

**REPORT ON THE OPERATIONS OF THE  
FINANCIAL SERVICES CONSUMER CENTRE  
January – December 2011**

## I. INTRODUCTION

In 2011, the Financial Services Consumer Centre received:

- **1,122 complaints** regarding operations of financial institutions,
- **763 early complaints**,
- **697 queries**, and
- **21,098 telephone calls** via Call Centre.

In the same period, **181 mediations** were scheduled.

## II. CONSUMER COMPLAINTS AND EARLY COMPLAINTS

In 2011, the Financial Services Consumer Centre received **1,885 complaints** regarding the operations of financial institutions. Of the total, **40% were early complaints**, and all were referred to financial institutions for further handling.

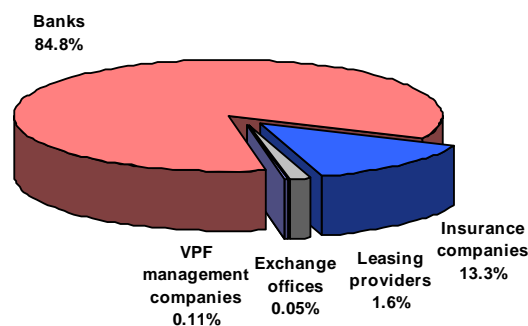
**Overview of complaints and early complaints by type of financial services provider, January-December 2011**

Financial services provider	Complaints	Early complaints	Total	in %
Banks	855	744	1,599	84.8%
Insurance companies	237	13	250	13.3%
Leasing providers	27	3	30	1.6%
VPF management companies	2	0	2	0.11%
Other	1	2	3	0.16%
Exchange offices	0	1	1	0.05%
<b>TOTAL</b>	<b>1122</b>	<b>763</b>	<b>1,885</b>	<b>100%</b>

Source: National Bank of Serbia.

As consumers mostly use banking services, the majority of complaints (**84.8%**) related to bank operations.

**Structure of complaints and early complaints by type of financial services provider, January-December 2011**



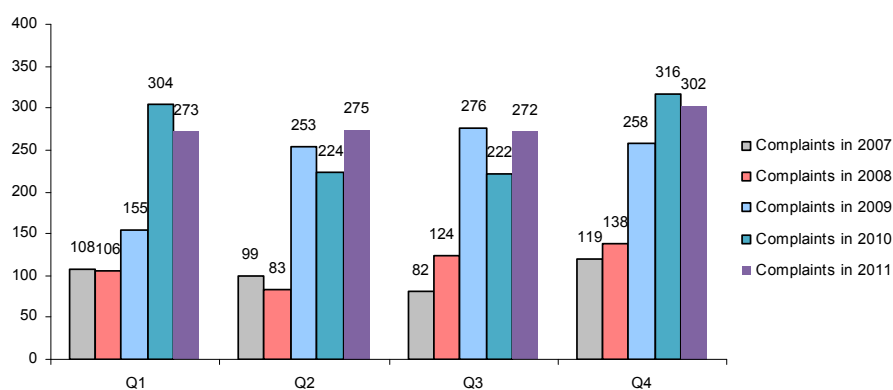
## 1. Consumer complaints

The Centre received **1,122 complaints** regarding the operations of financial institutions, which is by 5.25% more than a year earlier. Of the total number of complaints received, 76% related to banks.

### Complaints by type of financial services provider, January-December 2011

Financial services provider	Q1	Q2	Q3	Q4	Total	in %
Banks	213	210	199	233	855	76.2%
Insurance companies	52	56	65	64	237	21.1%
Leasing providers	8	9	5	5	27	2.4%
VPF management companies	0	0	2	0	2	0.2%
Other	0	0	1	0	1	0.1%
Exchange offices	0	0	0	0	0	0.0%
<b>TOTAL</b>	<b>273</b>	<b>275</b>	<b>272</b>	<b>302</b>	<b>1,122</b>	<b>100%</b>

Source: National Bank of Serbia



Of all complaints received, 86% were processed, of which 55% were assessed as unfounded and 45% as founded.

### Number of complaints by type of financial services provider, January-December 2011

Financial services provider	Unfounded complaints	Unfounded complaints - denied	Unfounded complaints - granted	Founded complaints	Founded complaints - denied	Founded complaints - granted	In progress	Total
Banks	417	297	120	314	160	154	124	855
Insurance companies	97	96	1	108	70	38	32	237
Leasing providers	16	15	1	6	3	3	5	27
VPF management companies	2	2	0	0	0	0	0	2
Exchange offices	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	1	1
<b>TOTAL</b>	<b>532</b>	<b>410</b>	<b>122</b>	<b>428</b>	<b>233</b>	<b>195</b>	<b>162</b>	<b>1,122</b>
<b>TOTAL in %</b>	<b>47.4%</b>			<b>38.1%</b>			<b>14.4%</b>	<b>100%</b>

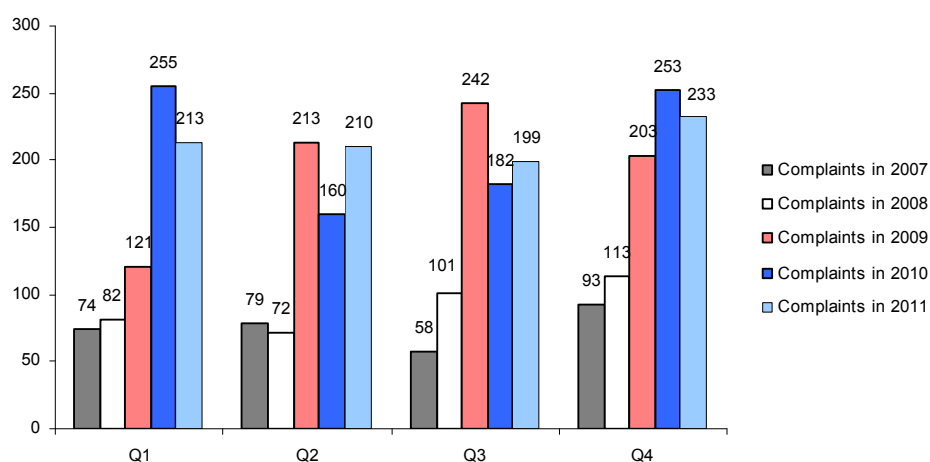
Source: National Bank of Serbia.

Of all founded complaints, **46%** were **granted**.

Given that the application of the Law on the Protection of Financial Services Consumers began on 5 December 2011, the number of granted complaints relating to the hike in variable interest rates may be reasonably expected to increase, or even decrease because banks were required to align the previously concluded agreements with the Law, on the one hand, and to clearly state the level of variable interest rates in their new agreements on the other hand, excluding the possibility of changing the level of interest rate unilaterally or as a result of the bank's business policy. The Law also provides for an efficient protection mechanism: in the event of any breaches under the Law, the National Bank of Serbia may order banks to remove the illegalities established.

### 1.1. Banks

The number of complaints against banks amounted to **855**.



The majority of complaints related to loans (53.1%), current accounts (20.4%) and payment cards (17.1%).

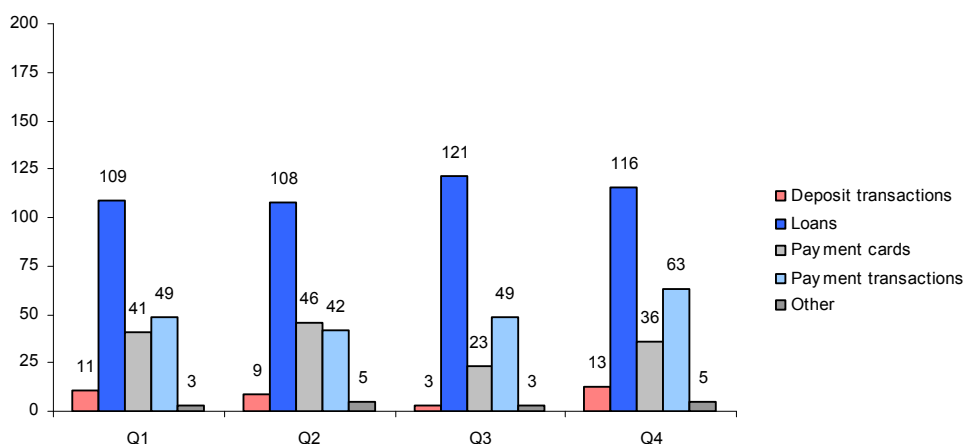
#### Overview of complaints by type, January-December 2011

Complaints relating to	Q1	Q2	Q3	Q4	Total	in %
Foreign currency savings	10	7	3	13	33	4%
Dinar savings	1	2	0	0	3	0%
Other	0	0	0	0	0	0%
<b>Deposit transactions</b>	<b>11</b>	<b>9</b>	<b>3</b>	<b>13</b>	<b>36</b>	<b>4%</b>
Cash loans	20	17	20	20	77	9%
Other loans	33	42	38	41	154	18%
Consumer loans	10	5	6	8	29	3%
Housing loans	46	44	57	47	194	23%
<b>Loans</b>	<b>109</b>	<b>108</b>	<b>121</b>	<b>116</b>	<b>454</b>	<b>53%</b>
Debit cards	8	9	4	1	22	3%
Credit cards	33	37	19	35	124	15%

**Overview of complaints by type, January-December 2011**

Complaints relating to	Q1	Q2	Q3	Q4	Total	in %
<b>Payment cards</b>	<b>41</b>	<b>46</b>	<b>23</b>	<b>36</b>	<b>146</b>	<b>17%</b>
Escrow accounts	0	1	2	4	7	1%
Payment transactions	4	7	9	2	22	3%
Current accounts	45	34	38	57	174	20%
<b>Payment transactions</b>	<b>49</b>	<b>42</b>	<b>49</b>	<b>63</b>	<b>203</b>	<b>24%</b>
Exchange transactions	0	0	1	0	1	0%
Other	3	5	2	5	15	2%
<b>Other</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>16</b>	<b>2%</b>
<b>TOTAL</b>	<b>213</b>	<b>210</b>	<b>199</b>	<b>233</b>	<b>855</b>	<b>100%</b>

Source: National Bank of Serbia



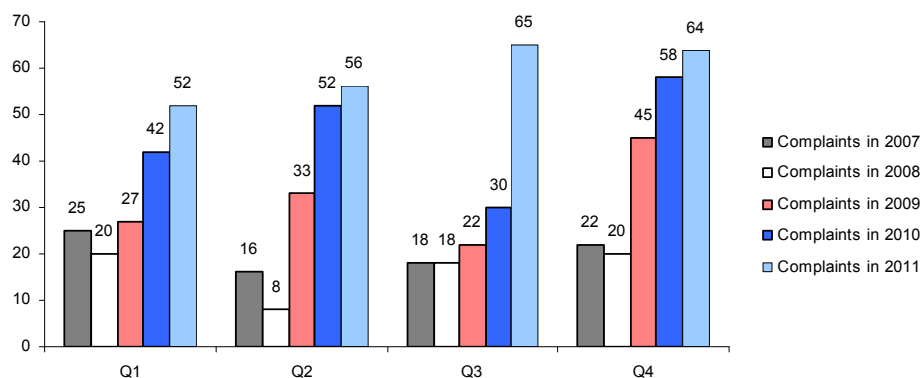
Of the total number of complaints received in 2011, 34% related to the operations of three banks.

Consumers mostly complained about:

- change in interest rate or margin as one of the elements of interest rate on housing loans in repayment status, and lack of notification or incomplete notification about the reasons for the change;
- untimely notification of co-signers about the borrower's default on obligations and not being able to change co-signers;
- difficulties in repayment of debt under loans, credit cards and authorised overdrafts, as well in ability to refinance debt, especially debt indexed to CHF;
- problems with early loan repayment – banks did not accept early loan repayment because the clients failed to submit a prior written application for early loan repayment, as envisaged by the loan agreements;
  - calculation of interest on credit card debt;
  - lack of notification about the account management fee and charging of the said fee in case of inactive accounts.

## 1.2. Insurance companies

The Financial Services Consumer Centre received **237 complaints** against insurance companies, which is **30% more** than a year earlier.



The majority of complaints related to automobile liability (56%) and accident insurance (15%).

### Overview of complaints by type, January-December 2010

Complaints relating to	Q1	Q2	Q3	Q4	Total	in %
Automobile liability	31	34	31	36	132	56%
Property	2	0	1	2	5	2%
Full coverage	1	2	4	5	12	5%
Accident	4	11	12	8	35	15%
Loan insurance	0	0	0	0	0	0%
Other	4	4	9	2	19	8%
<b>Non-life insurance</b>	<b>42</b>	<b>51</b>	<b>57</b>	<b>53</b>	<b>203</b>	<b>86%</b>
Life insurance	2	2	5	4	13	5%
Supplemental life insurance	1	0	0	2	3	1%
Other	6	2	2	2	12	5%
<b>Life insurance</b>	<b>9</b>	<b>4</b>	<b>7</b>	<b>8</b>	<b>28</b>	<b>12%</b>
Companies in bankruptcy and liquidity	0	0	0	0	0	0%
Other	1	1	1	3	6	3%
<b>Other</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>3%</b>
<b>TOTAL</b>	<b>52</b>	<b>56</b>	<b>65</b>	<b>64</b>	<b>237</b>	<b>100%</b>

Source: National Bank of Serbia

The insureds mostly complained about:

- the amount of damages offered,
- untimely payment of damages and
- non-payment of the undisputed amount of damages.

### 1.3. Other providers of financial services

The Centre received 27 complaints against lessors, which makes 2.4% of the total number of complaints received. Two complaints were lodged in against VPF management companies, and one against other financial institutions.

## 2. Early complaints

In 2011, the Centre received **763 early complaints**, i.e. complaints sent directly to the Centre instead of being first addressed to the relevant financial institution.

In line with the complaints procedure, the National Bank of Serbia forwarded all these complaints to relevant financial institutions.

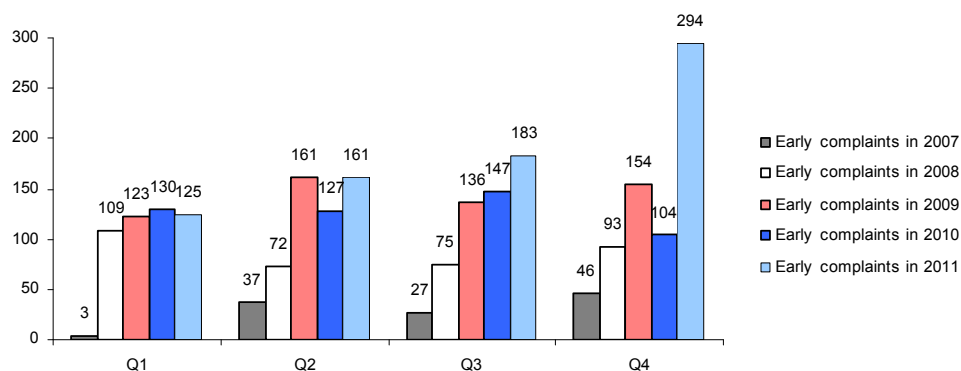
**Number of early complaints by financial services provider, January-December 2010**

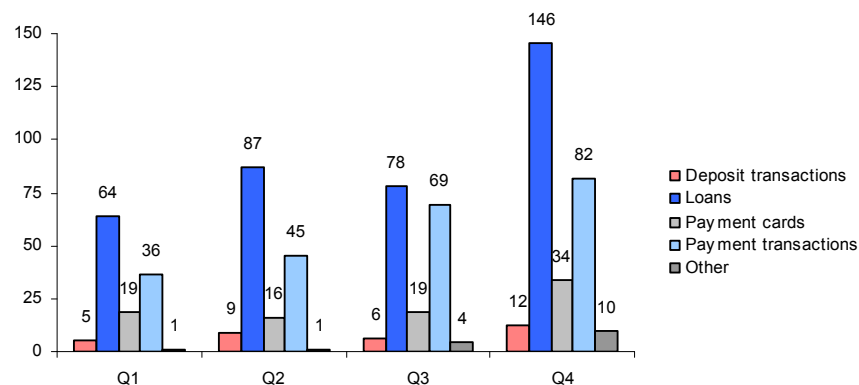
Financial services provider	Q1	Q2	Q3	Q4	Total	in %
Banks	125	158	176	284	<b>743</b>	<b>97%</b>
Insurance companies	0	3	5	6	<b>14</b>	<b>1.8%</b>
Leasing providers	0	0	2	1	<b>3</b>	<b>0.4%</b>
Exchange offices	0	0	0	1	<b>1</b>	<b>0.1%</b>
Other	0	0	0	2	<b>2</b>	<b>0.3%</b>
<b>TOTAL</b>	<b>125</b>	<b>161</b>	<b>183</b>	<b>294</b>	<b>763</b>	<b>100%</b>

Source: National Bank of Serbia

The number of early complaints was 50% higher than last year, while the number of early complaints received in the last quarter was 2.83 times higher than in the same quarter of 2010.

This was largely due to the increased number of early complaints received in the last month of 2011.





The majority of early complaints referred to the operations of banks (97.4%), of which 50% were in relation to loans, 26% to current accounts and 12% to payment cards.

### III. MEDIATION

A total of **181 mediations** were scheduled during the year, which is **1.24 times more** than last year.

#### Mediations in January-December 2011

Financial services provider	Q1	Q2	Q3	Q4	Total	in %
Banks	67	28	15	17	127	70%
Insurance companies	8	14	11	20	53	29%
Leasing providers	0	1	0	0	1	1%
Exchange offices	0	0	0	0	0	0%
<b>TOTAL</b>	<b>75</b>	<b>43</b>	<b>26</b>	<b>37</b>	<b>181</b>	<b>100%</b>

Source: National Bank of Serbia

Of the total number of mediations held, 167 were concluded. Around 46% of those concluded ended in settlement between financial institutions and their clients.

#### Number of mediations by type of financial services provider, January-December 2011

Financial services provider	In progress	Settlement	Suspension	Abandonment	Total	in %
Banks	5	49	72	1	127	70%
Insurance companies	9	28	15	1	53	29%
Leasing providers	0	0	1	0	1	1%
VPF management companies	0	0	0	0	0	0%
<b>TOTAL</b>	<b>14</b>	<b>77</b>	<b>88</b>	<b>2</b>	<b>181</b>	<b>100%</b>

Source: National Bank of Serbia

Most mediation procedures related to banks – 51% of them were based on complaints regarding loans, 9% regarding payment cards and 7% regarding current accounts. As for insurance companies, most mediation procedures related to automobile liability (15%).

#### IV. CONSUMER INFORMATION AND EDUCATION

##### 1. Consumer information

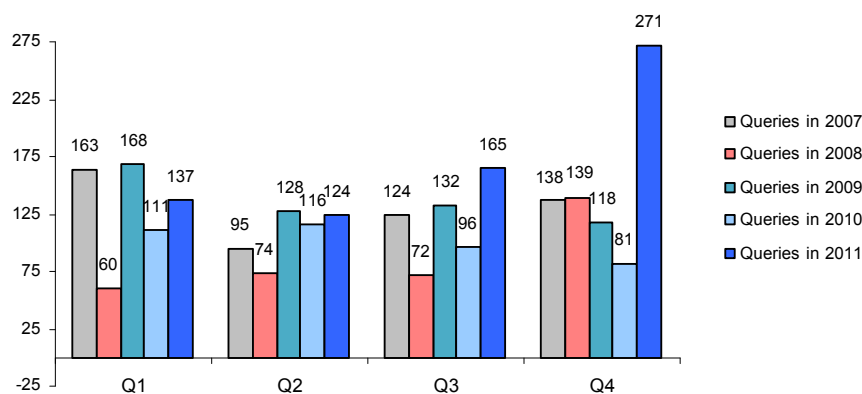
##### 1.1. Queries

The Centre received **697 queries** regarding financial products and services and consumer rights, which is **73% more** than last year.

**Number of queries by type of financial services provider, January-December 2010**

Financial services provider	Q1	Q2	Q3	Q4	Total	in %
Banks	106	105	137	225	<b>573</b>	<b>82%</b>
Insurance companies	16	7	6	15	<b>44</b>	<b>6.3%</b>
Leasing providers	4	5	13	16	<b>38</b>	<b>5.5%</b>
Exchange offices	2	2	2	3	<b>9</b>	<b>1.3%</b>
Other	9	5	7	12	<b>33</b>	<b>4.7%</b>
<b>TOTAL</b>	<b>137</b>	<b>124</b>	<b>165</b>	<b>271</b>	<b>697</b>	<b>100%</b>

Source: National Bank of Serbia



Most queries (82%) related to bank operations – loans (61.8%), current accounts (8.2%) and credit cards (6.1%).

Of the total number of queries received in November and December, 43% related to the application of specific provisions of the Law on the Protection of Financial Services Consumers.

## 1.2. Calls received by the Call Centre

The Call Centre received **21,098 calls** in the period under review.

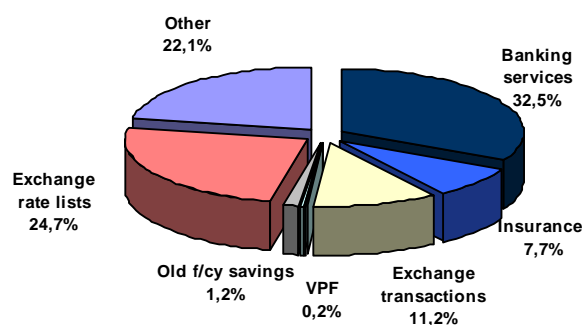
### Overview of queries, January-December 2011

Area	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	in %
Banking services	365	430	518	491	472	438	464	612	486	422	633	1,522	<b>6,853</b>	<b>32.5%</b>
Insurance	80	87	137	171	239	175	69	76	100	214	136	149	<b>1,633</b>	<b>7.7%</b>
Exchange transactions	215	186	234	192	152	159	159	218	265	232	173	171	<b>2,356</b>	<b>11.2%</b>
Leasing	5	6	9	5	2	8	6	9	11	6	5	8	<b>80</b>	<b>0.4%</b>
VPF	6	2	6	3	1	4	2	0	3	11	3	3	<b>44</b>	<b>0.2%</b>
Savings bills	0	2	2	0	0	0	1	0	0	0	0	0	<b>5</b>	<b>0.0%</b>
Old f/cy savings	23	23	30	24	19	28	20	19	25	22	15	12	<b>260</b>	<b>1.2%</b>
Exchange rate lists	444	428	517	430	507	387	453	496	453	427	358	314	<b>5,214</b>	<b>24.7%</b>
Other	323	467	537	408	401	361	331	365	362	340	340	418	<b>4,653</b>	<b>22.1%</b>
<b>TOTAL</b>	<b>1,461</b>	<b>1,631</b>	<b>1,990</b>	<b>1,724</b>	<b>1,793</b>	<b>1,560</b>	<b>1,505</b>	<b>1,795</b>	<b>1,705</b>	<b>1,674</b>	<b>1,663</b>	<b>2,597</b>	<b>21,098</b>	<b>100%</b>

Source: National Bank of Serbia

Excluding service information, these calls related mainly to banking services, exchange transactions and insurance.

Calls received by the Call Centre,  
January-December 2011



The Call Centre also received 1,126 queries in electronic format regarding the complaints procedure, level of the exchange rate, banknote replacement, enforced collection of claims, payment transactions, etc. All queries were answered in time.

## 2. Financial education

As part of regular educational activities, the NBS continued providing consumer information in its regional financial education offices. In 2011, these offices were visited by 1,303 citizens.

**Citizen queries, January-December 2010**

Area	Q1	Q2	Q3	Q4	Total	in %
Banking	147	166	159	194	<b>666</b>	<b>51.1%</b>
Insurance	9	9	5	15	<b>38</b>	<b>2.9%</b>
Leasing	6	4	3	4	<b>17</b>	<b>1.3%</b>
Exchange trans.	3	4	13	24	<b>44</b>	<b>3.4%</b>
Pensions	3	3	4	7	<b>17</b>	<b>1.3%</b>
Other	124	135	152	110	<b>521</b>	<b>40%</b>
<b>TOTAL</b>	<b>292</b>	<b>321</b>	<b>336</b>	<b>354</b>	<b>1,303</b>	<b>100%</b>

Source: National Bank of Serbia

Most citizen queries related to banking services (51.1%), notably loan refinancing, government-subsidised housing loans, manner of calculating monthly loan instalments, savings, account closing procedure, activities within the remit of the National Bank of Serbia, and other.

In 2011, the National Bank of Serbia held educational workshops for households and businesses in eight Serbian towns. The workshops covered current financial topics and were tailored to target groups. As regards educational materials, 17 brochures covering different financial products were modified to reflect regulatory and market changes, and were distributed to financial services consumers through NBS branches in Uzice, Kragujevac, Nis, Novi Sad and Belgrade. Channels of distribution were the tax administration, treasury administration, utility institutions, financial institutions, regional chambers of commerce, etc.

The website for financial services consumers ([www.tvojnovac.nbs.rs](http://www.tvojnovac.nbs.rs)) is updated on a daily basis.