

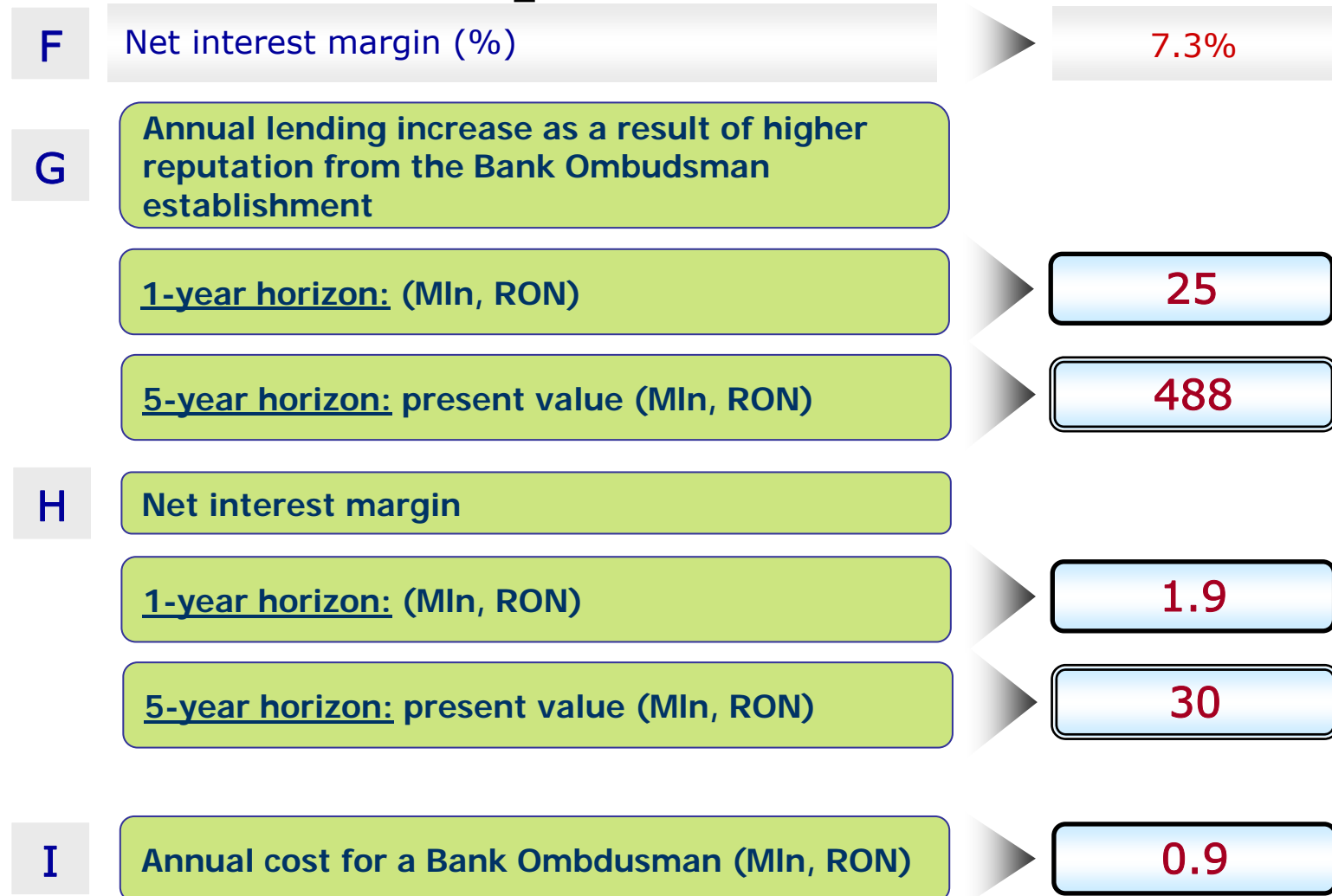
Ombudsman (draft)

Economic impact assessment - 1

| | | |
|----------|--|--------|
| A | Outstanding households deposits (Mln, RON) | 23,130 |
| B | Deposits inflow as a result of higher industry reputation due to Bank Ombudsman (%) | 0.10% |
| C | Deposits inflow as a result of higher industry reputation due to Bank Ombudsman (Mln, RON) [A*B] | 23 |
| D | Loan/deposit multiplier for households | 1.1 |
| E | New flow of loans as a result of new deposits from households (Mln, RON) [C*D] | 25 |

Ombudsman (draft)

Economic impact assessment - 2



Ombudsman (draft)

Analytics - 1

| | | 2007 | 2008 | 2009 | 2010 | 2011 | |
|--|-----------|------------|-----------|------------|------------|------------|------------|
| Outstanding households deposits (Mln, RON) | i) | 23,130 | 23,130 | 23,130 | 23,130 | 23,130 | |
| Deposits inflow as a result of higher industry reputation due to Bank Ombudsman (%) | ii) | 0.10% | 0.20% | 0.50% | 0.70% | 1.00% | |
| Deposits inflow as a result of higher industry reputation due to Bank Ombudsman (Mln, RON) | iii)=i*ii | 23 | 46 | 116 | 162 | 231 | |
| Loan/deposit multiplier for households | iv) | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | |
| New flow of loans as a result of new deposits from households (Mln, RON) | v)=iii*iv | 25 | 51 | 127 | 178 | 254 | 636 |
| Net interest margin (%) | vi) | 7.3% | 6.9% | 6.5% | 6.1% | 5.7% | |
| Net interest margin from new loans (Mln, RON) | vii)=v*vi | 1.9 | 3.5 | 8.2 | 10.8 | 14.5 | 39 |
| PV - New flow of loans as a result of new deposits from households (Mln, RON) | | 24 | 44 | 104 | 135 | 181 | 488 |
| PV - Net interest margin from new loans (Mln, RON) | | 2 | 3 | 7 | 8 | 10 | 30 |

5-years

| | | | | | |
|-------------------|-----------|----------|----------|---------|----------|
| Discount rate (%) | 7.10% | | | | |
| Discount factor | 0.9337068 | 0.871808 | 0.814013 | 0.76005 | 0.709664 |

Ombudsman (draft)

Analytics - 2

Data and assumptions:

a) Households

Deposits in lei (Mln, RON)

| | | |
|-----------------|---------------|----|
| Demand deposits | 5,967 | |
| Time deposits | 17,163 | |
| | <u>23,130</u> | i) |

Loans in lei (Mln, RON)

| | | |
|----------------------|---------------|------|
| Consumer loans | 29,190 | |
| Real-estate/mortgage | 7,539 | |
| | <u>36,729</u> | ii) |
| | | 1.59 |

Source: NBR, *Financial Behaviour of Households and Companies*, October 2006

b) Every RON deposited by households generates RON 1.6 of loans (ii/i)

c) To be more conservative, let the multiplier be 1.1

d) net margin yielded by the banking industry for new funds 7.3%

intermediated (%)

Source: NBR, *Monthly Bulletin - Statistical section, 10/2006, p. 22*

| year | 2007 | 2008 | 2009 | 2010 | 2011 |
|------|------|------|------|------|------|
| % | 7.3% | 6.9% | 6.5% | 6.1% | 5.7% |

e) Deposits inflow as a result of higher industry reputation due to Bank Ombudsman (%)

| year | 2007 | 2008 | 2009 | 2010 | 2011 |
|------|-------|-------|-------|-------|-------|
| % | 0.10% | 0.20% | 0.50% | 0.70% | 1.00% |

f) Banking Ombudsman budget

| | |
|------------|------|
| (Mln, EUR) | 0.25 |
| (Mln, RON) | 0.88 |

Source: *Convergence, Establishing a Bank Ombudsman in Romania*, November 2006, Annex 8

Ombudsman (draft)

Background* - 1

In Romania, there is a perceived need to adequately address the complaints made by individual consumers or businesses against the financial service providers and to improve the public image of the banks. Unsatisfied clients send their complaints to the financial institution itself and, if they are not resolved satisfactorily, they submit them to the National Authority for Consumers Protection (NAPC), National Consumers' Association (APC), or to the National Bank of Romania (NBR). Hence, there is no specialized and impartial institution or process in charge of the protection of bank customers.

Most European countries have established successful Banking Ombudsman schemes in the past 30 years, either financed by banks or set up as external organizations. Their increasing popularity lies in their ability to settle a large volume of specialized cases in a flexible way and within a short period of time, as compared to bureaucratic and time-consuming remedies, such as court proceedings. For example, the Italian Banking Ombudsman received about 4,700 complaints in 2004 and addressed a large majority of them.

As Romania is about to join the EU, the Romanian banking industry needs to be tuned with European recent developments in the financial consumer protection area.

*= Drawn from the Project Working Group ToR

Background* - 2

The European Commission has supported the creation of an informal network of national ombudsmen (“Fin-Net”) to help settle cross-border disputes between private retail investors and financial services companies. Another EU benchmark is the FIN-USE group of experts

Consumer education should be a permanent preoccupation of the banking industry and authorities as better informed consumers are able to improve their risk management capacity and make informed choices that will promote competition among financial institutions.