

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

I. INTRODUCTION

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

- **820 complaints** regarding operations of financial institutions,
- **469 early complaints**,
- **426 queries**, and
- **15,164 telephone calls** via Call Centre.

In the same period, **144 mediations** were scheduled.

II. CONSUMER COMPLAINTS AND EARLY COMPLAINTS

In the period under review, the Financial Services Consumer Centre received **1,289 complaints** regarding the operations of financial institutions. Of the total, **36% were early complaints**, and all were referred to financial institutions for further handling.

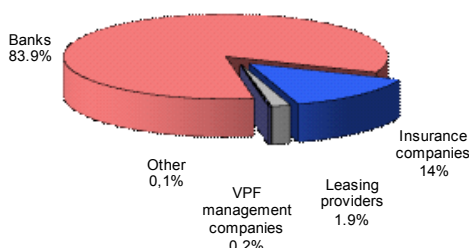
Overview of complaints and early complaints by type of financial services provider, January-September 2011

Financial services provider	Complaints	Early complaints	Total	in %
Banks	622	460	1,082	83.9%
Insurance companies	173	7	180	14.0%
Leasing providers	22	2	24	1.9%
VPF management companies	2	0	2	0.2%
Other	1	0	1	0.1%
TOTAL	820	469	1,289	100%

Source: National Bank of Serbia.

As consumers mostly use banking services, the majority of complaints (**83.9%**) related to bank operations.

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



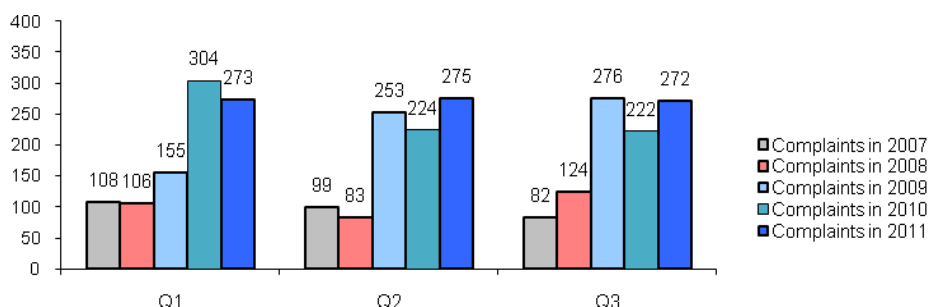
1. Consumer complaints

The Centre received **820 complaints** regarding the operations of financial institutions, which is by 9.3% more than in the same period a year earlier. Of the total number of complaints received, 76% related to banks.

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

Financial services provider	Q1	Q2	Q3	Total	in %
Banks	213	210	199	622	76%
Insurance companies	52	56	65	173	21%
Leasing providers	8	9	5	22	3%
VPF management companies	0	0	2	2	0%
Exchange offices	0	0	1	1	0%
TOTAL	273	275	272	820	100%

Source: National Bank of Serbia.



Of all complaints received, 82% were processed, of which 59% were assessed as unfounded and 41% as founded.

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

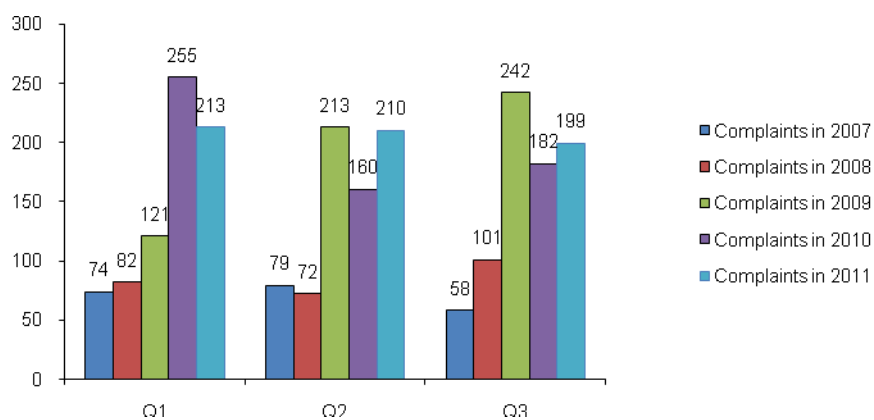
Financial services provider	Unfounded complaints	Unfounded complaints - denied	Unfounded complaints - granted	Founded complaints	Founded complaints - denied	Founded complaints - granted	In progress	Total
Banks	308	219	89	209	116	93	105	622
Insurance companies	73	72	1	63	36	27	37	173
Leasing providers	11	10	1	6	3	3	5	22
VPF management companies	2	2	0	0	0	0	0	2
Other	0	0	0	0	0	0	1	1
TOTAL	394	303	91	278	155	123	148	820
TOTAL in %	48%			34%			18%	100%

Source: National Bank of Serbia

Of all founded complaints, **44%** were **granted**.

1.1. Banks

The number of complaints against banks amounted to **622**.



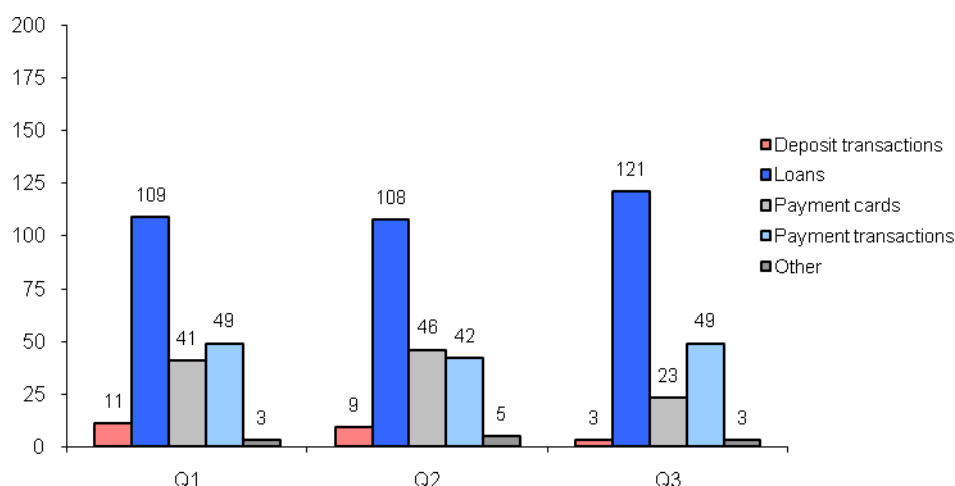
The majority of complaints related to loans (54.3%), current accounts (18.8%) and payment cards (17.7%).

Overview of complaints by type, January-September 2011

Complaints relating to	Q1	Q2	Q3	Total	in %
Foreign currency savings	10	7	3	20	3.2%
Dinar savings	1	2	0	3	0.5%
Other	0	0	0	0	0.0%

Deposit transactions	11	9	3	23	3.7%
Cash loans	20	17	20	57	9.2%
Other loans	33	42	38	113	18.2%
Consumer loans	10	5	6	21	3.4%
Housing loans	46	44	57	147	23.6%
Loans	109	108	121	338	54.3%
Debit cards	8	9	4	21	3.4%
Credit cards	33	37	19	89	14.3%
Payment cards	41	46	23	110	17.7%
Escrow accounts	0	1	2	3	0%
Payment transactions	4	7	9	20	3%
Current accounts	45	34	38	117	18.8%
Payment transactions	49	42	49	140	22.5%
Exchange transactions	0	0	1	1	0.2%
Other	3	5	2	10	1.6%
Other	3	5	3	11	1.8%
TOTAL	213	210	199	622	100%

Source: National Bank of Serbia



Of the total number of complaints received in the first three quarters, 38.8% related to the operations of four banks.

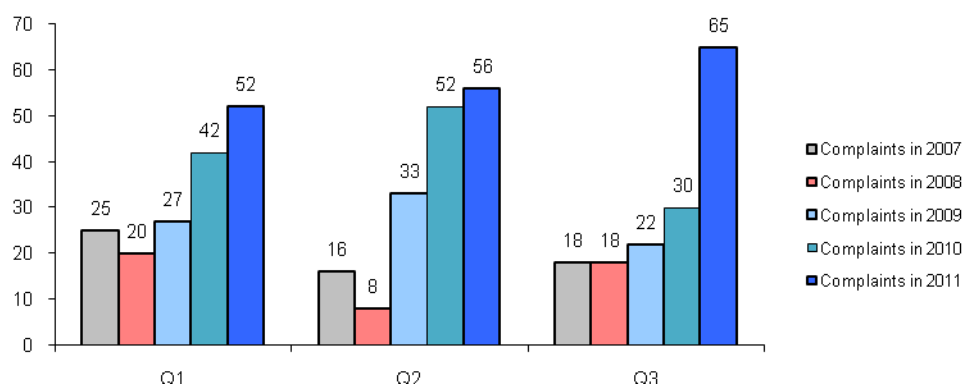
Consumers mostly complained about:

- 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 and authorised overdrafts, as well inability to refinance debt, especially debt indexed to CHF;
- problems with early loan repayment – banks did 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 **173 complaints** against insurance companies, which is **40% more** than in the same period a year earlier.



The majority of complaints related to automobile liability (55%) and accident insurance (16%).

Overview of complaints by type, January-September 2011

Complaints relating to	Q1	Q2	Q3	Total	in %
Automobile liability	31	34	31	96	55%
Property	2	0	1	3	2%
Full coverage	1	2	4	7	4%
Accident	4	11	12	27	16%
Loan insurance	0	0	0	0	0%
Other	4	4	9	17	10%
Non-life insurance	42	51	57	150	87%
Life insurance	2	2	5	9	5%
Supplemental life insurance	1	0	0	1	1%
Other	6	2	2	10	6%
Life insurance	9	4	7	20	12%
Companies in bankruptcy and liquidity	0	0	0	0	0%
Other	1	1	1	3	2%
Other	1	1	1	3	2%
TOTAL	52	56	65	173	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 22 complaints against lessors, which makes 3% of the total number of complaints received. Two complaints were lodged in against VPF management companies, and one complaint against other financial institutions.

2. Early complaints

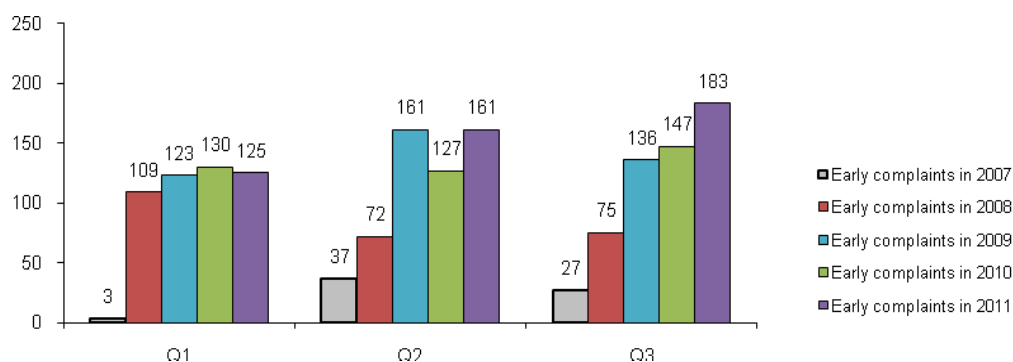
In the period under review, the Centre received **469 early complaints**, i.e. complaints sent directly to the Centre instead of being first addressed to the relevant financial institution.

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

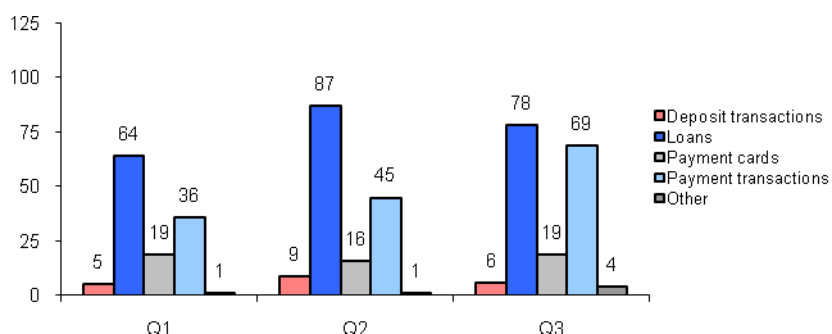
Number of early complaints by financial services provider, January-September 2011

Financial services provider	Q1	Q2	Q3	Total	in %
Banks	125	158	176	459	97,9%
Insurance companies	0	3	5	8	1,7%
Leasing providers	0	0	2	2	0,4%
TOTAL	125	161	183	469	100%

Source: National Bank of Serbia



The number of early complaints was 16% higher than in the same period last year.



The majority of early complaints referred to the operations of banks (97.9%), of which 50% were in relation to loans, 26% to current accounts and 12% to payment cards.

III. MEDIATION

A total of **144 mediations** were scheduled in the year to September, which is **1.4 times more** than in the same period last year.

Mediations, January-September 2011

Financial services provider	Q1	Q2	Q3	Total	in %
Banks	67	28	15	110	76%
Insurance companies	8	14	11	33	23%
Leasing providers	0	1	0	1	1%
VPF management companies	0	0	0	0	0%
TOTAL	75	43	26	144	1

Source: National Bank of Serbia

Of the total number of mediations held, 117 were concluded. Around **39%** of those concluded **ended in settlement** between financial institutions and their clients.

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

Financial services provider	In progress	Settlement	Suspension	Abandonment	Total	in %
Banks	15	34	60	1	110	76%
Insurance companies	12	12	8	1	33	23%
Leasing providers	0	0	1	0	1	1%
VPF management companies	0	0	0	0	0	0%
TOTAL	27	46	69	2	144	100%

Source: National Bank of Serbia

Most mediation procedures related to banks – 58% of them were based on complaints regarding loans, 9% 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

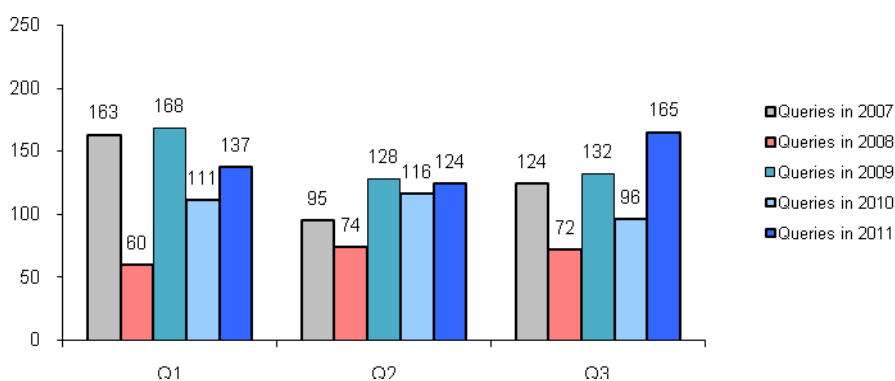
1.1. Queries

In the year to September, the Centre received **426 queries** regarding financial products and services and consumer rights, which is **32% more** than in the same period last year.

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

Financial services provider	Q1	Q2	Q3	Total	in %
Banks	106	105	137	348	82%
Insurance companies	16	7	6	29	6,8%
Leasing providers	4	5	13	22	5,2%
Exchange offices	2	2	2	6	1,4%
Other	9	5	7	21	4,9%
TOTAL	137	124	165	426	100%

Source: National Bank of Serbia



Most queries (82%) related to bank operations – loans (58%), current accounts (8.3%) and credit cards (5.7%).

1.2. Calls received by the Call Centre

The Call Centre received **15,164 calls** in the period under review.

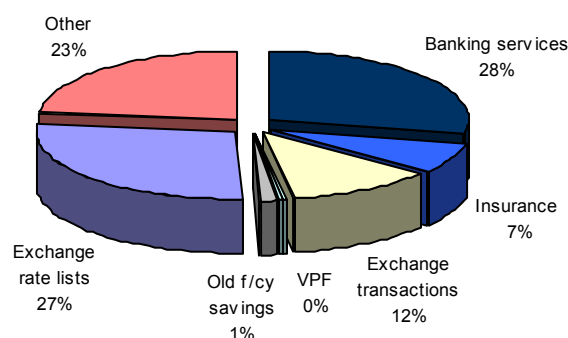
**Overview of queries,
January-September 2011**

Area	Jan	Feb	Mar	April	May	June	July	August	Sep.	Total	in %
Banking services	365	430	518	491	472	438	464	612	486	4.276	28%
Insurance	80	87	137	171	239	175	69	76	100	1.134	7%
Exchange transactions	215	186	234	192	152	159	159	218	265	1.780	12%
Leasing	5	6	9	5	2	8	6	9	11	61	0%
VPF	6	2	6	3	1	4	2	0	3	27	0%
Savings bills	0	2	2	0	0	0	1	0	0	5	0%
Old f/cy savings	23	23	30	24	19	28	20	19	25	211	1%
Exchange rate lists	444	428	517	430	507	387	453	496	453	4.115	27%
Other	323	467	537	408	401	361	331	365	362	3.555	23%
TOTAL	1.461	1.631	1.990	1.724	1.793	1.560	1.505	1.795	1.705	15.164	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-September 2011**



The Call Centre also received **820 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 three quarters of the year, these offices were visited by **949 citizens**.

**Citizen queries,
January-September 2011**

Area	Q1	Q2	Q3	Total	in %
Banking	147	166	159	472	50%
Insurance	9	9	5	23	2%
Leasing	6	4	3	13	1%
Exchange trans.	3	4	13	20	2%
Pensions	3	3	4	10	1%
Other	124	135	152	411	43%
TOTAL	292	321	336	949	100%

Source: National Bank of Serbia

Most citizen queries related to banking services (49.7%), 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.

Since the beginning of the year, the National Bank of Serbia has held educational workshops for households and businesses in three 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) is updated on a daily basis.