

Convergence Romania Financial Sector Modernization

Special Projects Initiative Public-Private Steering Committee



SPI Project on Ombudsman

Project Objective

To prepare a comprehensive proposal to establish the Romanian Bank Ombudsman (RBO) together with the implementation plan.

Project Management Team

Project Owner (PO): Radu Negrea (RBA General Secretary, on behalf of RBA)

Project Manager (PM): Mirela Iovu (Director, Alpha Bank Romania)

Deputy Project Manager (DPM): Alis Avramescu (Deputy Director, NBR).

Minutes

Fourth Meeting

March 9, 2007 – SPI Office

Attendees: Mirela Iovu, PM, Alpha Bank
Aurora Stancu, member, BCR
Ioana Bosinceanu, member, ING Romania
Bogdan Stanica, member, NBR
SPI Secretariat: Oana Nedelescu, SPI Director for Analytics and Policy

Agenda

1. Agree on a common recommendation for the bank mediator set up;
2. Gather comments on the PWG document prepared for the RBA Board and General Assembly meeting;
3. Agree on the proposed next steps and implementation schedule;
4. Establish homework
5. Schedule next meeting.

I. The PWG recommendation for the Bank Mediator set up

The project working group agreed to recommend the adoption of the first option – a *voluntary, private and independent scheme*. It has concluded that this option:

- a) would better serve the purpose of a timely implementation of the Bank Mediator scheme given the relatively simple setting up procedure and the quick mobilization of the necessary operating resources;
- b) presents the advantage of being flexible, as it could be adjusted and improved as necessary;
- c) could constitute a transition phase towards a compulsory and public scheme (as witnessed by other countries' experience), if this is made necessary by its unsatisfactory functioning as seen from the retail client's perspective.

Likewise, the project working group decided that performance under this option will be monitored to decide whether transition to Option 2 (a public and compulsory scheme) is warranted. Indicative performance criteria will be as follows:

- number of complains solved by the bank mediator (not further pursued with courts)
- satisfaction surveys showing an excellent level of parties satisfaction with the way in which the bank mediator solved the cases brought to his/her attention
- there are no funded complains about the activity of the bank mediator and the way in which it handles and solves the complains
- evaluation performed by the Trust Council based on annual activity reports is favorable to continuing the activity under this arrangement.

II. Comments on the PWG document

The project working group has made the following comments on the document prepared by the SPI Secretariat:

- a) in order to strengthen the public confidence in the Bank Mediator institution, it would be preferable that Option 1 is promoted through an amendment of the Banking Law, stipulating that banks may set up a bank mediator (although not mandatory, this law amendment would have be promoted in a timely manner);
- b) the functions of the Steering Committee should be correlated with its attributions resulting from Government Ordinance no. 26/2000 regarding the associations setting up;
- c) the advantages of the Bank Mediator scheme for banks should include a comparison between the Bank Mediator procedures and the lengthy, complicated, and costly procedures in courts;
- d) the section on the advantages of the Bank Mediator scheme should make reference to the preliminary impact assessment of the Bank Ombudsman set up made by Convergence Program.

III. Proposed next steps and implementation schedule

The project working group will submit its recommendation for the consideration of the RBA Board. In turn, the RBA Board will submit its own recommendation to the RBA General Assembly for voting. This recommendation is being sent in parallel to the other institutions represented in the SPI Committee.

The RBA General Assembly decision with respect to the preferred option for setting up the Bank Ombudsman, together with the positions expressed by the other SPI Committee stakeholders, will be part of the SPI Committee final deliberation regarding the preferred implementation option for this institution.

Upon SPI Committee endorsement of the project recommendation, the project working group proposes to proceed with the following implementation schedule:

- ↪ **Early April 2007:** The preferred option is endorsed by all relevant stakeholders, i.e. banks, National Bank of Romania, National Authority for Consumer Protection;
- ↪ **May 2007:** Depending on the final choice made by the relevant stakeholders, the project working group will support the initiator of the bank mediator establishment (RBA Board / Ministry of Justice) to pursue with this initiative, by preparing the any required documentation on the scheme setting up, i.e. constitutive acts / draft proposed legislative initiative, proposals for logistics, administrative and organizational issues, etc.;
- ↪ **June 2007:** A full proposal for the bank mediator establishment, together with all necessary background documentation, is submitted to the relevant decision making bodies (RBA Board / Ministry of Justice – Parliament) for a formal approval of the scheme;
- ↪ **July 2007 – September 2007:** The Bank Mediator scheme is set up through the necessary legal procedure. The bank mediator overseeing bodies develop the rules of the new service, policy and practices (manuals, procedures, etc.), make decisions on the appointment of the bank mediator and other staff, logistics, etc.;
- ↪ **October 2007:** The Ombudsman hires staff and starts staff professional and management training;
- ↪ **November 2007:** Official launch of the new Bank Mediator scheme;
- ↪ **December 2007:** The new scheme makes application to become a FIN-NET member.

IV. Homework and next meeting

Banks representatives: will provide a comparison between the Bank Mediator procedures and the courts procedures, outlining the advantages of the former;

NBR representative: will provide the performance criteria under Option 1, which will allow ascertaining whether transition to Option 2 is warranted;

SPI Secretariat: will finalize the document based on the comments received.

V. Next meeting: March 14th, SPI Secretariat office in RBI, 9:30 am.