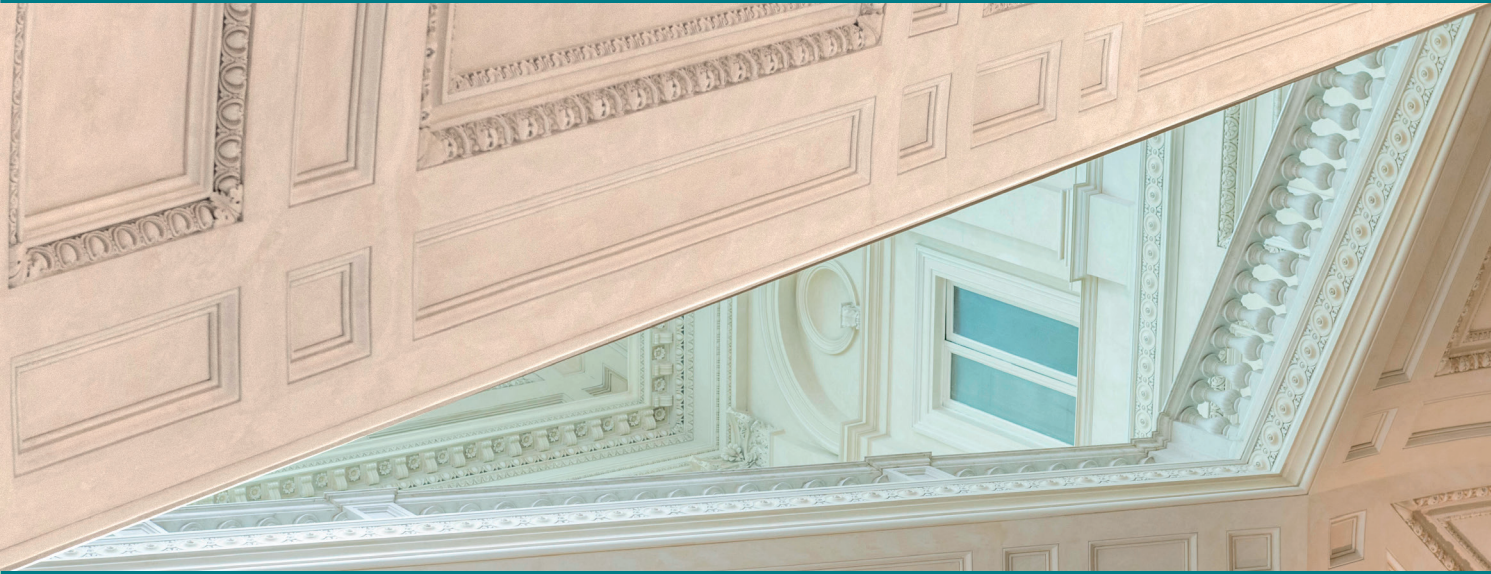




BANCA D'ITALIA
EUROSISTEMA

Report on the management of complaints from customers of banks and financial companies





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EUROSISTEMA

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Abridged Version

2021

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CONTENTS

INTRODUCTION <i>by Ignazio Visco</i>	V
THE YEAR 2021 AT A GLANCE	1
OVERVIEW	2
HOW THE BANK OF ITALY PROCESSES COMPLAINTS	5
CHANNELS FOR SUBMITTING COMPLAINTS	6
1. SUBMITTING COMPLAINTS TO THE BANK OF ITALY	7
Who can submit a complaint and when	7
How to submit a complaint	7
Why you can submit a complaint	7
What we can do for customers when we receive a complaint	7
What we cannot do for customers when we deal with a complaint	8
2. DATA AND STATISTICS	9
Subject matters	9
Box: <i>Using artificial intelligence to deal with complaints: EspTech</i>	11
Types of intermediaries involved	12
Types of complaints and complainants	13
Outcomes	14
Collaboration with other Italian and foreign authorities	14
Some data for the first quarter of 2022	15
3. FOCUS ON SOME COMPLAINTS FROM CUSTOMERS	16
Scams involving payment services	16
Box: <i>Scams misusing the Bank of Italy's name and logo</i>	17
Crypto-assets	18
Box: <i>The Bank of Italy and crypto-assets</i>	18
Financial inclusion and the 'right to a payment account'	19
The 'buy now, pay later' scheme	21
4. RELATIONS WITH CONSUMER ASSOCIATIONS	22
METHODOLOGICAL NOTES	25

DISCLAIMERS

Unless otherwise specified, the data processing is carried out by the Bank of Italy. For Bank of Italy data, the source is omitted.

In the figures with different right- and left-hand scales, the right-hand scale is identified in the notes.

Based on data available on 10 April 2022, unless otherwise indicated.

INTRODUCTION

The Report on the management of complaints from banks and financial companies – this year in its second edition – complements the information contained in the Report on Operations and Activities of the Bank of Italy. With this publication, we wish to help citizens to know their rights in dealing with financial intermediaries and, above all, to report to the Bank of Italy any issues they might encounter through a free and user-friendly online complaints procedure.

The analysis of reports from citizens has continued apace thanks to the activity of our branch network, in collaboration with the Head Office.

In 2021, we launched a new artificial intelligence (AI) tool, whose application in the handling of complaints is governed by our new Personal Data Protection Regulation. This new tool – which improves and speeds up the processing of reports – expands the wealth of information available to the Bank of Italy for the protection of the customers of banks and financial intermediaries.

Our dialogue with consumer associations has intensified through regular meetings to rapidly detect issues in consumer relations with intermediaries and the public's financial education needs. Together with these associations, we organized an event dedicated to online fraud, a problem that is spreading partly owing to the increased use of digital payment instruments during the pandemic; a plenary meeting was devoted to crypto-assets and the need to improve consumer awareness of the risks involved.

Our complaint management activities are part of the Bank of Italy's broader commitment to customer protection.

Ignazio Visco

The year 2021 at a glance

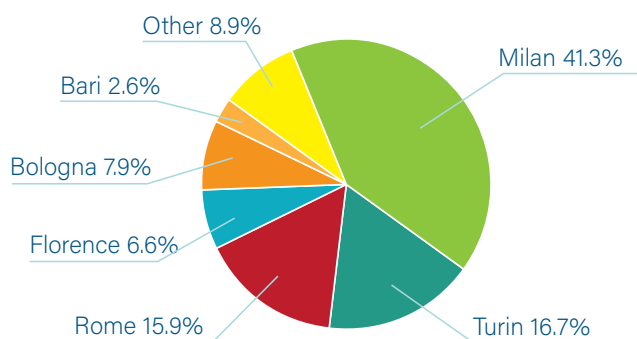


9.900 complaints (-12% on 2020).

This decrease is mainly due to the decline in complaints during the pandemic crisis

35% is related to the granting of loans, above all mortgages and consumer credit (especially loans secured by pledge of 1/5 of salary)

Complaints processed by our branches:



Most frequent complaints:



closure of contracts
release of copies of documents
execution of transactions
amounts unduly charged or withheld
renegotiation of contracts

Outcome of complaints:

42% of customers' requests were fully or partially met by intermediaries

Dialogue with consumer associations

47 bilateral meetings and
1 plenary meeting

OVERVIEW

The Bank of Italy and complaints. – Every year, the Bank of Italy receives many reports and complaints on the conduct of banks and financial intermediaries in their dealings with customers (these are known as private complaints, hereafter complaints). These complaints are an important communication channel with users and allow the Bank of Italy to identify their needs and problems, while increasing the information available to the Bank for its customer protection activities. Questions and doubts raised by customers also inform our financial education initiatives.

Through our branch network, we analyse and process all complaints. Although we cannot resolve individual disputes over contractual relations, unlike a court of law or the [Banking and Financial Ombudsman \(ABF\)](#), we can facilitate dialogue between intermediaries and customers. We request information on the issues raised for a deeper understanding of the matter at hand. If necessary, we send letters and documents to other Italian or foreign authorities.

Trends. – In 2021, the Bank of Italy received almost 9,900 complaints (12 per cent fewer than in the previous year). However, the number of complaints is still significantly greater than what it was in the five years before the pandemic (specifically, 20 per cent more than in 2019). The reduction continued in the first quarter of 2022 (just over 2,300 reports, 15 per cent less than in the corresponding period of 2021).

Issues reported. – Last year, complaints relating to loan applications were about 35 per cent of the total, a sharp decrease from 2020 (almost 37 per cent). Complaints regarding deposits (e.g. savings and current accounts) were about 28 per cent (with an increase of 23 per cent on the previous year). Some 18 per cent of complaints were related to payment instruments and services (with an increase of 8 per cent year-on-year).

In 2021, the upward trend of reports of online scams, which had already emerged in 2020, was confirmed, especially for those involving digital payments and credential theft. We gathered important information through the analysis of complaints on crypto-assets, which are not regulated yet and about which the Bank of Italy has repeatedly warned the public.¹ While limited in number, most of these complaints involved alleged fraud cases and show how customers are more vulnerable when they have a poor knowledge of related risks.

Complaints about the impossibility of opening payment accounts with basic features are also on the rise. These complaints are often submitted by people who find themselves, sometimes temporarily, in conditions of economic or social hardship.

The Bank of Italy started to receive complaints regarding the new ‘buy now, pay later’ (BNPL) phenomenon, which is especially widespread abroad. This is a form of credit that allows consumers to purchase goods or services (often for small amounts) online or in brick-and-mortar shops, paying for them at a later stage or

¹ For further information, please see the ‘Communication by Banca d’Italia on decentralized technology in Finance and Crypto-assets’, June 2022.

by instalment. The possibility of deferring payment may, in some cases, lead to over-indebtedness.

In 2021, we received numerous complaints from the public, consumer associations and representatives of local institutions and communities on inconveniences resulting from the closure of bank branches. The drop in the number of bank branches in Italy is linked to the adoption of new business models based on the spread of new technologies and on the digitalization of services and payment instruments, as well as on the pursuit of cost effectiveness and sustainability objectives. While respecting the business choices of financial intermediaries, the Bank of Italy is willing to evaluate possible proposals aimed at mitigating inconveniences for customers and at ensuring access to essential banking and financial services, also in light of new cash supply methods.

Outcome of complaints and response times. – Some 42 per cent of customers' requests were fully or partially met by intermediaries, also thanks to the intervention of the Bank of Italy. This percentage is in line with 2020. The outcome of 20 per cent of complaints is unknown, for example because they pertained to subject matters that did not fall under the Bank of Italy's remit. The remaining 38 per cent of complaints were rejected by the intermediaries as they were considered unfounded.

The Bank of Italy's average response time was 24 days (it was 31 in 2018-20).

Complaints and artificial intelligence. – Since July 2021, the Bank of Italy has been using a new software solution (EspTech) based on artificial intelligence techniques to improve the analysis of the information available in complaints. This technology makes processing much less time-consuming. It also helps us to identify significant patterns early and carry out in-depth investigations and comparative analyses to support our regulatory, supervisory and financial education activities.

Regulation for the processing of personal data contained in complaints. – Thanks to our collaboration with the Italian Data Protection Authority, we adopted a regulation for the processing of personal data in the management of complaints, which also regulates the use of artificial intelligence for the analysis of customer reports.

* * *

This report offers an overview of the most important data and issues reported in complaints relating to the transparency and fairness of dealings between banks, financial intermediaries and their customers.

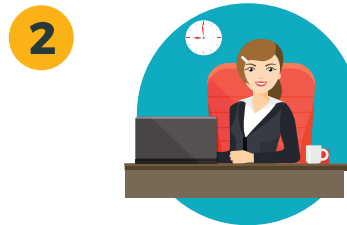
The report is divided into four chapters. The first chapter describes how to submit complaints and what the Bank of Italy can and cannot do. The second chapter provides statistics on complaints broken down by issue, intermediaries and complainants. The third chapter elaborates on the main patterns observed. The fourth chapter focuses on our relations with consumer associations, which are an important interlocutor for the Bank of Italy.

How the Bank of Italy processes complaints

The Bank of Italy deals with complaints on banking products and services



1 It sends a copy to the intermediary inviting it to quickly respond to the customer and to provide them with the necessary information



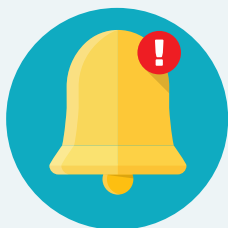
2 It replies to the customer confirming receipt of the report



3 It uses the information contained in complaints to perform its control, financial education and customer protection functions



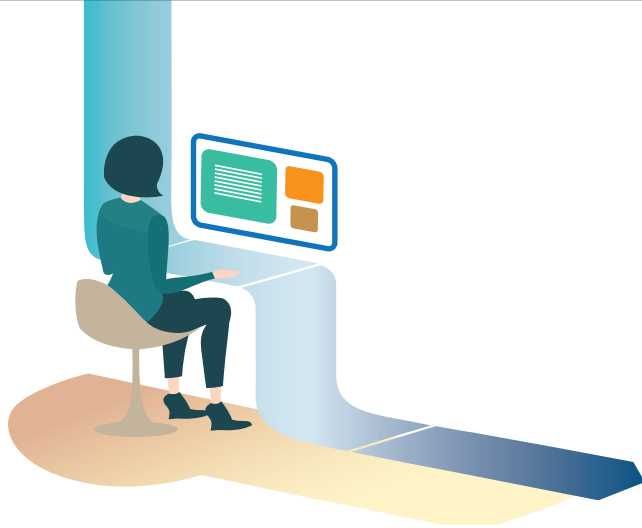
4 It sends complaints on matters outside of its competence to the relevant national or foreign authorities and informs customers



The Bank of Italy does not render decisions on:

- contractual relations between intermediaries and customers, unlike the ABF;
- matters that fall within the remit of individual intermediaries, such as the granting of loans.

Channels for submitting complaints



Online submission form



**Certified (PEC)
or standard e-mail**



**Hand-delivered
to a Bank of Italy branch**



Mail



Fax

1. SUBMITTING COMPLAINTS TO THE BANK OF ITALY

Who can submit a complaint and when

Any customer can report irregular or improper behaviour on the part of banks and supervised financial intermediaries registered in the [Supervisory registers and lists](#) concerning banking operations, products and services. You should always contact your bank or financial company first and raise the issue through a written complaint.

While it may be tricky to pinpoint the competent authority¹ for your enquiry, before you file a complaint with the Bank of Italy you should make sure it falls under its jurisdiction.² In any case, if we receive a complaint on a matter beyond the scope of our consumer protection action, we forward it to the competent authority, if not already involved, and inform the customer.

How to submit a complaint

The easiest, safest and fastest way to submit a complaint to the Bank of Italy is the ‘[Online services](#)’ platform: all you have to do is select the ‘[File a complaint](#)’ box, which shows you how to fill in the form. You can access the service from your smartphone, tablet or personal computer. The service is free of charge and you do not need the help of a lawyer. If you use the ‘[Online services](#)’ platform, your complaint is sent directly to the competent [Bank of Italy branch](#) and analysed and processed more quickly.

Alternatively, complaints can be submitted by e-mail from a certified e-mail address (PEC) or standard e-mail, regular mail, fax, or hand-delivered to a Bank of Italy branch.

Why you can submit a complaint

Submitting a complaint facilitates dialogue with the intermediary. At the same time, it helps the Bank of Italy in its regulatory, control and financial education functions, as complaints are an important source of information.

What we can do for customers when we receive a complaint

We usually send a copy of the complaint to the intermediary involved, inviting them to respond clearly, promptly and comprehensively to the customer and asking

¹ These include the Italian Companies and Stock Exchange Commission (CONSOB), the Italian Insurance Supervisory Authority (IVASS), the Italian Pension Fund Supervisory Authority (COVIP) and the Italian Competition Authority (AGCM).

² For further information, see the dedicated section on the Bank of Italy’s website: ‘[Customer protection and financial education](#)’.

for a copy of this response.³ We also reply to the customer informing them that the complaint was sent to the intermediary.

What we cannot do for customers when we deal with a complaint

We do not render decisions on the contractual relations between intermediaries and customers, unlike judges or the ABF, nor can we influence decisions that individual intermediaries make autonomously, such as the granting of a loan. Moreover, we cannot inform individual customers about the outcome of any supervisory action or investigation involving intermediaries.

For further information, see the dedicated section on the Bank of Italy's website: 'Submitting complaints'.

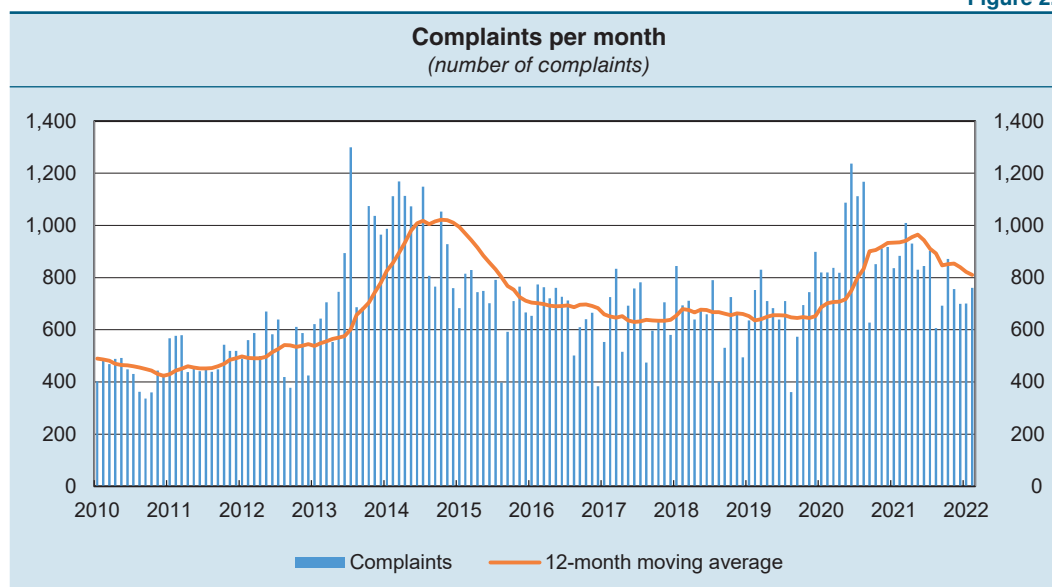
³ The Bank of Italy shall seek the complainant's consent before forwarding their complaint to the competent authority when: (a) the complaint has not been concurrently sent to the intermediary and the complainant expressly objects to this, or fears retaliation by the intermediary; (b) the overall assessment of the information provided indicates a security risk for special categories of the complainant's data – as defined in Articles 9 and 10 of the General Data Protection Regulation (GDPR – EU/2016/679), which is not already known to the intermediary.

2. DATA AND STATISTICS

In 2021, the Bank of Italy received almost 9,900 complaints (12 per cent less than in the previous year).⁴ However, the number of complaints is still significantly greater than what it was in the five years before the pandemic crisis (specifically, 20 per cent more than in 2019; see Figure 2.1).

This decrease is largely due to the decline in complaints relating to government measures introduced in 2020 to address the epidemiological emergency (see the *Report on the management of complaints from customers of banks and financial companies* for 2020, only in Italian). The decrease in complaints about moratoriums and state-guaranteed loans is attributable to a progressive resolution (starting from the second half of 2020) of the problems that arose following the entry into force of the government decrees issued to support the liquidity of households and firms.

Figure 2.1



Subject matters

In 2021, complaints relating to loan applications were about 35 per cent of the total. There is a marked decrease compared with the previous year (37 per cent) which is mainly linked to the reduction in complaints due to the pandemic crisis. Complaints focused above all on mortgages and consumer credit, in particular on loans secured by pledge of one fifth of salary (see Table 2.1).⁵

⁴ The average number of monthly visitors to the Bank of Italy's web page 'Submitting complaints' also decreased (by 5 per cent compared with 2020). This page includes information on how consumers can protect themselves in the event of problems with a bank or a financial intermediary.

⁵ Complaints relating to mortgages concerned requests for contract renegotiations and for copies of documents. Those having to do with consumer credit were about problems with the termination of contracts, unduly withheld amounts, and the release of copies of documents.

Complaints relating to deposits were about 28 per cent of the total, with a 23 per cent increase compared with 2020, and almost all concerned problems with current accounts and, more specifically, with the closure of accounts and the release of copies of documents. In particular, this increase is due to: (a) complaints about unilateral changes to contract provisions made by some intermediaries in 2021; (b) cases of withdrawal from contracts by banks (often deemed unjustified by customers); (c) alleged cases of payment account fraud (e.g. through credential theft and unauthorized access).

In 2021, 18 per cent of complaints were about payment services and instruments. This growth (8 per cent more than in 2020) mainly concerned payment cards (especially prepaid ones) and credit transfers. In line with the previous year, approximately 56 per cent of complaints on payment instruments related to the execution of transactions (mainly operational and technical problems that led to anomalies in credit transfers), unauthorized payments (e.g. through theft of payment cards), fraud and unduly withheld amounts.⁶

Table 2.1

Complaints by topic 2020-21				
TOPIC	Number		Variation	Composition
	2020	2021	2020-21 (per cent)	2021 (per cent)
Loans	5,532	3,493	-36.9	35.4
Current account overdrafts	392	216	-44.9	6.2
Mortgage loans	1,731	1,189	-31.3	34.0
Consumer credit other than loans secured by pledge of 1/5 of salary	1,000	716	-28.4	20.5
Loans secured by a pledge of salary	616	558	-9.4	16.0
Other forms of credit	1,793	814	-54.6	23.3
Deposits	2,267	2,793	23.2	28.3
Current account	2,125	2,619	23.2	93.8
Other deposit instruments	142	174	22.5	6.2
Payment instruments	1,603	1,732	8.0	17.5
Payment cards	609	696	14.3	40.2
Cheques	269	247	-8.2	14.3
Credit transfers	426	459	7.7	26.5
Other payment instruments	299	330	10.4	19.1
Investment instruments	1,087	949	-12.7	9.6
Asset management and securities portfolios	252	450	78.6	47.4
Own securities	252	86	-65.9	9.1
Other financial instruments and services	583	413	-29.2	43.5
Other	720	893	25.0	9.0
Total	11,209	9,869	-12.0	100.0

⁶ The problems most frequently raised in the complaints received in 2021 are in line with those of the previous year.

Since July 2021, the Bank of Italy has been using a new software solution (EspTech) based on artificial intelligence (AI) techniques to improve the analysis of the information available in the complaints. This AI system performs textual analysis on the complaints, which are often long and unstructured in both language and format. This text mining procedure provides an advanced text search function and, through machine learning algorithms, extracts information about recurrent concepts and patterns. The use of AI makes processing much less time-consuming and helps to identify significant patterns (see the box ‘Using artificial intelligence to deal with complaints: EspTech’).

USING ARTIFICIAL INTELLIGENCE TO DEAL WITH COMPLAINTS: ESPTECH

EspTech provides the Bank of Italy’s analysts with two main features: full-text search and clustering.

Full-text search. – EspTech uses statistical and computational techniques (optical character recognition) to convert all the complaints received by the Bank of Italy, including paper ones, into a standardized digital text format. Analysts can browse these documents and find all the complaints containing a specific combination of words in much less time and with reliable results.

Clustering. – Thanks to AI methodologies (natural language processing and machine learning), clustering maps complaints by dividing them into homogeneous groups based on their content. It is also useful for confirming the importance of some of the patterns that were already being monitored by the Bank of Italy.¹ For instance, Cluster 1 in the following figure groups complaints about COVID-19 issues, pinpointing the two main issues reported in 2020 (moratoriums and state-guaranteed loans; see the *Report on the management of complaints from customers of banks and financial companies* for 2020, only in Italian). Clusters 2 and 3 identify two of the main patterns observed in 2021: complaints about fraud and the closure of bank branches (see Chapter 3, ‘Focus on some complaints from customers’).²

Safeguards for EspTech. – The Bank of Italy designed several safeguards to ensure the proper functioning of this tool. Given the need for a multidisciplinary approach to this AI-based system, a mixed team of citizen data scientists, which includes computer engineers and complaints analysts, is in the charge of the definition, validation and updating processes of the machine learning algorithm.

The Personal Data Protection Regulation and complaints. – Thanks to our collaboration with the Italian Data Protection Authority, we adopted a Personal

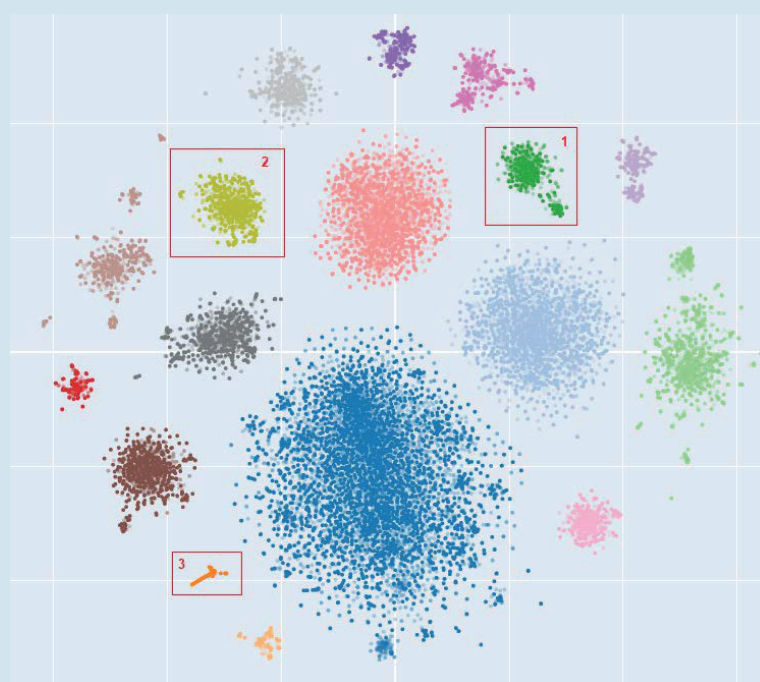
¹ These patterns concern certain products or behaviours of intermediaries.

² The algorithm also recognized broader and less specific clusters, such as one for issues in the relations between intermediaries and customers and one for loans, deposits and payment instruments.

Data Protection Regulation.³ This Regulation, in compliance with the GDPR and the relevant Italian implementing legislation, regulates the processing of complaints⁴ and contains specific provisions on the use of AI techniques for analysing customer complaints. Specifically: (a) it explains the logic used by the algorithm; (b) it establishes that no automated decision shall be made on the basis of its activity that may have an impact on the rights of individuals; (c) it stipulates that data processed using AI techniques shall not be transmitted to any recipient outside the Bank of Italy.

Figure

Clustering of complaints obtained through AI techniques (EspTech) (1)



(1) Each dot in the figure represents a complaint received by the Bank of Italy in 2021 and 2022. EspTech uses statistical and IT techniques on a high-dimensional space. This picture is the result of projecting individual complaints clustered in homogeneous groups onto a two-dimensional plane.

³ The Regulation (only in Italian) entered into force on 30 March 2022, after receiving a favourable opinion from the Italian Data Protection Authority.

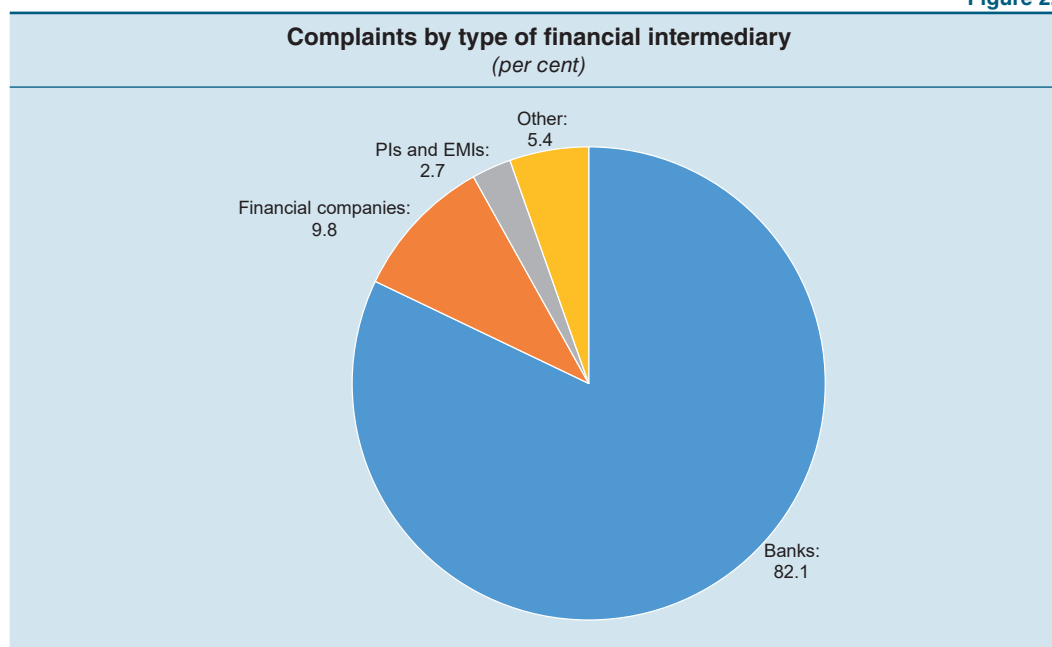
⁴ With particular reference to 'special categories of personal data' and 'data on criminal convictions and offences or related security measures'.

Types of intermediaries involved

As in 2020, complaints regarding banks accounted for more than 80 per cent of the total in 2021. Almost 10 per cent involved financial companies; 2.7 per cent concerned electronic money institutions (EMIs) and payment institutions (PIs;

Figure 2.2).⁷ The sharp increase in complaints against EMIs (from 1.4 per cent in 2021) is due to problems with payment cards (especially prepaid cards), which almost doubled.

Figure 2.2



In absolute terms, the number of complaints regarding Italian banks decreased. Conversely, reports regarding branches of foreign banks increased (by about 60 per cent), accentuating the trend observed in recent years. In 2021, the number of complaints per 10,000 customers was significantly higher for branches of foreign banks than for Italian banks (2.5 against 1.1 per cent on average); in the three-year period 2018-20 the difference was less pronounced (1.2 against 1.1 per cent per year on average). Since 2018, the data relating to branches of foreign banks have been strongly influenced by disputes concerning a limited number of intermediaries on specific matters (current accounts and securities portfolios).

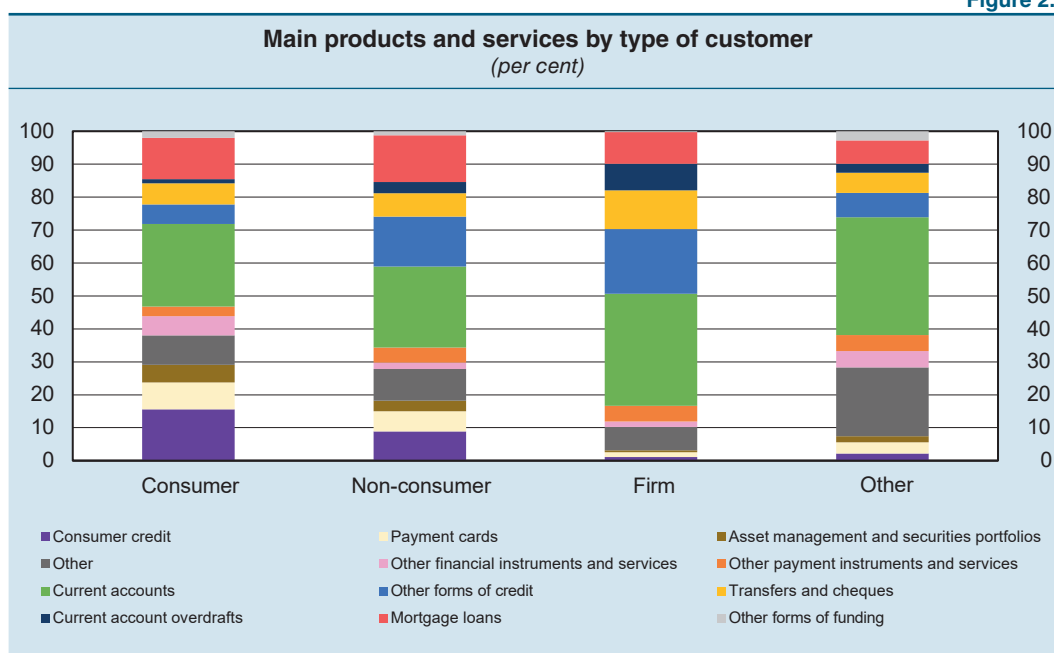
Types of complaints and complainants

Complainants are mainly men (63 per cent),⁸ with regional differences: they account for about 70 per cent of complainants in Southern Italy. About 78 per cent of complaints were submitted by consumers whose complaints were mainly about current account services and mortgage loans (25 and 13 per cent, respectively; Figure 2.3).

⁷ For the definition of financial companies, EMIs and PIs, see the 'Methodological notes'.

⁸ The data on the gender of complainants and on the use of online services refer only to consumers.

Figure 2.3



Outcomes

In 42 per cent of cases, customers' requests were fully or partially met by intermediaries, also thanks to the intervention of the Bank of Italy. This percentage is almost unchanged compared with 2020 (see the *Report on the management of complaints from customers of banks and financial companies for 2020*, only in Italian). In 38 per cent of cases, complaints were rejected by the intermediaries as they were considered unfounded.⁹ More than half of the requests relating to asset management and securities portfolios (especially on the closure and transfer of contracts) and loans secured by pledge of one-fifth of salary were met by the intermediaries). About two thirds of complaints relating to the release of copies of contracts and other documents and to the transfer of contracts were concluded with an outcome favourable to the complainant.

Collaboration with other Italian and foreign authorities

When we receive a complaint that involves an intermediary or that relates to a matter beyond the scope of our consumer protection action, we forward it to the competent authority, if not already involved, and inform the customer.

Over 500 complaints were forwarded in 2021, about 50 percent more than in the previous year. We forwarded about 90 percent of these complaints to other national authorities such as CONSOB, IVASS and AGCM. Around 30 complaints were sent to foreign consumer protection authorities, primarily for complaints addressed to foreign

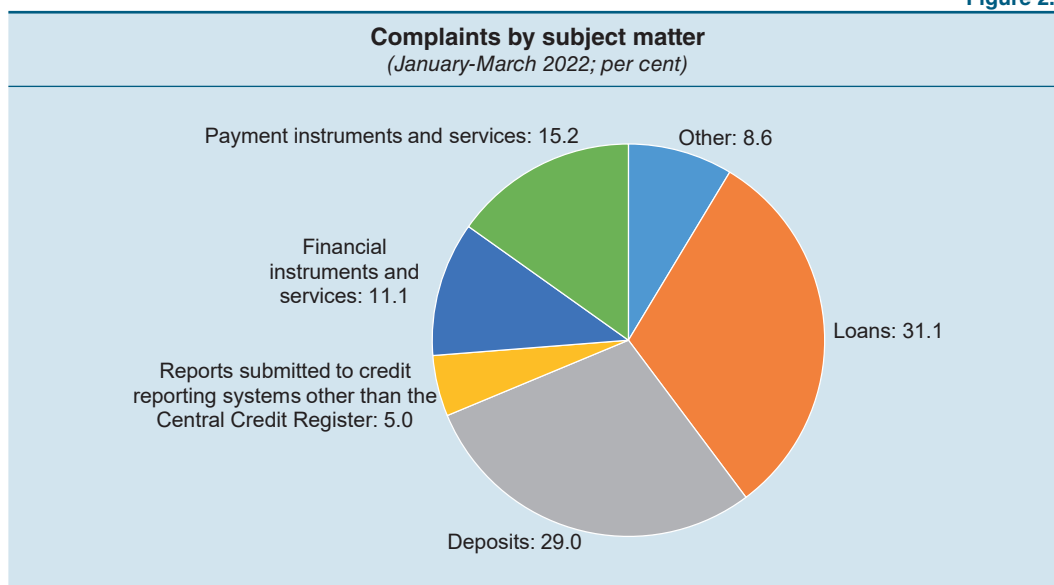
⁹ For 20 per cent of complaints the outcome is unknown, for example because they pertained to issues that did not fall under the Bank of Italy's remit.

intermediaries without a branch in Italy. These authorities gave us feedback on almost two-thirds of these cases, either to inform us on how to deal with the complaint or to confirm they would provide guidance to the complainant on how to file a complaint with the relevant out-of-court financial dispute resolution body.

Some data for the first quarter of 2022

In the first three months of 2022, we received over 2,300 complaints, down by 15 per cent compared with the same period of the previous year. The trend was affected by the sharp reduction in complaints on loans and on payment instruments and services, partly owing to a decrease in complaints about the use of social media platforms for the purchase of products and services (Figure 2.4).

Figure 2.4



3. FOCUS ON SOME COMPLAINTS FROM CUSTOMERS

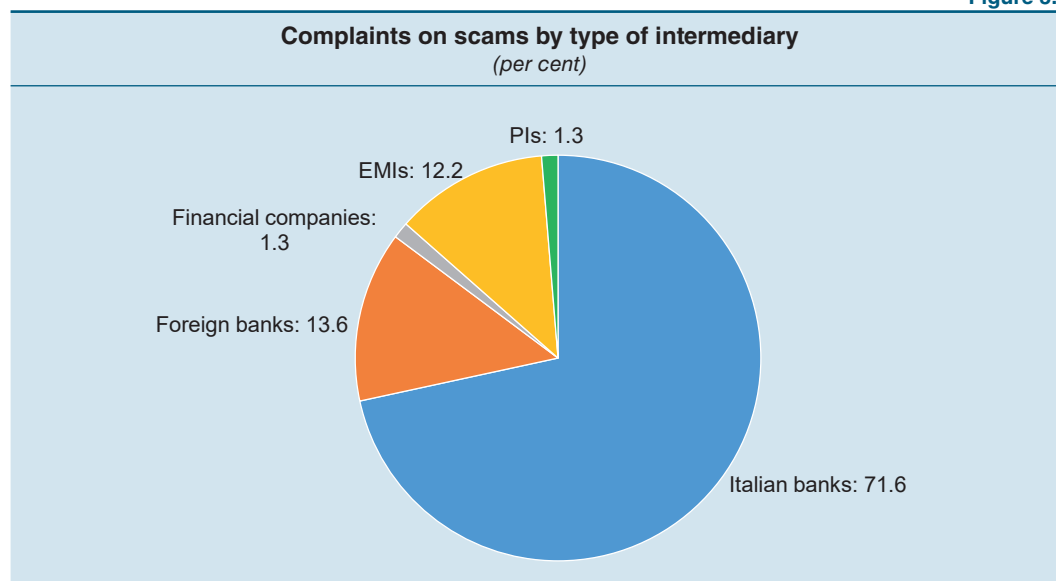
In the following pages, we illustrate the issues considered most important in terms of number and impact on customers. We also present the measures taken by the Bank of Italy to strengthen our customer protection activity and to improve customers' awareness of their rights.

Scams involving payment services

In 2021 and in the first quarter of 2022, the Bank of Italy received 622 and 122 complaints respectively relating to scams, thus confirming the upward trend recorded in 2020 (see the *Report on the management of complaints from banks and financial companies* for 2020, only in Italian). However, the number of complaints is very limited compared with the number of transactions carried out with cashless payment instruments.¹⁰

Complaints on alleged scams were mainly submitted by consumers (89 per cent). These complaints are usually addressed to the intermediaries with which the customers hold their accounts: Italian banks (72 per cent); foreign banks with a branch in Italy (14 per cent); EMIs (12 per cent); PIs and financial companies (1 per cent each; Figure 3.1).

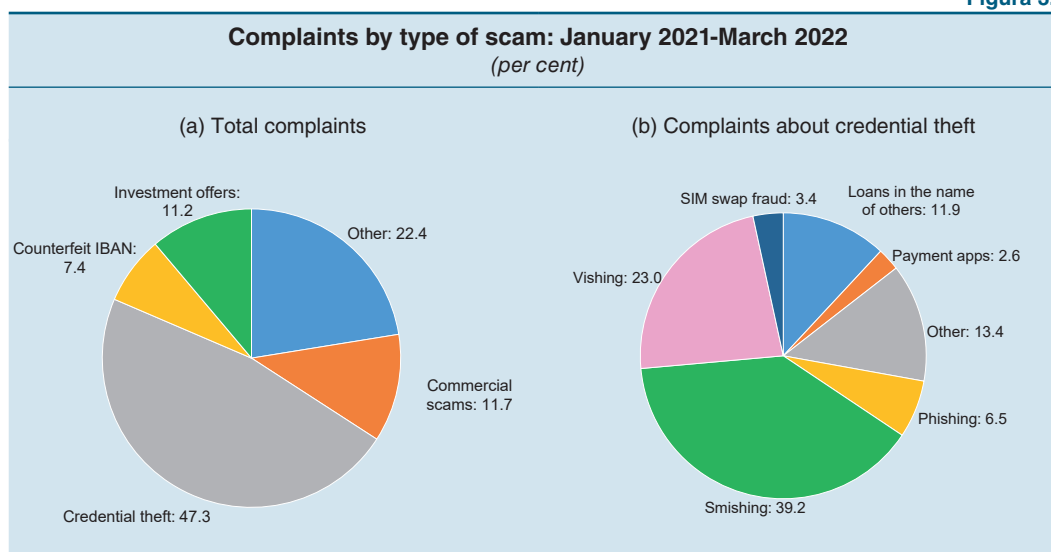
Figure 3.1



Some 47 per cent of complaints on scams involved cases of alleged theft of account login credentials, of authentication codes for payments, and of identification data to take out loans. Over 70 per cent of credentials were stolen using smishing, vishing and – to a lesser extent – phishing techniques through e-mails and SIM swap fraud.

¹⁰ In 2021, complaints relating to scams were less than 0.000006 per cent of the total number of transactions carried out with cashless payment instruments (see Table a14.13 in the Appendix to the *Annual Report* for 2021, only in Italian).

Figura 3.2



In some cases, the victims were tricked into making payments to the fraudsters (authorized push payment fraud, or APP). This fraud category includes: commercial scams (12 per cent) relating, among others, to goods purchased online and not delivered; fake investment offers (11 per cent, one fourth of which involving crypto-assets), credit transfers with counterfeit International Bank Account Numbers (IBANs), for example through fake invoices (7 per cent).¹¹

Around 22 per cent of complaints involved other types of unauthorized transactions, including through payment card theft, or forged signatures on stolen or counterfeit cheques or on guarantees signed in the name of others without them knowing.

Some scams reported in complaints were carried out by misusing the Bank of Italy's name and logo in order to earn the user's trust (see the box 'Scams misusing the Bank of Italy's name and logo').

SCAMS MISUSING THE BANK OF ITALY'S NAME AND LOGO

In 2021 and in the early months of 2022, the Bank of Italy received 23 and 9 complaints respectively (as opposed to 11 in 2020) about scams misusing its name and logo.

They mainly involved: (a) investment offers, the profits of which were not paid out and the initial capital invested was not returned; (b) loans not issued despite fees being charged. Often the fraudster demanded additional payments of fees and/or anti-money laundering charges, backing their requests with forged documents from the Bank of Italy.

¹¹ In some cases, IBANs are counterfeited by hackers by accessing the victim's device through malware and manipulating their transactions. These cases do not fall within the APP fraud category.

As a central bank, we do not have relations with private customers, but we published warnings on our website to raise awareness about these cases and about phishing campaigns involving the unlawful use of the Bank of Italy's name and logo. We also urged citizens to be cautious about these messages and not to click on any links.¹

¹ For further **information**, see the Bank of Italy's web pages 'Warning. Bank of Italy name used deceptively in phishing attempts' (only in Italian), 4 August 2021 and 'Warning. Bank of Italy name used illegally in phishing attempts' (only in Italian), 10 September 2021.

The Bank of Italy analyses complaints and, if necessary, informs the investigative bodies or the competent authorities by forwarding the relevant documents required to continue the investigation. It also shares relevant information for the protection of IT security with the Computer Emergency Response Team of the Italian financial sector (CERTFin).¹²

We publish information on how consumers can protect themselves from scams and dispute a fraudulent payment.

#Truffainvista?, the first webinar with consumer associations and dedicated to the most common online scams, took place on 26 March, and a plenary meeting on crypto-assets with the same consumer associations was held on 11 May 2022 (see Chapter 4, 'Relations with consumer associations').¹³

Crypto-assets

An analysis of the complaints on crypto-assets revealed some important information. The Bank of Italy's 2021 'Fintech Survey of the Italian financial system', shows that only few intermediaries have started cooperating with specialized entities to allow customers to buy and store crypto-assets (see the box 'The Bank of Italy and crypto-assets').

THE BANK OF ITALY AND CRYPTO-ASSETS

Crypto-assets are a digital representation of value or rights that can be transferred and stored electronically using distributed ledger technology (DLT) or similar technologies.

Since 2015, the Bank of Italy has published alerts on its website to warn consumers of the risks associated with crypto-assets, including: the volatility of

¹² CERTFin, co-chaired by the Italian Banking Association (ABI) and the Bank of Italy, aims to increase the cyber risk management capacity of the Italian financial sector.

¹³ The Bank of Italy took part in the information security campaign 'I Navigati' (only in Italian), promoted by CERTFin with ABI, IVASS and a number of Italian banks. The aim of the campaign is to increase the awareness of customers on how to use digital instruments and channels in a safe and informed manner and how not to fall into the web's pitfalls. The campaign, which was broadcast on television and promoted on several social media platforms, focused on the main scams and on how to protect against them.

their prices; the complexity of the underlying technologies; the lack of legal and contractual safeguards, of disclosure obligations for operators, and of specific forms of supervision over these operators, as well as of rules to safeguard the invested capital¹.

Furthermore, the Bank of Italy issued a joint press release with the Italian Companies and Stock Exchange Commission (CONSOB): ‘[Consob and Banca d’Italia warn against the risks posed by crypto-assets](#)’ (only in Italian). Further information and warnings are published on our financial education portal: ‘[L’Economia per tutti](#)’². In June 2022, the Bank of Italy published its ‘Communication on decentralized technology in finance and crypto-assets’.

¹ ‘Warning on the use of ‘virtual currencies’ (only in Italian); ‘Consumer warning on the risks of virtual currencies from European authorities’ (only in Italian).

² For further information, see the following pages on the portal ‘L’Economia per tutti’: ‘[Crypto-assets](#)’; ‘[Crypto-assets, an outstanding issue. Europe and consumer protection](#)’ (only in Italian); ‘[Difficult times for bitcoin](#)’ (only in Italian) ‘[Bitcoin: ‘if you have less money than Elon you should probably watch out](#)’ (only in Italian).

In 2021, the Bank of Italy received 27 complaints on crypto-assets (compared with 10 in 2020). Almost all were about alleged fraud cases (see the section ‘Scams involving payment services’) often carried out by bogus financial advisors who call their victims to propose fake profitable investments. Consumer associations also reported increasing concern about this phenomenon (see Chapter 4, ‘Relations with consumer associations’).

In our responses, we provided information to increase awareness about the characteristics and risks of these instruments, referencing the activities and the main communications of European authorities and of the Bank of Italy. A special emphasis was given to the lack of legal and contractual protection, to operational risks and to issues such as the hacking of platforms, the volatility of value of crypto-assets, and the danger of scams. CONSOB was involved in complaints concerning investment in crypto-assets.

Financial inclusion and the ‘right to a payment account’

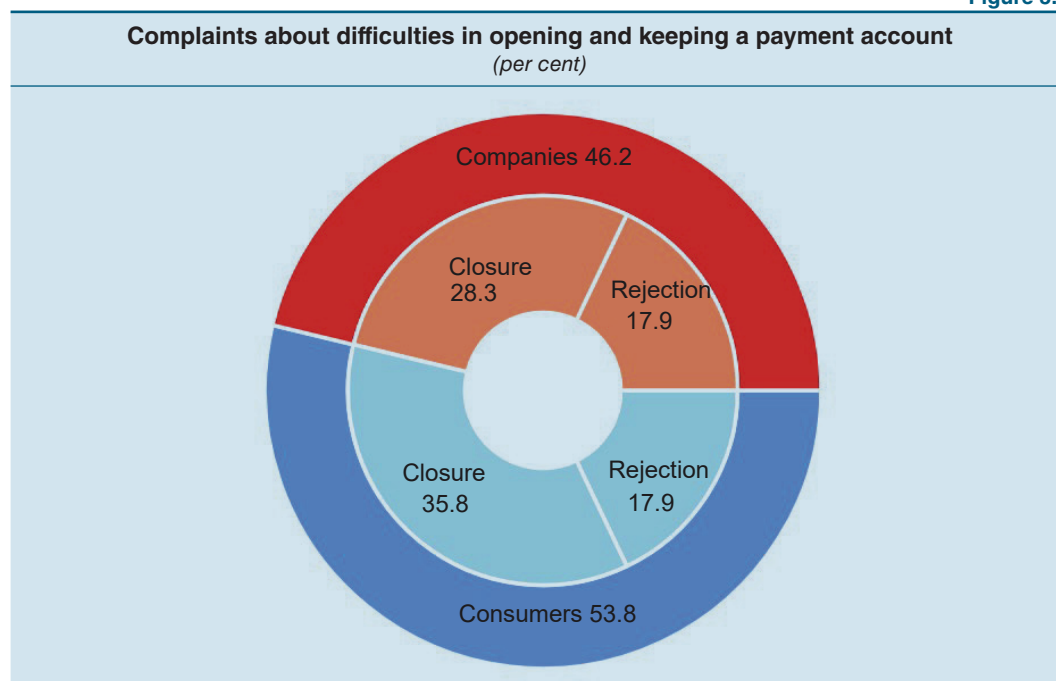
In 2021, the Bank of Italy received 106 complaints about difficulties in opening or keeping a payment account. The number of complaints, although limited in number, increased significantly compared with 2020 (when 30 complaints were made); in the first quarter of this year, we received 46 complaints, over four times as many as in the corresponding period of 2021.

Some 54 per cent of complaints were submitted by consumers; the remaining 46 per cent were filed by companies, professionals and associations.¹⁴ Over 60 per

¹⁴ Sports clubs and pensioners’ associations.

cent of cases concerned accounts being unilaterally closed by intermediaries, while the remaining complaints were from customers being refused a new account (Figure 3.3).

Figure 3.3



Consumer complaints. – We received 57 complaints from consumers in 2021 and 30 in the first quarter of 2022.¹⁵ Consumers who complained about intermediaries refusing to open a payment account¹⁶ were not always aware of their right to open a payment account with basic features.

Consumers who complained about their regular account being closed said the decision was made without any explanation or they did not consider it justified.¹⁷ After these complaints were submitted to the Bank of Italy, 30 per cent of intermediaries explained to the customers why their account had been closed, mostly to comply with anti-money laundering (AML) and terrorist financing legislation, or following an assessment of the customer's financial situation. Our analysis shows that the main reasons for intermediaries to reject new account applications is to comply with AML regulations or because of a lack of interest in starting a contractual relation with the customer.

¹⁵ Mainly people aged 31 to 65 years.

¹⁶ In 2021, only nine complaints were filed by foreigners, migrants and asylum-seekers, and the number of complaints submitted by this group has decreased over time. In addition, two complaints were submitted by pensioners and two by disabled people. In almost all the cases described, the intermediary responded by offering the customer the possibility of opening a payment account with basic features.

¹⁷ For payment and current accounts other than basic payment accounts, the legislation establishes that the intermediary has the right to withdraw freely, subject to compliance with the obligation to give notice within the terms provided by the law and by contract, and in accordance with the general principles of good faith and fairness.

Complaints from entrepreneurs, professionals and associations. – We received 49 complaints from entrepreneurs, professionals and associations in 2021 and 16 in the first quarter of 2022. These complaints mainly concerned intermediaries withdrawing from contracts (this accounted for about 61 per cent in 2021 and 100 per cent in the first quarter of 2022). In complaints relating to access to current accounts (39 per cent in 2021), some entrepreneurs reported difficulties opening accounts even when no overdraft facility is provided.¹⁸

Individuals other than consumers do not have the right to open a payment account with basic features. The choice to establish a contractual relation with these customers is therefore left to the discretion of the financial operators.

The ‘buy now, pay later’ scheme

Some complaints submitted by consumers in 2022 involved a new phenomenon known as ‘buy now, pay later’ (BNPL).¹⁹ We received few of these complaints (only 5), likely because these operations are not widespread in the Italian market.

BNPL is a form of credit that allows consumers to purchase goods or services (online or in brick-and-mortar shops), often for small amounts, paying for them at a later stage or by instalment. The transaction usually involves three parties: (a) a seller; (b) a buyer purchasing a good or a service; (c) a third party paying the amount immediately to the seller and receiving a deferred or instalment payment from the buyer. Usually, no interest is charged on deferred payments. However, a fee is charged if an instalment is late or not paid.

The complaints concerned a variety of issues, such as products not meeting consumers’ expectations or operational inefficiencies resulting in customers being reported in credit databases. The BNPL credit scheme is currently being monitored by the Bank of Italy because it could lead to cases of over-indebtedness.

¹⁸ Generally, these were accounts required to ensure the ordinary operations of companies (for example, to pay employees’ salaries).

¹⁹ At present, there is no definition of the BNPL credit scheme in the Italian legal system.

4. RELATIONS WITH CONSUMER ASSOCIATIONS

We intensified our dialogue with consumer associations further in 2021.²⁰ We held 47 bilateral meetings via video conference in February, May, and November, and one plenary meeting in July.²¹

During these meetings, the associations confirmed that the challenges faced by consumers in their dealings with banks during the health emergency had been substantially overcome. However, they also pointed out that some disruptions persist in their interaction with customers and in the latter's access to offline channels (such as banks' branches), especially for the elderly and the less tech-savvy. Concerns were also raised about the possible worsening of the financial situation of some population segment, owing to the expiration of the liquidity support measures introduced to cope with the pandemic,²² higher over-indebtedness risks and the resurgence in criminal usury.

The consumer associations highlighted the need to foster financial inclusion, especially among the elderly (in particular pensioners). They also stressed the need for greater awareness and popularization of specific bank products designed for young people (e.g., the so-called 'youth mortgage') or devised to meet the basic financial needs of the most vulnerable categories of consumers (such as payment accounts with basic features).

With these concerns in mind, the Bank of Italy has promoted debt management training as part of its educational programmes for vulnerable groups: women, migrants, micro-entrepreneurs, and over-indebted people.

Among the topics discussed in the meetings, special emphasis was placed on: (a) the rising cost of current accounts (partly following major unilateral contractual changes made by some banks); (b) difficulties in accessing the energy efficiency tax incentive 'Superbonus';²³ and (c) the closure of bank branches, which is on the rise and mostly affects communities in small municipalities.

All the associations confirmed a strong growth in the fraudulent use of digital payment instruments and in scams in e-commerce transactions (including in crypto-assets), signalling an increased level of sophistication. On 26 March 2021, the Bank of Italy, in partnership with the consumer associations, organized the webinar *#Truffainvista?* with the aim of shedding light on the most common online and electronic payment scams.

²⁰ The associations involved are part of the National Council of Consumers and Users (CNCU) set up within the Ministry of Enterprises and made in Italy (for more details, see the Ministry's website: 'The National Council of Consumers and Users', only in Italian)

²¹ In 2020, 38 bilateral meetings and 2 plenary meetings were held via video conference.

²² This financial weakness could lead to difficulties in paying debts and reduced access to credit.

²³ Tax benefit under Article 119 of Decree Law 34/2020 ('Relaunch Decree'), which consists of a 110 per cent tax credit for expenses incurred from 1 July 2020 for specific property upgrades relating to energy efficiency or other earthquake-proofing measures

On 11 May 2022, following a request made by the consumer associations, a plenary meeting on crypto-assets was held, during which all the players involved agreed on the need to spread awareness of the risks posed by these products and to promote bespoke financial education initiatives.²⁴

²⁴ The meeting was attended by Adoc, Adusbef, Altroconsumo, Assoconsum, Assoutenti, Centro tutela consumatori utenti, Casa del consumatore, Codacons, Codici, Confconsumatori, Federconsumatori, Movimento consumatori, Movimento difesa del cittadino, U.Di.Con., Unione nazionale consumatori.

METHODOLOGICAL NOTES

Private complaints: complaints sent to the Bank of Italy – including for information only – by a customer, a payment service user or any other person acting on behalf of an individual customer or in the interest of customers in general, reporting illegal or unfair conduct on the part of one or more supervised intermediaries regarding contractual relations, including potential ones, for the provision of banking or financial services. Complaints on alleged irregularities in the information recorded in the Central Credit Register (CR) or in the Interbank Register of Bad Cheques and Payment Cards (CAI) and whistleblowing reports do not fall within the scope of private complaints.

Financial companies: companies other than banks granting credit in various forms (including through the provision of collateral) or providing services in securitization transactions and listed in the Bank of Italy's register pursuant to Article 106 of the Consolidated Law on Banking (TUB).

Electronic Money Institutions (EMIs): intermediaries which are authorized, together with banks, to issue electronic money under mutual recognition. EMIs can also offer payment services, grant short-term credit in connection with the provision of payment services other than electronic money and carry out other commercial activities.

Payment Institutions (PIs): intermediaries which are authorized, together with banks and EMIs, to provide payment services under mutual recognition. PIs can grant short-term credit in connection with the payment services they provide and carry out other commercial activities.

Private consumers: according to the definition provided in the Consumer Code, a private consumer is 'a natural person who acts for purposes unrelated to their business, trade, craft or profession' (Article 3(1)(a), Legislative Decree 206/2005).

Private non-consumers: individuals (such as professionals and craftspeople) and certain types of companies that are not legal persons and which produce goods or services.

