

**FINANCIAL SERVICES CONSUMER PROTECTION
AND MARKET SUPERVISION**

JANUARY – MARCH 2009

I. INTRODUCTION

From 1 January through 31 March 2009, the Centre for Financial Services Consumer Protection and Market Supervision received:

- **154 complaints** regarding operations of financial institutions,
- **123 early complaints**,
- **169 queries**, and
- **8,732 telephone calls** via Call Centre.

In the same period, **16 mediations** were scheduled.

II. CONSUMER COMPLAINTS AND EARLY COMPLAINTS

In the period under review, the Centre for Financial Services Consumer Protection and Market Supervision received 277 complaints and early complaints regarding the operations of financial institutions. Of the total, 44% were early complaints, and all were referred to financial institutions for further handling.

Overview of complaints and early complaints by financial services provider,
January-March 2009

Financial services provider	Complaints	Early complaints	Total	in %
Banks	120	113	233	84%
Insurance companies	27	4	31	11%
Leasing providers	7	2	9	3%
VPF management companies	0	0	0	0%
Exchange offices	0	3	3	1%
Other	0	1	1	0%
TOTAL	154	123	277	100%

1. Consumer complaints

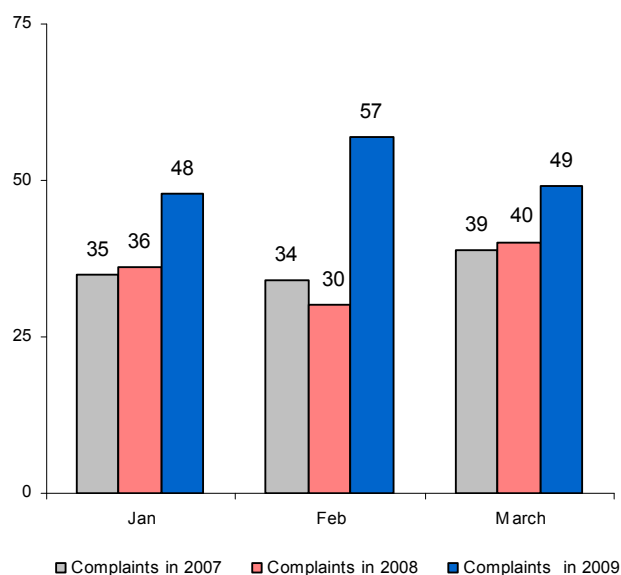
From 1 January through 31 March 2009, the Centre for Financial Services Consumer Protection and Market Supervision received **154 complaints** regarding the operations of financial institutions, which is 45% more than last year or 43% more than in 2007 (y-o-y).

Comparative overview of
complaints

	Jan	Feb	Mar	TOTAL
Complaints in 2007	35	34	39	108
Complaints in 2008	36	30	40	106
Complaints in 2009	48	57	49	154

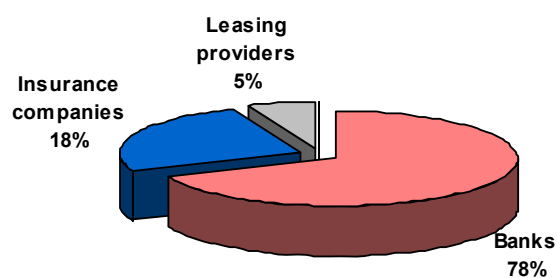
Number of complaints by financial services provider, January-March 2009

Financial services provider	Jan	Feb	Mar	Total	in %
Banks	33	48	39	120	77.9%
Insurance companies	12	6	9	27	17.5%
Leasing providers	3	3	1	7	4.5%
VPF management companies	0	0	0	0	0.0%
Exchange offices	0	0	0	0	0.0%
TOTAL	48	57	49	154	100%



The majority of consumer complaints received were related to banking services (78%).

Complaints by type of financial services providers , January-March 2009



Of all complaints received, **56%** were **processed** – **31%** were assessed as **founded** and **69%** as **unfounded**.

Of all founded complaints, **70%** were **granted**.

Overview of complaints by financial services provider, January-March 2009

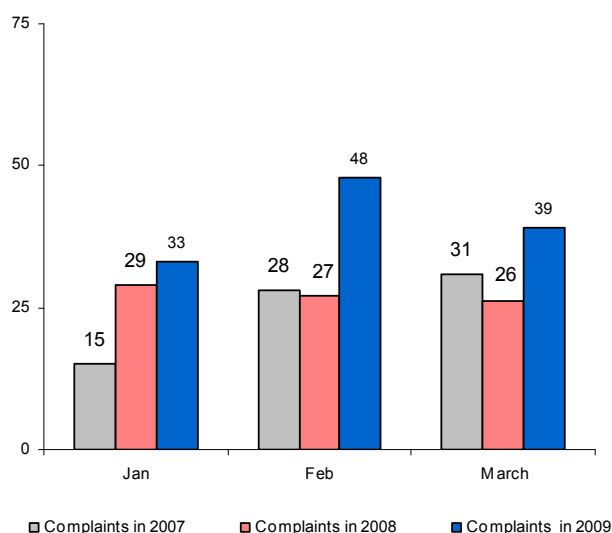
Financial services provider	Unfounded complaints	Unfounded complaints - denied	Unfounded complaints - granted	Founded complaints	Founded complaints - denied	Founded complaints - granted	In progress	Total
Banks	21	3	18	45	45	0	54	120
Insurance companies	6	5	1	10	10	0	11	27
Leasing providers	0	0	0	5	5	0	2	7
VPF management companies	0	0	0	0	0	0	0	0
TOTAL	27	8	19	60	60	0	67	154

1.1. Banks

From 1 January to 31 March 2009, the Consumer Protection Centre received **120 complaints** against banks, 46% on a year earlier and 62% on 2007 (y-o-y).

Comparative overview of complaints relating to banking services

	Jan	Feb	Mar	TOTAL
Complaints in 2007	15	28	31	74
Complaints in 2008	29	27	26	82
Complaints in 2009	33	48	39	120



Of all complaints against banks, **55%** were **processed** - **32%** were assessed as **founded** and **68%** as **unfounded**.

Of the total of founded complaints, **86%** were **granted**.

The majority of complaints received by the Centre related to loans (55%), payment cards (19%) and payment transactions (13%).

Overview of complaints by type, January-March 2009

Complaints relating to	Q1	in %
Foreign currency savings	7	6%
Dinar savings	2	2%
Other	2	2%
Deposit transactions	11	9%
Cash loans	19	16%
Other loans	8	7%
Consumer loans	11	9%
Housing loans	28	23%
Loans	66	55%
Debit cards	8	7%
Credit cards	15	13%
Payment cards	23	19%
Escrow accounts	0	0%
Payment transactions	2	2%
Current accounts	14	12%
Payment transactions	16	13%
Exchange transactions	1	1%
Other	3	3%
Other	4	3%
TOTAL	120	100%

The majority of complaints received by the Centre related to:

- higher interest rates charged on the remaining balance of the original loan,
- difficulties clients experience in proving that they did not receive cash from an ATM although their account was debited,
- problems regarding credit/credit card refinancing and early repayment of loans, and
- failure on the part of banks to clarify to the clients on the loan contract conclusion the implications of RPI loan indexation.

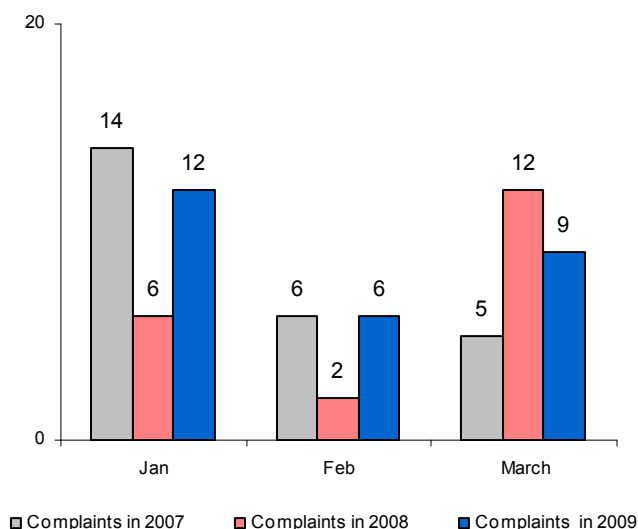
Of all complaints received by the Centre in Q1, 55% were made in respect of operations of 6 banks, and 19% in respect of operations of a single bank.

1.2. Insurance companies

From 1 January to 31 March 2009, the Consumer Protection Centre received **27 complaints** against insurance companies, 35% on a year earlier and 8% on 2007 (y-o-y).

Comparative overview of complaints relating to insurance companies

	Jan	Feb	Mar	TOTAL
Complaints in 2007	14	6	5	25
Complaints in 2008	6	2	12	20
Complaints in 2009	12	6	9	27



Of all complaints against insurance companies, **59%** were processed - **38%** were assessed as **founded** and **62%** as **unfounded**.

The majority of complaints received in the period under review related to automobile liability (56%), accident (11%) and life insurance (11%).

Complaints by type, January-March 2009

Complaint relating to	Q1	in %
Automobile liability insurance	15	56%
Property insurance	2	7%
Full coverage insurance	0	0%
Accident insurance	3	11%
Loan insurance	0	0%
Other	2	7%
Nonlife insurance	22	81%
Life insurance	3	11%
Supplemental life insurance	0	0%
Other	2	7%
Life insurance	5	19%
Companies in bankruptcy and liquidation	0	0%
Other	0	0%
Other	0	0%
TOTAL	27	100%

1.3. Financial leasing providers

From the beginning of the year, the Centre received **7 complaints** against financial lessors.

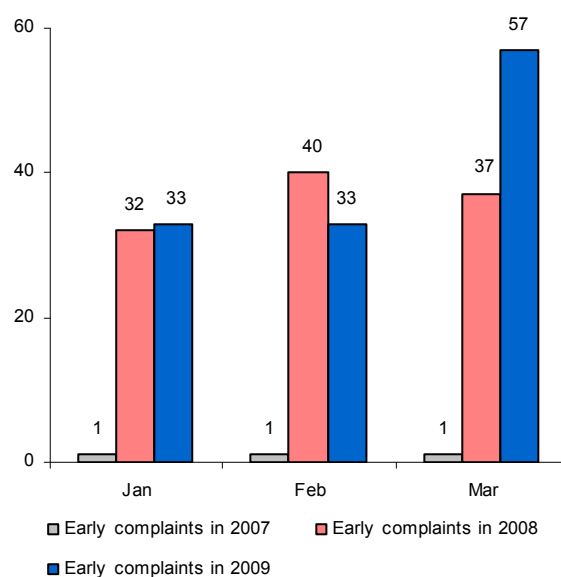
2. Early complaints

From 1 January to 31 March 2009, the Centre received 123 early complaints, i.e. complaints sent directly to the complaints team of the Centre instead of being first addressed to the complaints team of a relevant financial institution. In line with the complaints procedure, the National Bank of Serbia forwarded all these complaints to relevant financial institutions.

Early complaints by financial services provider, January-March 2009

Financial services providers	Jan	Feb	Mar	Total	in %
Banks	28	32	53	113	92%
Insurance companies	3	0	1	4	3%
Leasing providers	0	0	2	2	2%
Exchange offices	2	0	1	3	2%
Other	0	1	0	1	1%
TOTAL	33	33	57	123	100%

The number of early complaints is 13% higher than in the corresponding period a year earlier.



The majority of early complaints (92%) referred to operations of banks, of which 45% were in relation to loans, 28% to payment transactions and 14% to payment cards.

Overview of early complaints by type, January-March 2009

Complaints relating to	Q1	in %
Foreign currency savings	6	5%
Dinar savings	2	2%
Other	1	1%
Deposit transactions	9	8%
Cash loans	17	15%
Other loans	13	12%
Consumer loans	10	9%
Housing loans	11	10%
Loans	51	45%
Debit cards	6	5%
Credit cards	10	9%
Payment cards	16	14%
Escrow accounts	1	1%
Payment transactions	8	7%
Current accounts	23	20%
Payment transactions	32	28%
Exchange transactions	2	2%
Bonds	0	0%
Other	3	3%
Other	5	4%
TOTAL	113	100%

III. MEDIATION

From 1 January to 31 March 2009, **16 mediations** were scheduled, of which 5 were suspended, 2 ended in settlement and 9 are still in progress.

Mediations by financial services provider, January-March 2009

Financial services provider	In progress	Settlement	Suspension	Abandonment	Total	in %
Banks	4	2	4	0	10	62.5%
Insurance companies	5	0	1	0	6	37.5%
TOTAL	9	2	5	0	16	100%

Majority of mediations were based on complaints regarding loans (38%), automobile liability (31%), and deposit transactions (19%).

Overview of mediations by type of complaints, January-March 2009

Financial services provider	Complaint relating to	Q1	in %
BANKS	Foreign currency savings	1	6%
	Other	2	13%
	Deposit transactions	3	19%
	Cash loans	1	6%
	Other loans	2	13%
	Consumer loans	0	0%
	Housing loans	3	19%
	Loans	6	38%
	Debit cards	0	0%
	Credit cards	1	6%
	Payment cards	1	6%
	Payment transactions	0	0%
	Current accounts	0	0%
	Payment transactions	0	0%
	Other	0	0%
	Other	0	0%
BANKS Total		10	63%
COMPANIES	Automobile liability	5	31%
	Accident	0	0%
	Non-life insurance	5	31%
	Life insurance	1	6%
	Life insurance	1	6%
COMPANIES Total		6	38%
TOTAL		16	100%

IV. CONSUMER INFORMATION AND EDUCATION

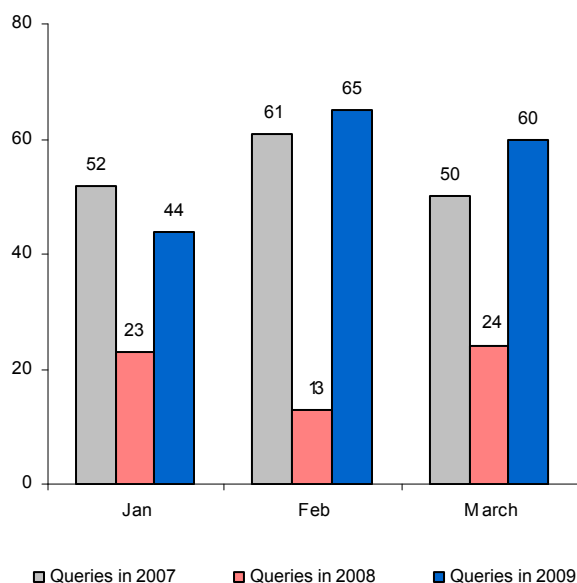
1. Consumer information

1.1. Consumer queries

From 1 January to 31 March 2009, the Centre received **169 queries** regarding financial products and services and consumer rights, which is three times more than in the same period a year earlier.

Queries by financial services provider, January-March 2009

Financial services providers	Jan	Feb	Mar	Total	in %
Banks	29	43	51	123	73%
Insurance companies	10	4	3	17	10%
Leasing providers	0	2	1	3	2%
Exchange offices	2	3	0	5	3%
Other	3	13	5	21	12%
TOTAL	44	65	60	169	100%



The largest number of queries (73%) was regarding bank products and banking services - loans (49.6%), deposit operations (14.6%) and payment transactions (14.6%).

Overview of queries by type, January-March 2009

Queries relating to	Q1	in %
Foreign currency savings	11	8.9%
Dinar savings	0	0%
Other	7	5.7%
Deposit transactions	18	14.6%
Cash loans	4	3.3%
Other loans	17	13.8%
Consumer loans	12	9.8%
Housing loans	28	22.8%
Loans	61	49.6%
Debit cards	1	0.8%
Credit cards	7	5.7%
Payment cards	8	6.5%
Escrow accounts	0	0%
Payment transactions	5	4.1%
Current accounts	13	10.6%
Payment transactions	18	14.6%
Exchange transactions	4	3.3%
Other	14	11.4%
Other	18	14.6%
TOTAL	123	100%

1.2. Calls received by the Call Centre

The Call Centre received **8,418 calls** in the period under review.

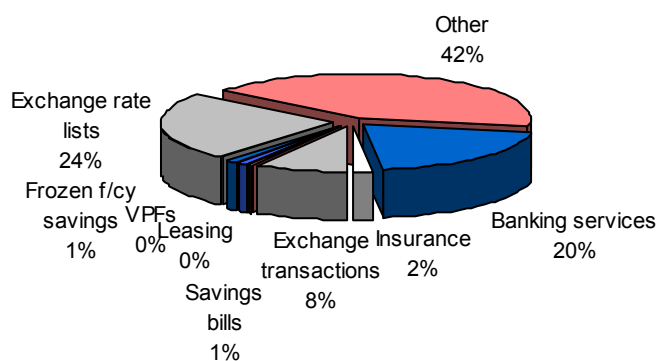
Excluding service information, these calls mainly referred to banking services, exchange transactions and insurance.

Calls received by the Call Centre, January-March 2009

	Jan	Feb	Mar	Total	in %
Banking services	498	598	607	1,703	20%
Insurance	61	44	68	173	2%
Exchange transactions	194	269	247	710	8%
Leasing	8	17	12	37	0%
VPFs	7	9	4	20	0%
Savings bills	4	43	14	61	1%
Frozen f/cy savings	27	35	40	102	1%
Exchange rate lists	645	713	702	2,060	24%
Other	538	1,693	1,321	3,552	42%
TOTAL	1,982	3,421	3,015	8,418	100%

The Centre also received 314 queries in electronic format regarding the exchange rate, frozen foreign currency savings deposits, enforcement of claims, payment transactions and various service information.

Calls received by the Call Centre, January-March 2009



2. Consumer financial education

From 5 January to 31 March 2009, regional financial education offices in the five NBS branches were visited by 325 citizens.

Most of their questions related to banking products and services (39%) and exchange transactions (7%). The citizens also wanted to find out about the complaints procedure itself, and used the office computers to download information from the NBS and other financial institutions' websites.

Queries by area, 5 January- 31 March 2009

Area	Jan	Feb	Mar	Total	in %
Banking	42	47	39	128	39%
Insurance	2	4	4	10	3%
Leasing	2	1	2	5	2%
Exchange transactions	9	7	6	22	7%
Education	1	0	0	1	0%
Pensions	0	1	1	2	1%
Other	18	85	54	157	48%
TOTAL	74	145	106	325	100%