



NATIONAL BANK OF SERBIA

**REPORT ON THE OPERATIONS OF THE
CENTRE FOR FINANCIAL CONSUMER
PROTECTION AND EDUCATION**

January – March 2012

April 2012

I. INTRODUCTION

From 1 January to 31 March 2012, the National Bank of Serbia's Centre for Financial Consumer Protection and Education received:

- **473 complaints** regarding operations of financial institutions,
- **213 early complaints**,
- **281 queries**, and,
- **5,453 telephone calls** via Info Centre.

In the same period, 25 mediations were scheduled.

II. CONSUMER COMPLAINTS AND EARLY COMPLAINTS

From January to March, the Info Centre received **686 complaints** regarding the operations of financial institutions. Of the total, **31% were early complaints**, and all were referred to financial institutions for further handling.

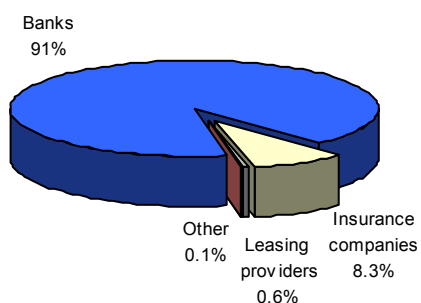
Complaints and early complaints by type of financial services provider, January-March 2012

Financial services provider	Complaints	Early complaints	Total	in %
Banks	421	203	624	91%
Insurance companies	49	8	57	8.3%
Leasing providers	3	1	4	0.6%
VPF mng.companies	0	1	1	0.1%
TOTAL	473	213	686	100%

Source: NBS.

As consumers mostly use banking services, the majority of complaints (as much as **91%**) related to bank operations.

**Structure of complaints and early complaints
by type of financial services provider,
January-March 2012**

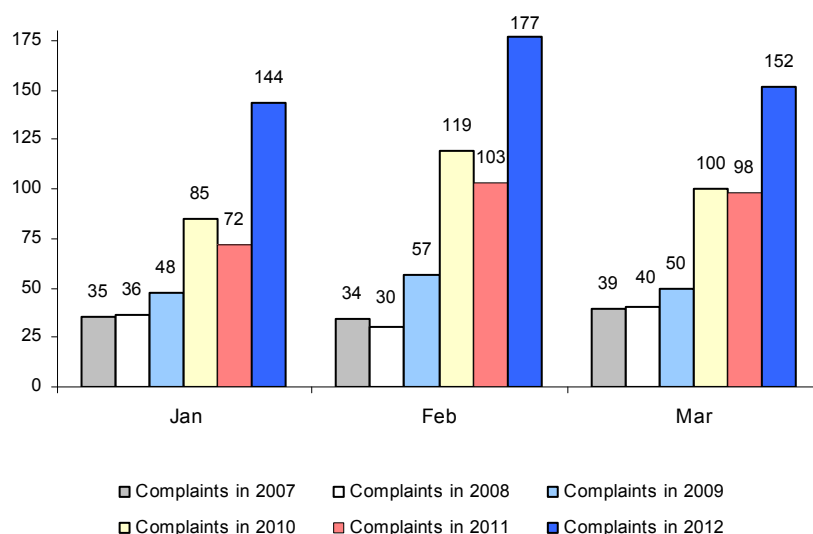


1. Consumer complaints

The Centre for Financial Consumer Protection and Education received **473 complaints** regarding the operations of financial institutions, which is 73.3% more than in the same period a year earlier. Of the total number of complaints received, **89%** related to banks.

**Complaints by type of financial services provider,
January-March 2012**

Financial services provider	Jan	Feb	Mar	Total	in %
Banks	127	160	134	421	89%
Insurance companies	16	15	18	49	10,4%
Leasing providers	1	2	0	3	0,6%
TOTAL	144	177	152	473	100%
Source: NBS.					



Of all complaints received, **45% were processed**, of which **74% were assessed as unfounded** and **26% as founded**.

Complaints by type of financial services provider, January-March 2012

Financial services provider	Unfounded complaints	Unfounded complaints	Unfounded complaints - granted	Founded complaints	Founded complaints - denied	Founded complaints - granted	In progress	Total
Banks	137	136	1	48	12	36	236	421
Insurance companies	18	18	0	8	5	3	23	49
Leasing providers	3	3	0	0	0	0	0	3
TOTAL	158	157	1	56	17	39	259	473
TOTAL in %	33.4%	33.2%	0.2%	11.8%	3.6%	8.2%	54.8%	100%

Source: NBS.

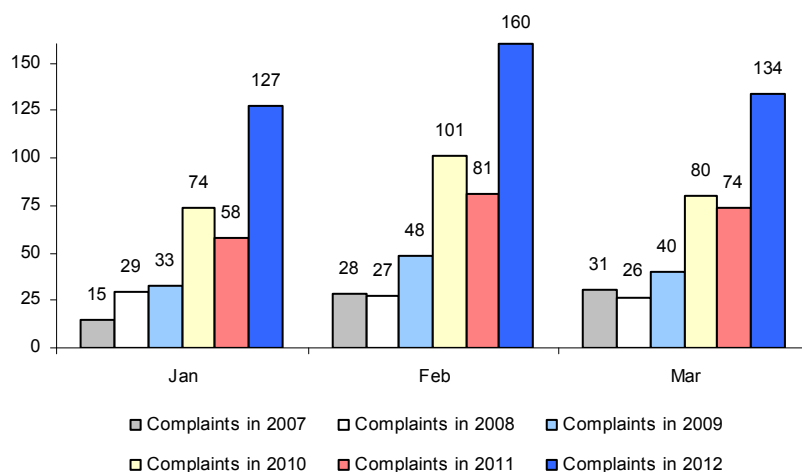
The number of complaints rose by 73.3% y-o-y, as a result of the application of the Law on Financial Services Consumer Protection that began on 5 December 2011.

Of the total number of complaints received, 36% related to the application of certain provisions of the above Law.

Quite expectedly, an increase was recorded in the number of founded complaints relating to the hike in variable interest rates. Of the total number of founded complaints, 70% were granted compared to 31% in the same period last year.

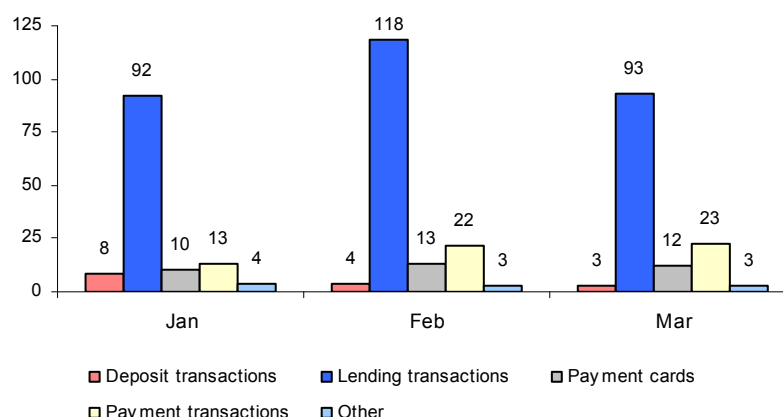
1.1. Banks

The number of complaints against banks reached **421** in the period under review.



The majority of complaints related to loans (72%), current accounts (12.6%) and payment cards (8.3%).

Complaints by type, Januar-March 2012					
Complaints relating to	Jan	Feb	Mar	Total	in %
FX savings	7	3	3	13	3.09%
Dinar savings	1	0	0	1	0.24%
Other	0	1	0	1	0.24%
Deposit transactions	8	4	3	15	3.6%
Cash loans	12	14	15	41	10%
Other loans	28	16	24	68	16%
Consumer loans	2	12	4	18	4%
Housing loans	50	76	50	176	42%
Lending transactions	92	118	93	303	72%
Debit cards	1	0	0	1	0.2%
Credit cards	9	13	12	34	8.1%
Payment cards	10	13	12	35	8.3%
Payment transactions	3	2	0	5	1.2%
Current accounts	10	20	23	53	12.6%
Payment transactions	13	22	23	58	13.8%
Other	4	3	3	10	2.4%
Other	4	3	3	10	2.4%
TOTAL	127	160	134	421	100.0%
Source: NBS.					



Of the total number of complaints received in Q1 2012, 48.5% related to the operations of three banks. One of those banks accounted for 30.4% of complaints.

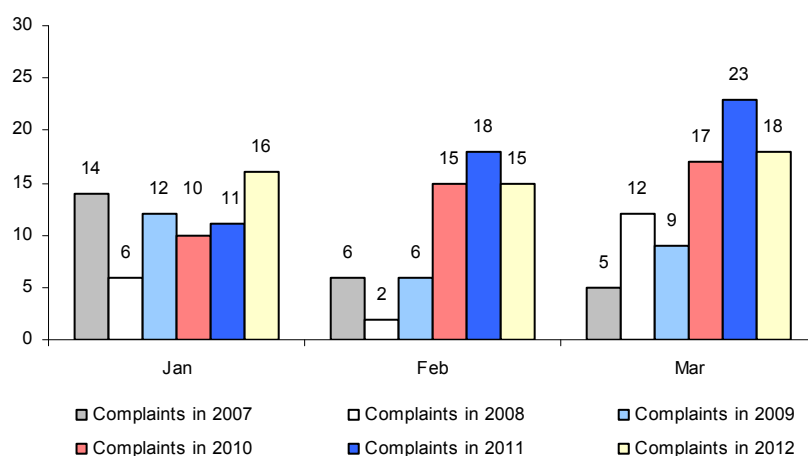
Consumers mostly complained about:

- the way some banks aligned the agreements concluded before the effectiveness of the Law on Financial Services Consumer Protection with the provisions of that law;
- difficulties in the repayment of debt under concluded credit product agreements;
- calculation of interest on credit card debt, and
- settlement of debt under payment cards due to a lack of understanding of the terms of payment card use.

The National Bank of Serbia fined and imposed measures against two banks that acted in breach of the provisions of the Law on Financial Services Consumer Protection (*KBC Bank* and *Alpha Bank Srbija*).

1.2. Insurance companies

In Q1 2012, the Centre for Financial Consumer Protection and Education received **49 complaints** against insurance companies, **down by 6% y-o-y**.



The majority of complaints related to motor third party liability (51%) and full coverage insurance (16.3%).

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. Complaints against other providers of financial services

Only three complaints were filed against other providers of financial services, which makes up 0.6% of the total number of complaints received.

2. Early complaints

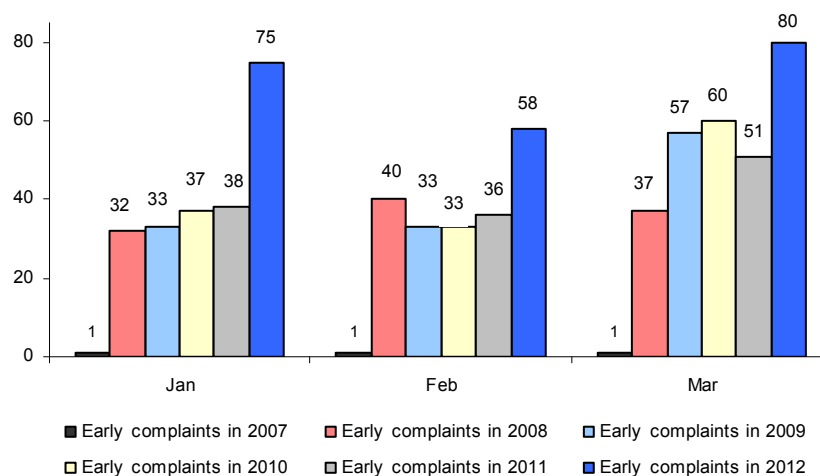
The Centre also received **213 early complaints**, i.e. complaints sent directly to the Centre instead of being first addressed to the relevant financial institution.

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

Early complaints by type of financial services provider, January-March 2012

Financial services provider	Jan	Feb.	Mar	Total	in %
Banks	73	56	74	203	95.31%
Insurance companies	1	2	5	8	3.76%
Leasing companies	1	0	0	1	0.47%
Other	0	0	1	1	0.47%
TOTAL	75	58	80	213	100%

Source: NBS.



The number of early complaints marked a 70% increase on the same period last year. As in the case of complaints, this was due largely to the enactment of the Law on Financial Services Consumer Protection.

The majority of early complaints (**95.3%**) referred to the operations of banks, of which 54% were in relation to loans, 21% to current accounts and 12% to payment cards.

III. MEDIATIONS

In Q1 2012, **25 mediations were scheduled**, which is **66.7% less** than in the same period last year.

Mediations by month, January-March 2012					
Financial services provider	Jan	Feb	Mar	Total	in %
Banks	5	9	4	18	72%
Insurance companies	2	1	4	7	28%
TOTAL	7	10	8	25	100%
Source: NBS					

Of the total number of mediations held, 11 were concluded. Around **55%** of those concluded **ended in settlement** between financial institutions and their clients.

Number of mediations by type of financial services provider, January-March 2012					
Financial services provider	In progress	Settlement	Suspension	Total	in %
Banks	10	5	3	18	72%
Insurance companies	4	1	2	7	28%
TOTAL	14	6	5	25	100%
Source: NBS					

Most mediation procedures related to banks – loans (40%), current accounts (16%) and payment cards (12%). Mediation procedures involving insurance companies related in most cases to motor third party liability insurance (12%).

IV. CONSUMER INFORMATION AND EDUCATION

1. Consumer information

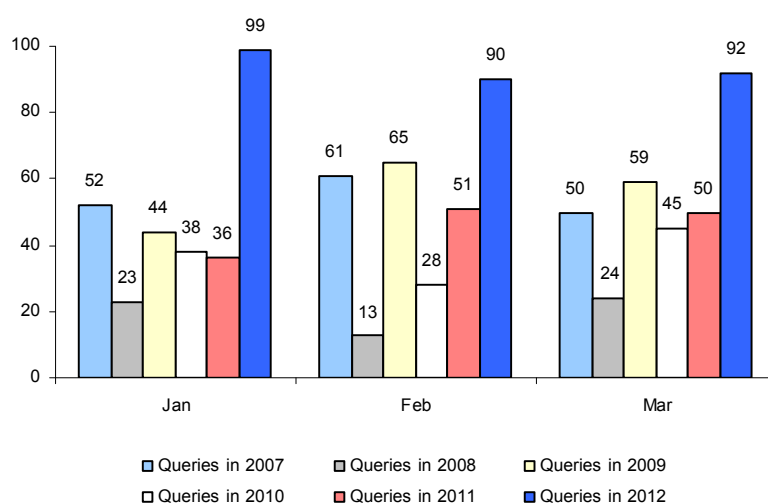
1.1. Queries

In addition to the above, the Centre received **281 queries** regarding financial products and services and consumer rights, which is **2.05% more** than in the same period a year earlier.

Number of queries by type of financial services provider, January-March 2012

Financial services provider	Jan	Feb	Mar	Total	in %
Banks	86	74	77	237	84%
Insurance companies	5	1	6	12	4%
Leasing providers	5	11	5	21	7%
Other	3	4	4	11	4%
TOTAL	99	90	92	281	100%

Source: NBS



The majority of queries (84%) related to bank operations – loans (54%), current accounts (8%), and foreign currency savings (7.6%).

Of the total number of queries received, 21% related to the application of certain provisions of the Law on Financial Services Consumer Protection.

2. Calls received by the Info Centre

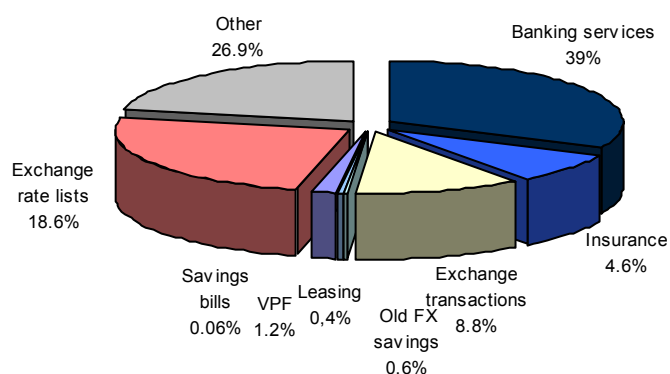
The Info Centre received **5,453 calls** in Q1 2012.

Number of queries by type, January-March 2012					
Queries relating to	Jan	Feb	Mar	Total	in %
Banking services	785	686	653	2,124	39%
Insurance	74	64	111	249	4.6%
Exchange transactions	165	119	194	478	8.8%
Leasing	6	8	8	22	0.4%
VPF	20	21	26	67	1.2%
Savings bills	1	2	0	3	0.06%
Old FX savings	12	11	7	30	0.6%
Exchange rate lists	320	363	329	1,012	18.6%
Other	391	513	564	1,468	26.9%
TOTAL	1,774	1,787	1,892	5,453	100%

Source: NBS

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

Calls received by the Info Centre, January-March 2012



The Centre also received **353 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 National Bank of Serbia continued providing consumer information in its regional financial education offices. In Q1 2012, these offices were visited by **353 citizens**.

Citizen queries, January-March 2012					
Queries relating to	Jan	Feb	Mar	Total	in %
Banking	65	44	65	174	52.3%
Insurance	2	2	3	7	2.1%
Leasing	1	5	2	8	2.4%
Exchange trans.	6	4	3	13	3.9%
Pensions	1	1	10	12	3.6%
Other	52	24	43	119	35.7%
TOTAL	127	80	126	333	100%
Source: NBS					

Most of citizen queries related to banking services (52.3%), notably loan refinancing, government-subsidised housing loans, manner of calculating monthly loan instalments, savings, account closing procedure, complaints procedure, activities under the remit of the National Bank of Serbia, etc.

Since the beginning of the year, the National Bank of Serbia's staff held educational workshops in four cities. The workshops covered different financial topics and were tailored to the needs of households and businesses.

The design and structure of website intended for financial services consumers (www.tvojnovac.nbs.rs) has been changed.