

## **The banks' clients will have an attorney to complain to**

Interest miscalculated, unjustified commissions, errors in card transactions processing, unclear/incomplete information, delays in cash withdrawals, unauthorized operations in the accounts, frauds in accounts – these are the problems that a bank's client could complain on to the Ombudsman – an arbitrator empowered to investigate the cases in which the bank doesn't answer correctly to the complaints received.

RBA started to work at the project regarding the establishment of an institution that could improve the relationship between clients and banks through impartial investigation of the complaints and prompt resolution.

Based on a study prepared by a team of consultants financed by the WB and on the EU models, RBA tries to contribute to the improvement of the banks image and to raise clients' awareness on their rights.

According to a recent survey, all the banks pretend to have efficient systems for complaints resolution, but only 42% of the clients know they can use these systems.

The experts' study show that individual resolution systems are not at the EU standards regarding the clients' awareness, accessibility, promptness and correctness of answers.

The new institution would be established after consultations within the banking industry, with NBR and the NACP.

In EU there are many models: either voluntary initiatives of the banking associations (as in Austria, Poland), or public sustained – administered by the central bank (Spain, Germany), in the government structure (UK) or as a financial arbitrator appointed by Parliament (Czech Rep.).

These institutions are functioning accord to a recommendation of the European Commission.

The maximum level of the amounts that can be subject of a complaint addressed to the ombudsman is 50 000 EUR, for higher amounts a court trial being recommended.

According to a survey prepared for RBA by a team of consultants financed by the WB, banks could receive by the end of this year about 10 000 complaints, out of which 90% are concentrated with the three largest banks in the market.

Almost half of the complaints are related to the cards transactions – frauds, incorrect processing, and non justified blockage of the accounts. One third of the complaints refer to loan contracts, while problems regarding ATM transactions are 8% of the total complaints. O big problem in the banks' relationship with clients is the time needed to solve a complaint, which is over 1 year for one third of the complaints, whilst less than 3% are solved in a month.

Based on these findings and not only, RBA intends to bring on the Romanian market the institutional model of the ombudsman which is supposed to support the clients, without any charge, in solving their complaints that have not been adequately solved by the banks. The final goal: the protection of the clients' rights, so that all the banks follow the best practice and have to observe the decisions of the independent arbitrator.

The institution will receive the clients' complaints, will check them and then, as the case may be, will investigate them, will mediate the bank and the customer and finally will issue a final solution in case the two parties don't get to a mutually accepted solution.

Clients are in an inferior position than banks because the low level of the financial knowledge and the increasing level of sophistication of the bank products and services.

The existence of an arbitrator between clients and banks could increase the public's confidence and thus banks business could grow even more, given that a rapid and cheap solution would be available for the resolution of the different problems of the client-bank relationship.

Banks could have also the possibility to correct their errors in an amicable way, so that they do not lose the clients, but even improve the relation with them. In Greece there is such an institution since 1999, when due to the quality of services there was a negative relation banks – clients, and a permanent risk for the reputation of the entire system. In 2005, out of 980 cases accepted, 83% were solved in the clients' favor. The institution received last year about 8000 complaints by phone and 5400 in writing.

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## Romania: Bank Mediator aimed at settling client compensations

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The members of the Romanian Banks Association (ARB) are discussing a project to establish a Bank Mediator, an institution responsible for settling litigations arisen between credit institutions and their clients - individuals or judicial persons, ACT Media news agency reports.

The mediator will be authorized to settle claims against all products and services offered by the credit institutions contributing to its establishment. This free of charge service is aimed at improving the image of the banking system on one hand, and speed up claims settlement, stepping in instead of the judicial system for compensations no higher than 50,000 euros, on the other hand.

The ARB working group that currently handles the project includes representatives of the National Bank, Alpha Bank, BCR, ING, Raiffeisen Bank and recommends that the new institution be established as a volunteer-based, private, independent scheme, after a model broadly in use in the European Union.

(The alternative would be the establishment of a public institution with the mandatory participation of all credit institutions on the market.) However, the first variant is considered more flexible and easy to implement and adjust to the market's response.

If the first variant is approved, the authors of the project say the necessary approvals from the cen.bank and the National Authority for the Consumer's Protection (ANPC) can be obtained in April and the institution could be officially launched in November this year.

The new institution should be supervised by a Confidence Council, that appoints the banking mediator from the list of mediators authorized according

to Law 192/2006.

The Council will ensure the institution's independence and will be made up of National Bank, ANPC and bank representatives. According to the project, the Bank Mediator is necessary given the 'significant deficiencies in the current system for the protection of the consumer of financial products and services.'

With an increasing number of financial products and services appearing on the market, the client is exposed to higher risk, as familiarity with increasingly sophisticated banking and financial notions is required.

Source: [ACT Media News Agency](#)

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