the customer is deceived, the transfer of funds to the fraudster is technically voluntary. The customer's bank is almost helpless; they must execute the transaction because the customer has entered it properly and there is no way to return the money. Fraudsters manipulate their victims with advanced communication techniques known as "**social engineering**".

Box 2 An example of fraud

Dušan's story is an example of the suspected frauds with which consumers requested NBS's assistance in 2022.

It began with a message sent through a well-known chat app. The design and wording of the message gave the impression that it was an official message from the bank where Dušan had had an account for many years. The message warned Dušan that his payment account had come under attack from hackers but the bank had successfully blocked them. It told him to use a link in the message to go to a page where he should enter the login credentials for his internet banking. The page clearly resembled the official site of Dušan's bank. However, Dušan decided not to enter his credentials and reported the message to his bank and to NBS. It seemed suspicious to him that the displayed web page would not let him activate any other field for internet banking login credentials or access the bank's official website.

In this case, Dušan did the right thing and exposed an attempt at "phishing" – a type of fraud in which scammers try to make consumers hand over sensitive data that would enable them to access their money.

Our key preventive measures are **placing timely warnings in the media and educating consumers** to recognise suspicious behaviour.

It is not possible to send money to your payment card, so if anybody ever asks you for your payment card data, they want to use them to take out your money. Just as money is sent to an account and not to a card, Národná banka Slovenska offers no services to consumers and does not check whether loan instalments are paid on time. If you keep these facts in mind as a consumer, you will not fall for a fraudster.

Higher losses for victims

Fraudsters are changing their tactics to maximise the “return” on their criminal activity. It is no longer so interesting to abuse a payment card for a few transactions, because they know it is much more efficient to get access to the full volume of funds on the customer’s account and even take out a loan in their name using internet banking. For a scammer to get access to your account, they need to manipulate you and bet on you not paying attention.

Last year NBS investigated **several cases** where the complainant had been tricked into giving a fraudster **access to their internet banking** – with their full awareness – and cooperating in transferring funds to the fraudster’s account. The customer had no idea that they were being defrauded and they ended up with an “empty” account and a new bank loan for several thousand euros. In several cases, consumers even let a fraudster directly control their device by **agreeing to install a remote access application on their computer**, which let the fraudster view whatever the customer was doing on their computer. By granting access to internet banking, the victim allows control of all their accounts, including savings and fixed-term accounts.

Under banks’ terms and conditions, the customer is responsible for protecting their secure login credentials and must not provide them to third parties. If there is even the slightest hint of non-standard behaviour from a person claiming to represent their bank, customers should not hesitate to contact the bank through official channels (branch, email or phone). **Banks never ask their customers to disclose the security data for means of payment**, such as card numbers or internet banking passwords.

Box 3 Basic rules of online safety

If you receive an email or SMS message prompting you to click on a link and enter sensitive information, it is important to be alert and not respond to such messages. Their sender is most likely a fraudster (even if it seems at first glance that the sender is your bank). Clicking on a false link may itself be enough for a phone to be hacked, enabling a fraudster to read the content of verification SMS messages and push notifications that the bank sends to the customer’s phone number without the customer noticing. It is necessary to read each verification SMS message from the bank and check what operation is to be confirmed with the verification code. If a customer has not requested any operation and still receives a verification code, somebody else has access to their security credentials and the customer must contact the bank immediately to request blocking of the means of payment.

Our **long-term strategy** in fighting fraud is **prevention based on raising the level of financial literacy** among the public and regular warnings about the diverse and constantly changing fraudulent schemes operating in financial markets. NBS therefore publishes warnings and articles on www.5penazi.sk about fraudulent schemes currently in use in financial markets, communicates about such topics in the media for prevention purposes and cooperates with state and non-state organisations on consumer education.

2.2 Advertising

The NBS has for several years conducted **monitoring and supervision** of various forms of consumer financial product marketing. Such supervision involves more than just watching adverts. NBS reviews the full contractual documentation of a product and assesses whether its advertising meets the requirements of consumer protection legislation, including the special requirements for specific product types. The proper assessment and evaluation of advertising campaigns must reflect the standards for individual products available on the market.

Advertisements for financial products must correctly identify all the information necessary for a consumer's decision-making and other information required by law. In advertisements for consumer credit or mortgages, this includes a **representative example** and the correct calculation of the **annual percentage rate of charge** (APRC).

It is normal for advertising to include a degree of exaggeration or hyperbole. What it must not do, however, is cross the boundary between advertising and misleading consumers, which is the subject-matter of **feedback** on advertisement monitoring that NBS gives to the entities under its supervision.

It is understandable that a seller wishing to promote their product aims to clearly and comprehensibly communicate its largest benefits. On the other hand, advertising must not withhold material information about a product that is equally important for a consumer's decision. If there are conditions and restrictions linked to a promotion that offset the proposed benefits, the consumer must be informed of them in the advertising communication.

NBS recognises that **there are space limits in advertisements**. Nevertheless, if a supervised entity promotes the benefits of a product, it must not create false expectations about access to benefits, returns or participation. Likewise, the presentation of a promotional price must include information on any restrictions or conditions on obtaining such a price, or a link to where such information can be accessed. This is why NBS has previously issued [an opinion on certain issues relating to promotional prices for credit products](#) and a [methodological guideline on the labelling and promotion of insurance products](#).

NBS issues its first final decision

At the start of 2022, NBS issued its first ever final decision relating to the promotion of financial services. With this decision, NBS sent a signal that the **advertising of financial services is regulated not only by the code of ethics in advertising but also by statutory rules and that NBS actively monitors compliance with these rules** and will impose penalties for their breach.

Nearly everyone in Slovakia has seen the man who stands on a chair to raise his piggy bank as high as possible. The decision related to this advertisement, which promoted a favourable interest rate on funds deposited in a savings account. Although it is natural for advertising to seek to attract the attention of potential customers, it must not do so by withholding material information about the offered product.

In the course of its supervision activities, **NBS criticised the bank** behind that advert **for deficiencies in its advertising communication**, which did not include any information or link to the conditions for obtaining the promoted returns. The bank disagreed with NBS's view of the law and did not take the necessary corrective measures. In its final decision, NBS therefore declared that a bank's advertisement must include material information. Presenting an interest rate without other conditions that are highly significant for the advertised benefits of the savings is misleading and indicative of unfair business practices. The question of whether a business practice is unfair does not depend on whether or not a consumer ultimately concludes an agreement. Even if deceptive information influences their decision to visit a bank branch, the advertisement is breaking the law.

As advertising practices are highly specific, **NBS has not issued a methodological guideline** on this aspect of marketing and the decision includes a **guide for financial institutions to determine** which information about a financial service is material, how to provide it to consumers in specific media (e.g. video or print advertising) and how to link to it in a lawful way if there are objective conditions that prevent all significant conditions being communicated directly in the advertisement. Legislation protects consumers both when they are signing a contract and when they watch television in the evening.

2.3 Bureaux de change and refugees

The war in Ukraine created one of the largest refugee crises in Europe, and Slovakia was on the front line. One of the key steps taken by banks to help Ukrainians was to **add the Ukrainian hryvnia (UAH) to their exchange rate list and exchange them for euros**. Ukrainians fleeing the war were thus able to exchange their money for euros at bank branches.

To protect vulnerable groups of refugees, it was, in the opinion of NBS, necessary to **audit** the response and activity of **non-bank bureaux de change**, i.e. **currency exchange points**. NBS therefore decided to carry out **off-site supervision of 76 selected bureaux de change** operating close to the Slovak-Ukrainian border, for which it instructed them to send information on their exchange rates for the US Dollar (USD), Russian Rouble (RUB) and UAH.

NBS wanted to check the change in volume of these foreign currencies at the start of the conflict (the period from 11 February to 10 March 2022). In parallel, for 33 weeks from 14 March 2023, NBS **monitored the fees** charged by currency exchange points for the sale and purchase of foreign currencies and changes in the exchange rate for UAH, RUB and USD.

At non-bank currency exchange points, volumes of cash **increased by more than 100%**. During the period under review, no currency exchange point charged a fee for exchanging foreign currency. The UAH and RUB exchange rates were extremely volatile. In the first week after the outbreak of fighting, none of the monitored currency exchange points did any business involving the RUB. Statistical data show a significant weakening of the RUB exchange rate and NBS and the ECB stopped publishing an exchange rate for this currency. The exchange rates for the sale and purchase of the RUB were therefore significantly lower – sometimes exceeding RUB 100 per USD and RUB 116 per EUR. The selected points of currency exchange traded in UAH and USD in a standard regime and the standard deviation from the exchange rate published by NBS was within acceptable limits. No standard variation for the monitored currencies exceeded 1.5, which means that the USD and UAH exchange rates at the monitored exchange offices were within the acceptable range for the spread between the NBS reference rate and bureaux de change sell/buy rates.

NBS concluded that the increase in demand for foreign exchange services did not have a negative impact on consumers.

3 Development of regulation and methodology

In its **regulatory agenda** related to financial consumer protection, NBS last year focused mainly on **consumer loans**. An **opinion** was drafted and issued on several aspects of **debt recovery** and work began on the implementation of **credit servicer regulation** in cooperation with the Ministry of Finance of the Slovak Republic. The new Directive of the European Parliament and of the Council on credit servicers, credit purchasers and the recovery of collateral will introduce a **new type of regulated entity** in the financial market which will manage portfolios of claims from non-performing consumer credit based on an authorisation from NBS. These entities' credit servicing activities will be subject to rules designed to protect the rights of consumer debtors. NBS also worked on the preparation of **regulations on social loans** which could open the way for customers to access bank loans to improve their social situation.

3.1 Credit debt recovery

In Slovakia, a company may not purchase non-performing consumer credit claims from a bank or non-bank creditor if it is not also authorised by NBS to provide consumer credit. The debt collection business is therefore partly under NBS supervision. After conducting on-site inspections of several debt collection companies, NBS generalised its guidelines and engaged in a discussion with the market about what can be considered examples of good and bad practice in consumer credit debt recovery. The outcome of the discussions was the publication, in December, of an **opinion on certain aspects of debt recovery**.

The aim of the opinion was to increase transparency in NBS's supervision of compliance with the prohibition of unfair business practices and unfair contract terms in the management and recovery of credit claims. NBS focused on defining the principles for providing information and instructions to debtors in the debt collection process when the creditor communicates with the debtor in out-of-court recovery, especially when the debtor acknowledges their debt in a document drawn up by the creditor. Another area where NBS requires a high degree of transparency of communication from creditors is the identification of claims by their reason and amount when drafting written instructions and reminders to be sent to debtors. In the opinion, NBS also included a list of debt recovery practices that could be considered unfair business practices for the purposes of supervision.

3.2 Social loans

NBS's "5peňazí" financial education programme brings NBS close to especially vulnerable groups of consumers. Last year, the **FILIP** project, jointly organised by **5peňazí** and the **Cesta von** non-profit organisation, brought financial education to marginalised Roma communities living in intergenerational poverty. The experience of the FILIP project showed NBS that restricted access to financial services is not just a problem of developing countries. The possibility to glimpse the life of people living in intergenerational poverty and at least to see something of their everyday reality opened the door to a discussion of consumer credit and mortgage regulation.

The outcome should be a new product – the "**social loan**". The main goal of the regulation, from NBS's point of view, is to help make the standardised and supervised credit market more accessible for people who creditors do not currently show great interest in. This is a step towards **helping people get out of the debt spiral** that often starts with the nearest loan shark. NBS is taking inspiration both from the recommendations of the World Bank, but also from domestic examples of good practice that are already achieving positive results. It has been shown that a relatively small financial injection in the form of a loan for a good purpose has the potential to increase household income in certain circumstances (e.g. a loan to pay for a driving course). The famous concept of "**housing first**" works successfully in many countries. There is a clear link between loans for a self-built (and legal) house and an improvement in family life.

Social loans should also cover **people at risk of situational poverty**, whose financial health is threatened by an unexpected life event or current events like the lingering pandemic, inflation or the war in Ukraine. New approaches to credit could help creditors avoid customers defaulting on their loan payments. Loans, like fire, are a good servant but a bad master. Social loans are not intended to be free loans but loans provided to consumers in a safe, responsible and, above all, sustainable manner. Národná banka Slovenska is interested in an **innovative approach to assessing creditworthiness**. This would include in-person contact between the debtor and a field social worker where they would discuss financial targets and a loan repayment plan. This would be more than just the collection of data on the customer's "cash flow" that demonstrates their creditworthiness or potential to complete an alternative saving programme before provision of the loan, it would also involve working alongside the customer and coaching them to ensure that the loan does not get them into deeper problems.

Although the new regulation would create space for creditors wishing to provide more socially oriented credit products as part of their own social responsibility policies, NBS remains conscious of its primary duty to ensure financial stability. It therefore recommends that **social loans should make up only a fraction of a percent of new consumer credit**.

4 Complaints of financial consumers

Any consumer who is dissatisfied with a financial service or financial institution of which they are a customer can lodge a complaint with NBS regarding specific deficiencies and request a redress. **NBS received nearly 1,600 such complaints in 2022.** Besides the fact that where NBS finds a complainant to be in the right, it will request the financial institution to provide redress, the actual handling of complaints is an important source of information for consumer supervision. Complaints are often the way that NBS learns of a new product being marketed or of the withdrawal of an outdated product.

As the effect of legislative amendments and new trends is immediately apparent in the content of consumer complaints, it was decided that the report should **include mainly issues** that had **resonated in complaints in 2022** in the context of changes in the law.

4.1 The amount of damage no longer determines whether a traffic accident has taken place

Until 1 July 2022, the law required that if you were involved in a traffic accident, you had to be able to estimate the cost of the damage to your vehicle on the spot. Imagine that you failed to give right of way to someone so that your cars “bumped” into each other causing what seems to you like a small dent in the front of the car. You are in stress, you have no idea how expensive the damaged car is and from the outside it just seems like a dented wing. If nobody is injured, it is only mandatory to call the police to a traffic accident if the damage exceeds €3,990. In your non-expert opinion, the damage to the wing cannot cost more so you decide not to call the police; you decide to write an accident record, exchange contacts with the injured party and report the incident to your insurance company where you have mandatory motor third party liability insurance. An expert inspection of the damaged vehicle finds, however, that there was also damage to the front axle and radiator. The price of the repairs is over €4,000. Now you are in trouble. The insurance company is entitled to charge you for the insurance claim it paid for the damage you caused on the grounds that you failed to comply with the statutory duty to report a traffic accident to the police where the damage to any of the vehicles involved or other property exceeds €3,990.

In practice, there were many cases where the nature of the damage suffered by the vehicles or other circumstances such as the weather or light conditions made it impossible for the people involved in an accident to determine whether the collision met the statutory conditions for reporting a traffic accident to the police, i.e. whether the damage to the vehicles or other property exceeded the limit set by

law. In many cases, even the professional staff of the insurance company did not value the damage above €3,990 at first sight and it was only on a subsequent inspection or after the performance of other actions that the damage was found to exceed the statutory threshold.

NBS received many complaints from consumers who claimed that **they should not have been expected to assess the level of damage** at the scene of the traffic accident if the insurance company experts were unable to do so without a detailed technical inspection of the vehicle.

Fortunately, **from 1 July 2022, the value of damage ceased to be a condition for whether drivers are required by law to report a collision to the police.**

This change had no effect on rights and obligations under other types of insurance such as accident, property or even liability insurance, where insurance companies stipulate in the contractual documentation that the police must be called to the place of occurrence of the damage to which an insurance claim relates as a condition for the payment of the claim by the insurance company.

Insurance companies use such contractual terms to ensure they have the fullest possible documentation to establish the validity of an insurance claim and make the claim liquidation process as prompt and efficient as possible.

4.2 Do you want to avoid telemarketing?

Probably all of us know what it is like to get a call from an unknown number offering a product or service, often what is claimed to be an extremely generous special offer. This selling method is known as **direct marketing and it is subject to special statutory rules**. In such situations, you have probably wondered where they got your number and whether somebody has not abused your personal data.

The **new rules** for telemarketing were a hot topic last autumn. The main idea is that offers of financial services or requests for consent to contact you can only be made from numbers with the format: (0)888 XXX XXX. If you wish to pre-emptively block calls for telemarketing and calls requesting permission for telemarketing, you can register your phone number on the following website run by the Regulatory Authority for Electronic Communications and Postal Services: <https://nevyziadanevolania.sk/>. The page allows you to choose from various areas of marketing for which you do not wish to be contacted, including financial services.

Besides telemarketing, marketers are continuously innovating in how they contact customers and sell products and services. Financial services are also increasingly offered and sold via email, SMS, MMS and social networks.

However, providers can only contact you via these means if you have given prior consent for direct marketing or if you were previously their customer. Otherwise, they must obtain your consent in advance to offer you a financial service.

Box 4 How to prevent direct marketers from contacting you

If you have previously given consent for direct marketing or you are a former customer of a financial institution and you no longer wish to be contacted for direct marketing purposes, you can at any time withdraw your consent or object to being contacted by one of the two following means:

- **registering your phone number on the site <https://nevyziadanevolania.sk/>,**
- **contacting the entity offering you financial services directly to revoke your previous consent. In this case, consent remains valid until you receive confirmation of your withdrawal of consent.**

If you withdraw consent or add your phone number to the register, it will no longer be permissible for anyone to contact you by phone with marketing offers or to request the renewal of consent.

If providers in the given area continue to contact you despite you taking action as described above, it is unsolicited marketing communication, which you can report to NBS using a complaint form.

Successful processing of your complaint requires that you identify who contacted you and whose financial services they offered you. It is especially important in telephone communication that you make a note of who called you or on which company's behalf you were contacted. If you are unable to identify the caller, you can ask your operator to ascertain their identity for a fee.

A simple step is to block the caller's number on your mobile phone.

During distance communication, never disclose your personal data or other sensitive data that could be (mis)used to determine your identity.

4.3 So that you don't pay more than necessary for payment services

Another problem that consumers often complain about to NBS is being surprised by fees for credit transfers or ATM withdrawals. **You can save a lot on payment services by following a few simple rules.**

In the first place, it is important to know **what is covered by the service package** for your current account. Banks now prefer you to make payment orders via internet banking rather than at a branch. An order submitted via a branch could cost several euros whereas the same order would not cost a cent on the internet.

If your monthly income is less than 1.1 times the minimum wage, you can ask your bank for a “**free account – basic banking product**” This will cover basic services like internet banking and a payment card, but it must be your only current account at any bank. Another regulated account is the “**standard payment account**”, for which a bank can charge at most €3 per month. Basic information and conditions of such an account can be obtained from any bank.

Consumers also often complain about high fees for ATM withdrawals. If you want to avoid them, you should study your contractual documentation to find which foreign ATMs you can use for the same fee as at home or free of charge. In most cases, it will be ATMs belonging to a bank in the same international banking group. The most expensive withdrawals will be from banks that do not belong to any group. Cash withdrawals from foreign ATMs can also be more expensive if you accept the exchange rate of the ATM operator (Dynamic Currency Conversion, DCC), which, as a rule, tends to be the most expensive of the available options.

To get an early warning of any misuse of your payment card, it is a good idea to set up push notifications or SMS notifications of transactions carried out on your card.

4.4 Complaints in numbers

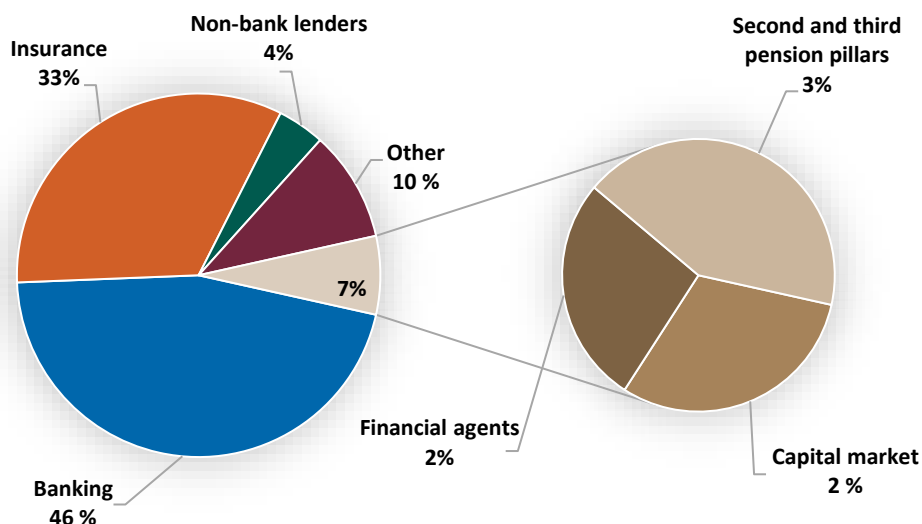
In 2022 the number of complaints that NBS received from financial consumers and other customers about financial market entities fell by 5% year-on-year, to 1,593. The banking sector attracted the most complaints (4% more compared with the previous year). The number of complaints about insurance sector entities was 7% lower than the year before. In other sectors, the trends of previous years continued in the period under review.

NBS monitors not only the total number of complaints, but also the **proportion of complaints that are substantiated**, i.e. concern a matter in which NBS finds that the supervised entity engaged in misconduct. This indicator is important for subsequent supervision and its value has been stable for a long time. **On average, one in four complaints is found to be substantiated.**

Equally stable is the **resolution ratio**, showing the percentage of cases where the financial institution made redress in response to an NBS opinion and without NBS having to commence sanction proceedings. Last year **59% of substantiated complaints** resulted in such a resolution (the ratio has remained stable in the range 50–60%). The number is also significant in that it shows NBS's ability to persuade supervised entities to change their standpoint and voluntarily make redress even in private-law financial claim cases, which NBS cannot adjudicate and the customer could otherwise pursue only through the courts.

In this way, supervised entities paid a total of €303,000 in redress to customers in 2022.

Chart 1 Distribution of complaints by sector in 2022



Source: NBS.

Table 1 Overview of financial consumer complaints

| Financial market segment | Complaints handled | | Complaints substantiated | |
|--|--------------------|------------|--------------------------|---------------------|
| | number | % of total | number | % of number handled |
| Banking | 731 | 46 | 116 | 16 |
| payment accounts | 131 | 8 | 28 | 4 |
| other (banking) | 138 | 9 | 20 | 3 |
| payment services | 203 | 13 | 29 | 4 |
| credit | 229 | 14 | 37 | 5 |
| deposit products | 30 | 2 | 2 | 0 |
| Insurance | 527 | 33 | 210 | 40 |
| non-life insurance | 400 | 25 | 148 | 28 |
| life insurance | 127 | 8 | 62 | 12 |
| Capital market | 34 | 2 | 13 | 38 |
| investment firms | 24 | 1.5 | 12 | 35 |
| collective investment | 10 | 0.5 | 1 | 5 |
| Non-bank lenders | 67 | 4 | 9 | 13 |
| consumer loans | 55 | 3 | 9 | 13 |
| debt collection | 12 | 1 | 0 | 0 |
| Third pension pillar (supplementary pension scheme) | 25 | 2 | 5 | 20 |
| Financial agents | 30 | 2 | 5 | 17 |
| Second pension pillar (old-age pension scheme) | 22 | 1 | 5 | 23 |
| Other* | 157 | 10 | 13 | 8 |
| Total | 1,593 | | 376 | 24** |

Source: NBS.

Notes: * This category includes complaints where it was not possible to identify the institution (bank/non-bank lender), or the loan type (consumer credit/mortgage).

** Average rate of substantiation compared to the total number of complaints lodged.

5 Financial education

Education is one of the pillars of consumer protection. Therefore the financial consumer protection activities of NBS include not only support for consumer education, but also education that the national bank provides itself. **Consumers who understand their rights and know how to manage their money wisely are the most effective element of consumer protection.** 2022 was the third year in which NBS provided financial education under the “5peňazí” initiative.

The **5peňazí** activities had a broader scope in 2022 than in earlier periods. In general, they can be divided into three basic groups. The first is **education delivered by our own team** of 5peňazí educators. NBS has been providing informal financial education for pupils for over two years using experiential modules. We have now added education for adults. The second group of activities are **education campaigns and programmes on television, radio, social networks and the website <https://5penazi.sk/>**. The third group is the **development of partnerships and cooperation**. NBS is aware that there are many organisations operating in the field through which it can reach specific target groups and support high-quality projects tailored to the needs of every target group. Strengthening partnerships and establishing new forms of cooperation were central to our activities in 2022.

Box 5 NBS also shares experience on the international level

NBS represents Slovakia in the OECD International Network on Financial Education (INFE), where it cooperates with the other members of the network to develop financial education strategies and methods for various sections of the population. Experience from national financial education projects is shared on the INFE level. NBS has presented the 5peňazí financial education programme in this forum.

NBS is also the national coordinator for Global Money Week, an international campaign in support of financial education which the OECD organises annually in more than 176 countries.

The non-profit organisation FinQ Centrum, co-founded by the Národná banka Slovenska Foundation, is part of the OECD network. The Future of Education and Skills 2030, which helps education systems to implement innovative approaches to education.

5.1 Education for schools

Informal education for primary and secondary schools

Last year was the first year in a long time that was not marked by major anti-pandemic measures so teachers took full advantage of the possibilities offered by in-person education both in and outside the classroom. Every day, classes from primary and secondary schools all over Slovakia visit the NBS headquarters in Bratislava and its regional education centres in Kremnica, Banská Bystrica and Košice.

In 2022, we introduced a **new education module** for secondary schools **on investment and pensions**. The existing modules on income and work, as well as on financial planning, continued to be in active use. Last year we provided a total of **238 sessions for 3,588 pupils from 99 schools**, most of which took place in person. The strongest interest in informal education came from **secondary schools – 132 sessions**, followed by **primary schools – 101 sessions** and other types of schools, for which NBS organised five sessions. The number of sessions is limited by the number of tutors and last year they were once again often booked up months in advance, especially in Bratislava and Košice.

Competition for secondary school pupils

NBS is the traditional Slovak organiser for the international competition **Generation Euro**. The aim is to help young people understand the importance of currency policy and the role of central banks. The competition operates on the schedule of school years so 2022 included the end of the 11th edition and the start of the 12th edition of the competition. The number of participants has been increasing year by year.

The participants in the first round of the 11th edition of Generation Euro were 868 pupils and teachers in 172 teams. The 12th edition of the competition was launched in October 2022 with even more teams comprising 1,193 pupils and teachers. The topic for the 11th edition was: **When is inflation too low, when is it too high and what does it really mean?** The topic for 2022 was **Money in 2050**.

Webinars for university students

Last year, NBS continued the **InfoSWAP** series of online seminars through which it connected students from various universities and disciplines. InfoSWAP provided them with space for peer education and exchanging knowledge in the financial and non-financial spheres. The four webinars organised in 2022 brought together **230 students from three Slovak universities**. The students discussed topics such as crowdfunding, data analysis in public procurement and the development of the Public Health Authority's powers. NBS experts gave talks on investment portfolios, ETF funds, cryptoassets and the like. Videos of the webinars were posted to the 5peňazí website and were thus made available to the public.



5.2 Education for the public

Web and social networks

Last year financial education of the public was once again effected mainly through social networks and the 5penazi.sk website. The site hosts mainly educational content and it continued to add **new articles, videos, supporting material and other educational formats** in 2022. Consumers can easily search the educational content on the site by keywords or by categories: financial products, life situations, news, education for schools. In 2022 NBS focused on the systematic organisation of the most popular topics, with the result being the creation of separate educational units: **investment school, crypto school, family finances and pensions**.

According to research by the agency Go4insight in March 2022, Slovaks are big fans of social networks and spend a lot of time on them. As much as **79% of the population** use a social network at least **once a week** and 53% check one on a daily basis. The three most popular platforms in Slovakia are Facebook, YouTube and Instagram. NBS used these sites to communicate with consumers all through last year. The entertainment and educational content on the 5peňazí site was promoted through a combination of organic posts and paid advertising, thanks to which education reached a broader community.

Box 6 Traffic on social networks and the 5peňazí website



more than 19M views



109,000 users

46 articles

286 posts and stories

Campaigns

Last year, NBS continued to have success in communicating with consumers through campaigns and we therefore intend to run more of them. At the start of 2022, we launched a series of animated educational videos for adults – **Tales from 5peniažko**. The twelve short stories with many humorous asides were shown on the first and second channels of public television STV as well as online. A new section was added to the 5peňazí website where the videos were shown alongside financial advice and simple gamified elements to test visitors' knowledge. The online campaign combined with competitions and content for continuing education lasted until autumn.

At the end of the year, this campaign was replaced by another focussing mainly on simple financial tips and raising awareness of NBS's activities in the 5peňazí programme. In addition to the online elements of the campaign, **outdoor media on trains and buses** were used to inform people who do not use social media about 5peňazí.

The campaign ran in December as people were preparing for Christmas so the series of messages about saving, shopping and loans was tied to the topic of the holidays and the new year.



Translation of campaigns: A card must be used only by its owner; don't let it out of your hand! Never take a loan for a holiday or a gift! Don't break your resolutions! If you must take a loan, make sure the instalments are less than a third of your pay. Learn more about taking out loans and setting instalments on 5penazi.sk

Other mini-campaigns were run in cooperation with **Rádio Expres** – a section was added to the morning show in November and December 2022 where listeners could learn more about financial situations and products under the title “How to Manage your Finances” – and on the **public radio channel Rádio Slovensko**. Furthermore, viewers of the **TA3 private television new channel** could get valuable information from the world of finance thanks to its cooperation with NBS. This was expanded in 2023, when we launched our own “5peňazí” programme on TA3.

5.3 Partnerships

Partnerships with third-sector organisations and state institutions represent a way for 5peňazí to bring financial education to sections of the population that are especially vulnerable and to whom NBS does not have direct access. NBS will broaden this approach in future, as 2022 saw the preparation of **cooperation** with organisations such as the **Slovak Catholic Charity, the Union of Slovak Pensioners, the Association of Christian Seniors of Slovakia and the Salvation Army**.

In February the grant programme supporting financial literacy was taken over by the newly established **Národná banka Slovenska Foundation**. Financial aspects of cooperation and partnerships are thus handled by the foundation while the 5peňazí team provide support and know-how. Thanks to cooperation between the

NBS Foundation and 5peňazí, all projects from the 2021 call were successfully implemented under 5peňazí.

Educational video courses, a mobile application for schoolchildren, mentoring for people in intergenerational poverty, videos about money for early childhood and finally the training of social workers: These are five projects that were made possible by grant support last year, with NBS even participating in implementation in some cases.

Details of the supported projects can be found on the websites <https://nadacianbs.sk/> and <https://5penazi.sk/>.

The **FILIP** pilot programme was implemented as a partnership between 5peňazí and the **Cesta von** civic association. Its aim was to provide mentoring for families in marginalised Roma communities and help them get out of intergenerational poverty. The project achieved its first measurable positive results in 2022 and will continue as a three-way project of 5peňazí/NBS, the NBS Foundation and Cesta von.



Cooperation with the non-profit organisation **FinQ Centrum on the FinQ programme** is another major partnership. NBS participates in it through its foundation. The programme is accredited by the Ministry of Education, Science, Research and Sport of the Slovak Republic and offers schools educational methods and materials for the development of critical and systematic thinking in financial contexts. The aim is to raise the level of financial culture in young people so that in adulthood they will avoid poor decisions that could have a negative effect on their quality of life. The aim is to grow the programme in Slovakia so that by 2025 it will reach 30% of pupils in Slovak primary and secondary schools.

The 5peňazí team also cooperated with the Ministry of Labour, Social Affairs and Family and the Central Office of Labour, Social Affairs and Family of the Slovak Republic on **training for debt counsellors from the free debt advice centres** that have been established in all districts of Slovakia.

In the area of educational policy, NBS continued to cooperate with the Ministry of Education, Science, Research and Sport of the Slovak Republic. NBS representatives participated in the working group on financial education as part of development of the “**Basic Education Curriculum**”.

5.4 Plans for 2023

NBS plans to continue the activities and partnerships that it established last year. This year we will present **a second series of videos with the character 5peniažko**, which will warn against poor financial decisions and recommend solutions. Public communication will again be organised as campaigns targeting all age groups. The public will encounter 5peňazí on the **television, radio and internet** and they will also be able to meet the 5peňazí team live at several events during the year. We are looking forward to opening our **permanent educational trail at the Bojnice Zoo**, which we worked on all last year. In 2023 our tutors will launch a **new educational module** and will continue to improve the existing ones so that they educate as many children as possible while maintaining quality standards.

Our partnerships will continue to grow. We will continue the **implementation of the FILIP project** with new families as well as the existing customers. **FinQ** will likewise reach more schools and pupils. New partnerships include cooperation with the **Duke of Edinburgh's International Award Slovakia** on a new project DoFin, which is a unique model of financial education for secondary school pupils, and partnerships with seniors' organisations to train older ambassadors for peer financial education.

Overview of educational activities

| Name | Partner | Description |
|--|--|---|
| FILIP programme | OZ Cesta von | Financial mentoring for marginalised Roma families in intergenerational poverty. |
| How to improve financial literacy? | Zmudri.sk | Series of educational videos for secondary school pupils and their teachers. |
| Ways out of intergenerational poverty | OZ Wellgiving | Financial, social and legal training for social workers |
| Investland 2.0 | Indícia, n.o. | Simulation of economic decision-making using digital applications to support financial education in schools. |
| The little gnomes Klimko and Barborka | Pro Dynamik | Educational musical on the topic of financial literacy for pre-school children available on the web. |
| Training for debt counsellors | Central Office of Labour, Social Affairs and Family of the Slovak Republic | Training for debt counsellors participating in the National Project Free Debt Advice. |
| Financial education for women with an active lifestyle | WomanUp | Workshops on financial planning, decision-making and the relationship to money. |
| Education for Junior Achievement Slovakia | Junior Achievement Slovakia | Financial education for teachers in cooperation with JA Slovakia. |
| InfoSWAP | universities | Online webinars for universities focusing on peer education |
| Prevention of financial fraud | Crime Prevention Division of the Ministry of Interior of the Slovak Republic | Creation of an educational leaflet on how not to become the victim of vishing (voice phishing). |
| Hackathon seniors in digital space | Ministry of Investments, Regional Development and Informatization of the Slovak Republic | An event supporting solutions to increase the motivation of seniors to use digital devices as well as solutions that could make it easier for them to orient themselves in the digital world. |
| Night of Museums at the Museum of Coins and Medals | Museum of Coins and Medals | Financial education for children in Kremnica in the spirit of the little gnomes Klimko and Barborka. |
| Speňazí at the "Kremnické gagy" festival | Kremnické gagy | Interactive financial education in the form of games and activities at a unique international cultural event with a long tradition. |
| Crowdfunding Conference at NBS | Faculty of Law of the University of Trnava | Conference on the topic "Crowdfunding as an alternative to traditional investments and loans". |
| Speňazí at the Science Fair | Vedanasbavi.sk | Financial education for visitors to the fair focusing on risk assessment, budgeting and detection of counterfeit currency. |
| The Coronation Route at NBS | Bratislava Tourist Board | Interactive games, activities and lectures for pupils on the topic of coronations in Bratislava, as well as the history and present state of money. |