

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

I. INTRODUCTION

From January to June 2011, the Financial Services Consumer Centre received:

- **548 complaints** regarding operations of financial institutions,
- **268 early complaints**,
- **261 queries**, and
- **10,159 telephone calls** via Call Centre.

In the same period, **118 mediations** were scheduled.

II. CONSUMER COMPLAINTS AND EARLY COMPLAINTS

In the period under review, the Financial Services Consumer Centre received **834 complaints** regarding the operations of financial institutions. Of the total, **34% were early complaints**, and all were referred to financial institutions for further handling.

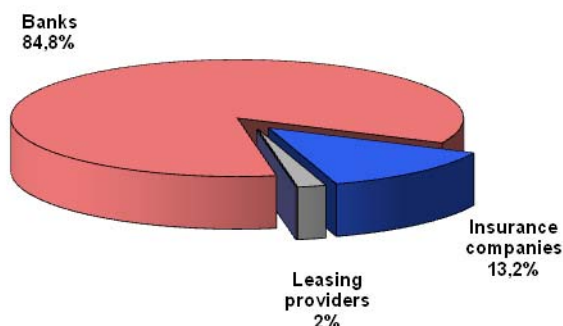
Overview of complaints and early complaints by type of financial services provider, January- June 2011

Financial services provider	Complaints	Early complaints	Total	in %
Banks	423	284	707	84.8%
Insurance companies	108	2	110	13.2%
Leasing providers	17	0	17	2%
TOTAL	548	286	834	100%

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 - June 2011



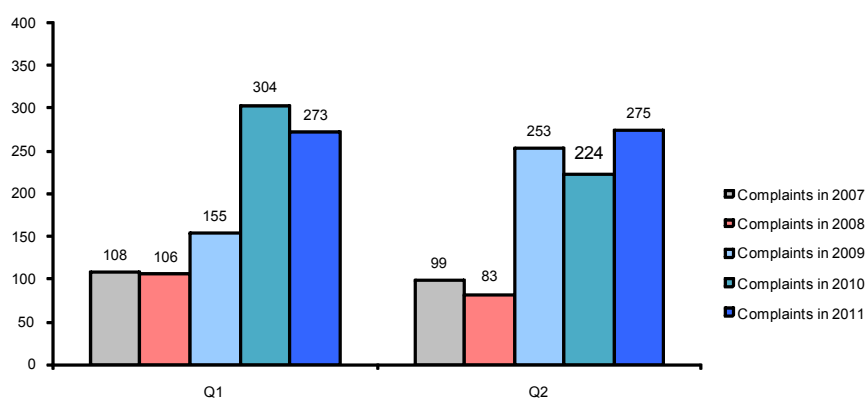
1. Consumer complaints

The Centre received **548 complaints** regarding the operations of financial institutions, which is by 3.79% more than in the same period a year earlier. Of the total number of complaints received, **77% related to banks**.

Complaints by type of financial services provider, January-June 2011

Financial services provider	Q1	Q2	Total	in %
Banks	213	210	423	77%
Insurance companies	52	56	108	20%
Leasing providers	8	9	17	3%
VPF management companies	0	0	0	0%
Exchange offices	0	0	0	0%
TOTAL	273	275	548	100%

Source: National Bank of Serbia



Of all complaints received, **74% were processed**, of which **56% were assessed as unfounded and 44% as founded**.

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

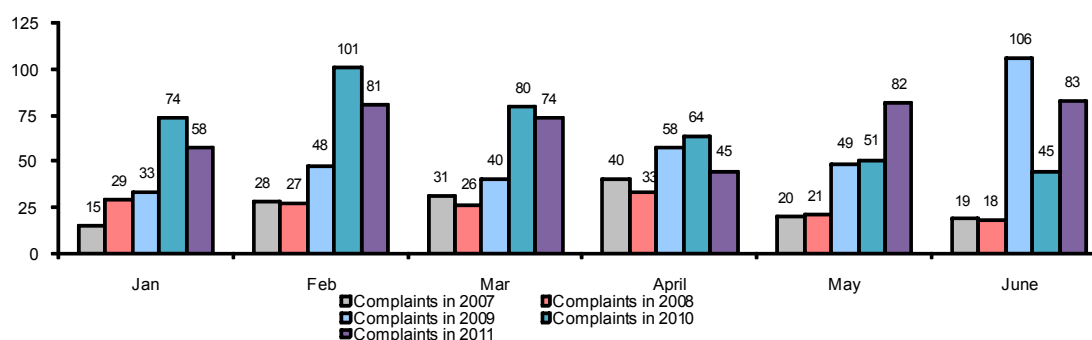
Financial services provider	Unfounded complaints	Unfounded complaints - denied	Unfounded complaints - granted	Founded complaints	Founded complaints - denied	Founded complaints - granted	In progress	Total
Banks	175	125	50	141	85	56	107	423
Insurance companies	45	45	0	35	15	20	28	108
Leasing providers	5	5	0	4	3	1	8	17
VPF management companies	0	0	0	0	0	0	0	0
TOTAL	225	175	50	180	103	77	143	548
TOTAL in %	41%			33%			26%	100%

Source: National Bank of Serbia

Of all founded complaints, **43% were granted.**

1.1. Banks

The number of complaints against banks amounted to **423.**



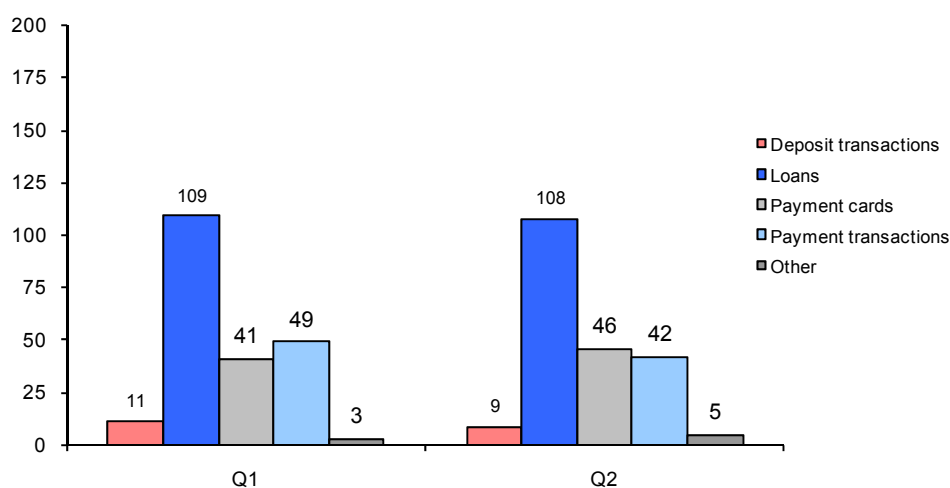
The majority of complaints related to loans (51.3%), payment cards (20.6%) and current accounts (18.7%).

Overview of complaints by type, January-June 2011

Complaints relating to	Q1	Q2	Total	in %
Foreign currency savings	10	7	17	4%
Dinar savings	1	2	3	0.7%
Other	0	0	0	0%
Deposit transactions	11	9	20	4.7%
Cash loans	20	17	37	8.7%
Other loans	33	42	75	17.7%
Consumer loans	10	5	15	3.5%
Housing loans	46	44	90	21.3%
Loans	109	108	217	51.3%
Debit cards	8	9	17	4%
Credit cards	33	37	70	16.5%
Payment cards	41	46	87	20.6%
Escrow accounts	0	1	1	0%
Payment transactions	4	7	11	3%

Current accounts	45	34	79	18.7%
Payment transactions	49	42	91	21.5%
Exchange transactions	0	0	0	0%
Other	3	5	8	1.9%
Other	3	5	8	1.9%
TOTAL	213	210	423	100%

Source: National Bank of Serbia



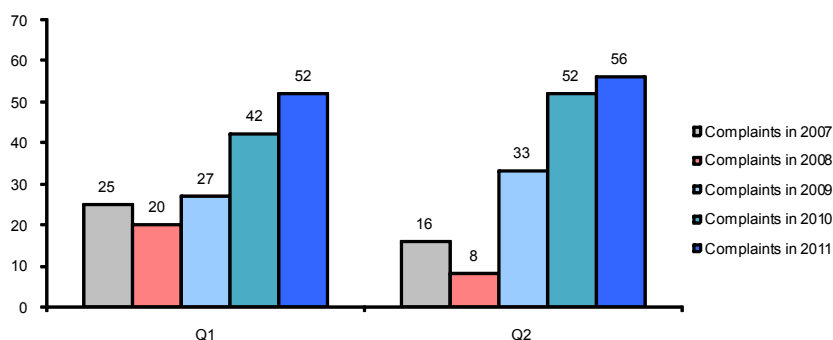
Of the total number of complaints received in the first two quarters, 43.3% related to the operations of four banks.

Consumers mostly complained about:

- change in interest rates 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 or authorised overdrafts, as well as the impossibility of debt refinancing;
- problems with early loan repayment;
- 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 **108 complaints** against insurance companies, which is **15% more** than in the same period a year earlier.



The majority of complaints related to automobile liability (60%) and accident insurance (14%).

Overview of early complaints by type, January-June 2011

Early complaints relating to	Q1	Q2	Total	in %
Foreign currency savings	5	6	11	4%
Dinar savings	0	3	3	1%
Other	0	0	0	0%
Deposit transactions	5	9	14	5%
Cash loans	10	13	23	8%
Other loans	27	34	61	22%
Consumer loans	7	7	14	5%
Housing loans	20	33	53	19%
Loans	64	87	151	53%
Debit cards	0	1	1	0%
Credit cards	19	15	34	12%
Payment cards	19	16	35	12%
Escrow accounts	0	0	0	0.0%
Payment transactions	2	8	10	3.5%
Current accounts	34	37	71	25%
Payment transactions	36	45	81	29%
Exchange transactions	1	1	2	1%
Other	0	0	0	0%
Other	1	1	2	1%
TOTAL	125	158	283	100%

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 **17 complaints** against lessors, which makes 3% of the total number of complaints received.

2. Early complaints

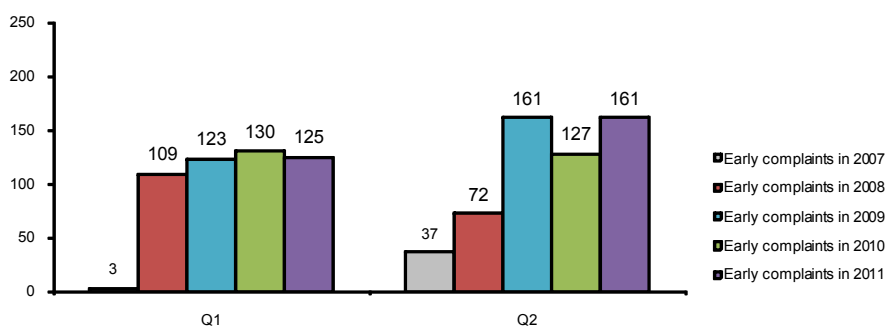
In the period under review, the Centre received **268 early complaints**, i.e. complaints sent directly to the Centre instead of being first addressed to the relevant financial institution.

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

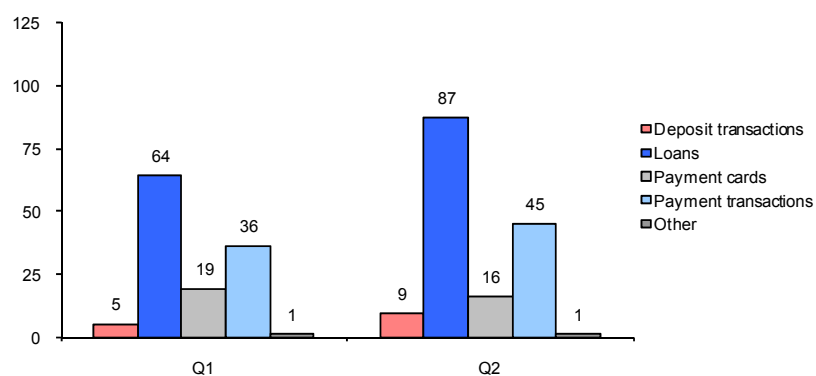
Number of early complaints by financial services provider, January-June 2011

Financial services provider	Q1	Q2	Total	in %
Banks	125	158	283	99%
Insurance companies	0	3	3	1.0%
TOTAL	125	161	286	100%

Source: National Bank of Serbia



The number of early complaints was 11% higher than in the same period last year.



The majority of early complaints referred to the operations of banks (98.95%), of which 53% were in relation to loans, 25% to current accounts and 12% to payment cards.

III. MEDIATION

A total of **118 mediations** were scheduled in the year to June, which is **1.84 times more** than in the same period a year earlier.

Mediations by month, January-June 2011

Financial services provider	Jan	Feb	Mar	April	May	June	Total	in %
Banks	12	45	10	6	13	9	95	81%
Insurance companies	1	3	4	7	2	5	22	19%
Leasing providers	0	0	0	1	0	0	1	1%
VPF management companies	0	0	0	0	0	0	0	0%
TOTAL	13	48	14	14	15	14	118	100%

Source: National Bank of Serbia

Of the total number of mediations held, 95 were concluded. Around **34%** of those concluded **ended in settlement** between financial institutions and their clients.

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

Financial services provider	In progress	Settlement	Suspension	Abandonment	Total	in %
Banks	18	23	53	1	95	81%
Insurance companies	5	9	7	1	22	19%
Leasing providers	0	0	1	0	1	1%
VPF management companies	0	0	0	0	0	0%
TOTAL	23	32	61	2	118	100%

Source: National Bank of Serbia

Most mediation procedures related to banks – 64% of them were based on complaints regarding loans, 8% regarding payment cards and 6% regarding current accounts. As for insurance companies, most mediation procedures related to automobile liability (13%).

IV. CONSUMER INFORMATION AND EDUCATION

1. Consumer information

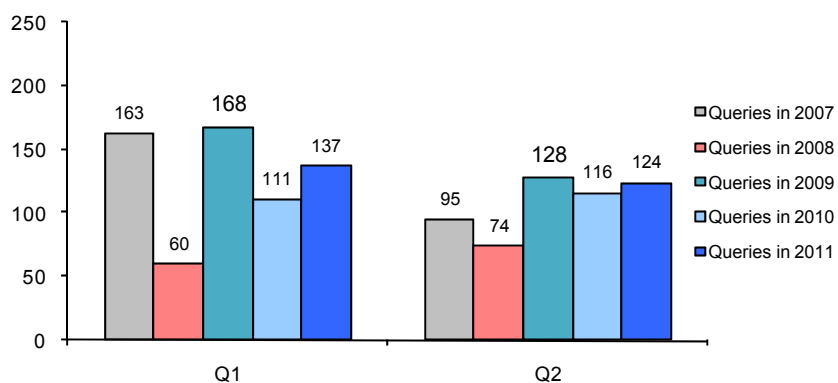
10.1. *Queries*

In the year to June, the Centre received **261 queries** regarding financial products and services and consumer rights, which is **15% more** than in the same period last year.

**Number of queries by type of financial services provider,
January-June 2011**

Financial services provider	Q1	Q2	Total	in %
Banks	106	105	211	81%
Insurance companies	16	7	23	8,8%
Leasing providers	4	5	9	3,4%
Exchange offices	2	2	4	1,5%
Other	9	5	14	5,4%
TOTAL	137	124	261	100%

Source: National Bank of Serbia



Most queries (81%) related to bank operations – loans (51.2%), current accounts (10%) and credit cards (5%).

**Overview of queries by type,
January-June 2011**

Queries relating to	Q1	Q2	Total	in %
Foreign currency savings	2	5	7	3.3%
Dinar savings	1	1	2	0.9%
Other	2	1	3	1.4%
Deposit transactions	5	7	12	5.7%
Cash loans	9	6	15	7.1%
Other loans	18	21	39	18.5%
Consumer loans	0	3	3	1.4%
Housing loans	17	34	51	24.2%
Loans	44	64	108	51.2%
Debit cards	1	2	3	1.4%
Credit cards	9	1	10	4.7%
Payment cards	10	3	13	6.2%
Escrow accounts	0	0	0	0%
Payment transactions	2	1	3	1%
Current accounts	12	9	21	10.0%

Payment transactions	14	10	24	11.4%
Exchange transactions	1	0	1	0.5%
Bonds	0	0	0	0.0%
Other	32	21	53	25%
Other	33	21	54	25,6%
TOTAL	106	105	211	100%

Source: National Bank of Serbia

1.2. Calls received by the Call Centre

The Call Centre received **10,159 calls** in the period under review.

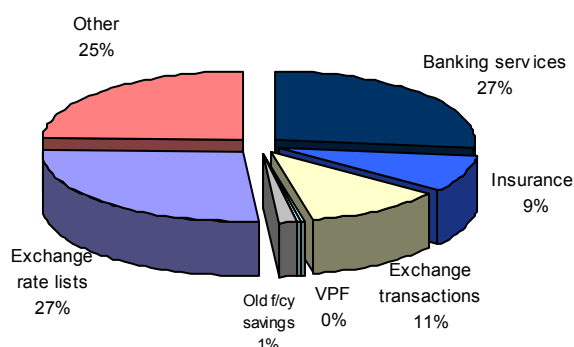
Overview of queries, January-June 2011

Area	Jan	Feb	Mar	April	May	June	Total	in %
Banking services	365	430	518	491	472	438	2,714	27%
Insurance	80	87	137	171	239	175	889	9%
Exchange transactions	215	186	234	192	152	159	1,138	11%
Leasing	5	6	9	5	2	8	35	0%
VPF	6	2	6	3	1	4	22	0%
Savings bills	0	2	2	0	0	0	4	0%
Old f/cy savings	23	23	30	24	19	28	147	1%
Exchange rate lists	444	428	517	430	507	387	2,713	27%
Other	323	467	537	408	401	361	2,497	25%
TOTAL	1,461	1,631	1,990	1,724	1,793	1,560	10,159	100%

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-June 2011



The Call Centre also received **527 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. Consumer financial education

As part of regular educational activities, the NBS continued providing consumer information in its regional financial education offices. In the first two quarters of the year, these offices were visited by **613 citizens**.

Citizen queries, January-June 2011

Area	Q1	Q2	Total	in %
Banking	147	166	313	51%
Insurance	9	9	18	3%
Leasing	6	4	10	2%
Exchange trans.	3	4	7	1%
Pensions	3	3	6	1%
Other	124	135	259	42%
TOTAL	292	321	613	100%

Source: National Bank of Serbia

Most citizen queries related to banking services (51%), notably loan refinancing, manner of calculating monthly loan instalments, savings, account closing procedure, and other.