

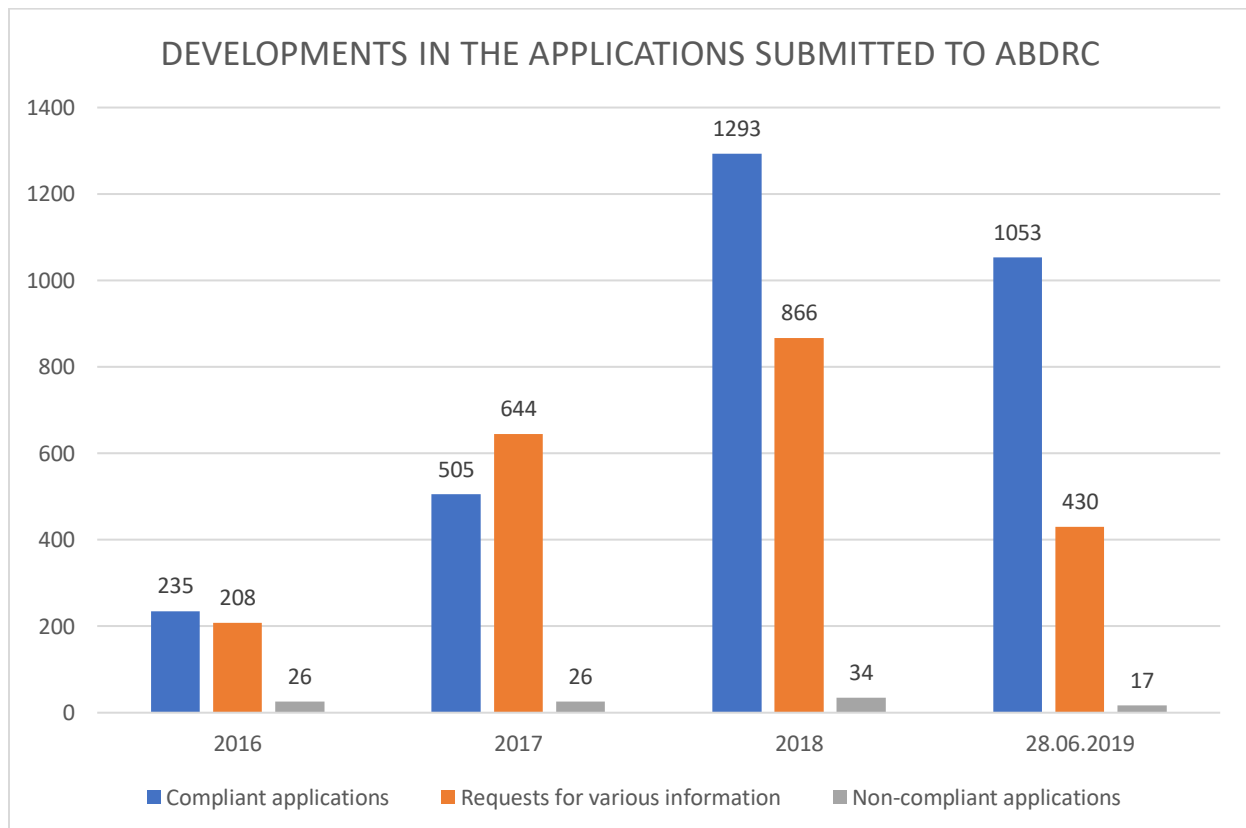
REPORT

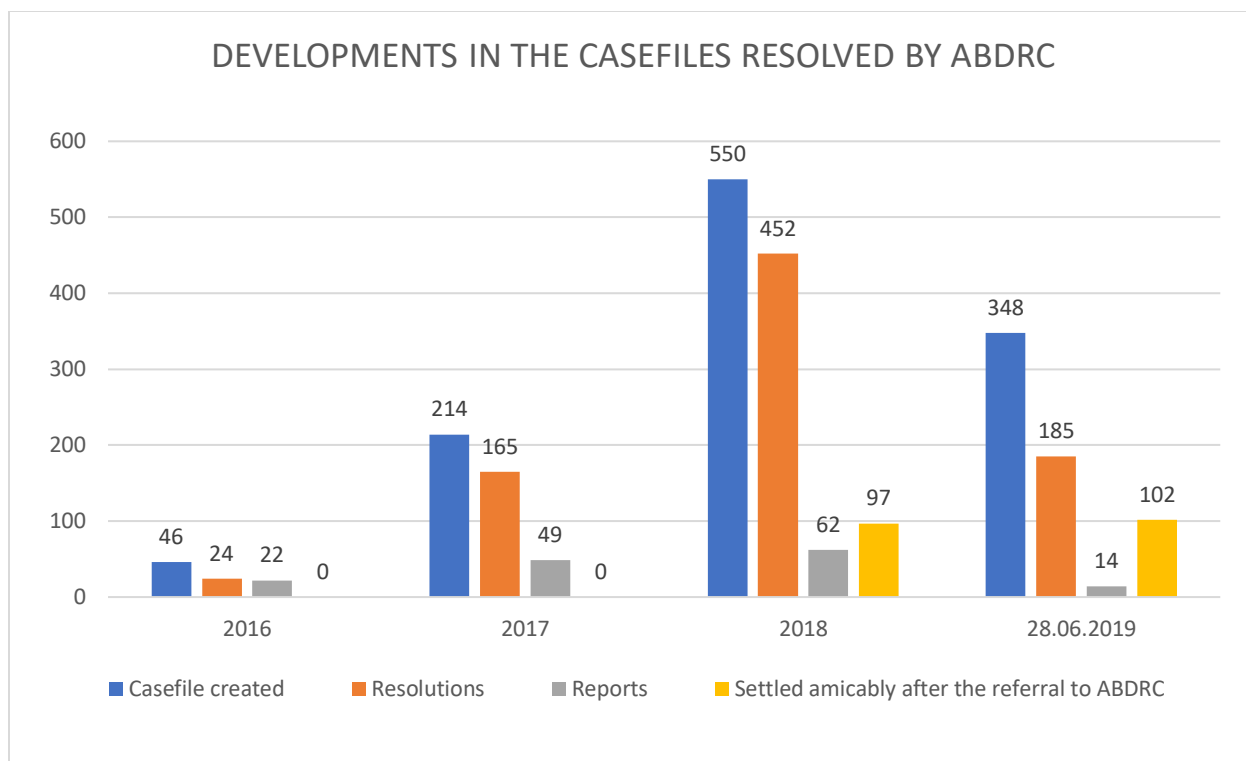
on the

ALTERNATIVE DISPUTE RESOLUTION activity

as at 30.06.2019

For the four consecutive year, the Alternative Banking Dispute Resolution Centre (ABDRC) reports an increasing number of applications and conciliation casefiles formed. The mid-2019 results are better than in any other previous year (the applications expected to be received by the end of this year could be double the figure reported last year). As regards the casefile formed, by the end of the first half this year, these already accounted for 63% of the total number of casefiles formed in 2018. A special category is represented by the amicable settlements between consumers and banks, having first referred the matter to ABDRC. The parties entered into more than 100 such settlements in H1, which is more than the entire last year.





In the first six months of 2019, as many as 287 consumers made pace with their banks or NBFIs with the help of ABDRC, which figure is 52% above the entire H1 2018. During the same period of last year, only 188 Romanians benefited of favourable solutions following the negotiations carried out with the financial and banking institutions.

Since the beginning of the year, 1,053 individuals submitted to ABDRC applications for amicable settlement of their issues with banks or NBFIs, which is 93% more applications than in the similar period of last year. In the first half of 2018, only 544 compliant applications were received. Overall, more than 3,500 people asked information from, and approached the Centre in the first half of 2019.

The **online solutions** (the application on the website www.csalb.ro, as well by email) were the option of choice for 90% of the Romanians who submitted applications to ABDRC.

Of the total number of compliant applications received in H1 2019, 928 concerned different aspects in the relation with the bank, whereas 125 concerned different issues occurred between consumers and NBFIs.

The total number of casefiles formed in H1 2019 reached 348, of which 343 involved banks, and only 5 such casefile concerned NBFIs, during the same period. Compared to the similar period of 2018, the number of casefiles formed grew by 25%.

- **Of the casefiles involving banks thus formed**, 185 concluded with a resolution (the parties accepted the solution proposed by the conciliator), while other 141 casefiles are in the stage of analysis/discussions with the parties. In 13 casefiles, the parties rejected the solution the

conciliator rendered, and a procedure closure report was consequently issued, whereas in four casefiles the parties withdrew from the procedure.

- **Of the 5 casefiles involving NBFIs formed**, only one procedure closure report was issued.

Furthermore, **102 applications were settled amicably** by traders after the respective cases were referred to ABDRC (traders negotiated directly with consumer), broken down as follows: 90 applications settled amicably with banks, and 12 applications settled amicably with NBFIs.

In the end of the first half of this year, we counted approximately 2,100 requests made by phone.

Their break-down on banks/NBFIs is as follows:

Banks:

- 928 compliant applications;
- 16 non-compliant applications;
- 430 requests for miscellaneous information.

NBFIs:

- 125 compliant applications;
- 1 non-compliant application;

Qualification of the 928 compliant applications concerning banks:

- 343 applications turned into casefiles;
- 90 applications settled amicably by the trader after the consumer referred the case to ABDRC;
- 62 in the screening phase – documents are being reviewed (the rest are closed applications);

Qualification of the 343 casefiles in the procedure with proposed solution (involving banks):

- 185 resolutions rendered - the parties reached an agreement (more than 93% of the solutions rendered);
- 141 casefiles in the phase of processing/discussions with the parties;
- 13 reports issued - the parties did not reach an agreement (less than 7% of the solutions rendered);
- 4 casefiles in which one party withdrew from the procedure;

Qualification of the 125 compliant applications concerning NBFIs:

- 63 in the screening phase – documents are being reviewed;
- 12 applications settled amicably by the trader after the consumer referred the case to ABDRC;
- 5 applications turned into casefiles (the rest are closed applications).

Qualification of the 5 casefiles in the procedure with proposed solution (involving NBFIs)

- 4 casefiles in the phase of processing/discussions with the parties;
- 1 report - the parties failed to reach an agreement.

Means of filing compliant applications (involving banks and NBFIs):

- 564 were submitted via the app (website);
- 383 were emailed;
- 70 were brought to, and registered personally by consumers with the office of ABDRC;
- 36 were mailed.

The bulk of the applications received from customers refers to:

- **Problems with loans taken - 90%**
 - Reduction of principal
 - Termination of fees (management, monitoring fees)
 - Repayment of fees (management, analysis, risk, monitoring fees)
 - Interest recalculation
 - Termination of contractual provisions
 - Issues concerning foreclosure
 - Rescheduling, repayment or re-staging-out of loans
 - Resumption of repayment schedule
 - Repayment of amounts
 - Deregistration from the Credit Register
- **Other issues - 10%**
 - Deposits
 - Credit cards
 - Current account
 - Problems with bank transfers
 - Leasing

The main reasons for closing compliant applications are:

- Traders (both banks and NBFIs) refused the settlement of the dispute via ADR procedures because:
 - the trader maintained their opinion submitted to the consumer before the referral to ABDRC (83 cases);
 - several offers and settlement endeavours have been made, but all the offers submitted before the referral of the matter by the consumer to ABDRC were turned down by the latter (40 cases);
 - pending court proceedings (13 cases);
 - foreclosure proceedings have already been initiated (10 cases);

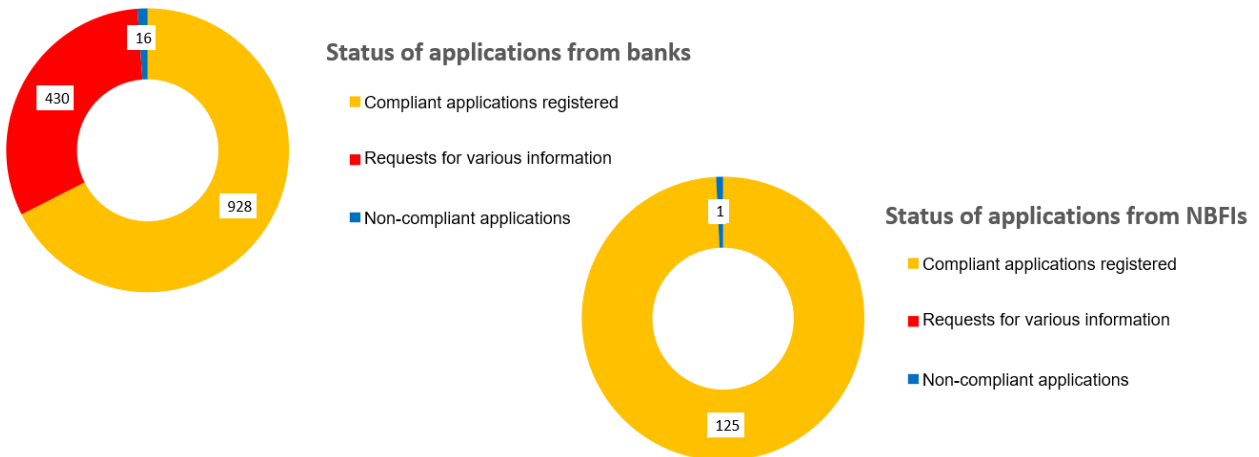
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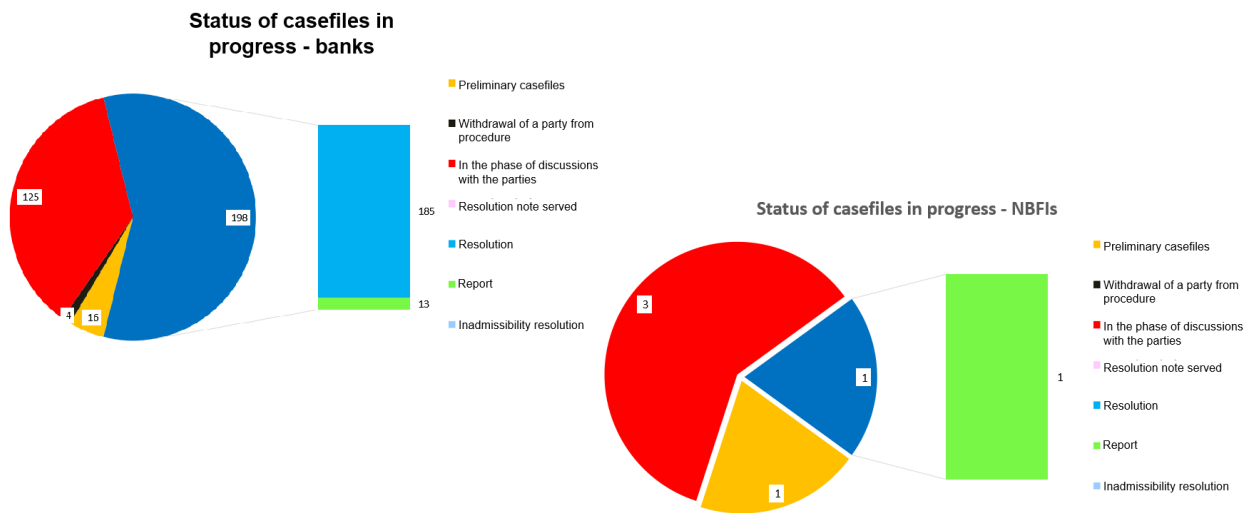
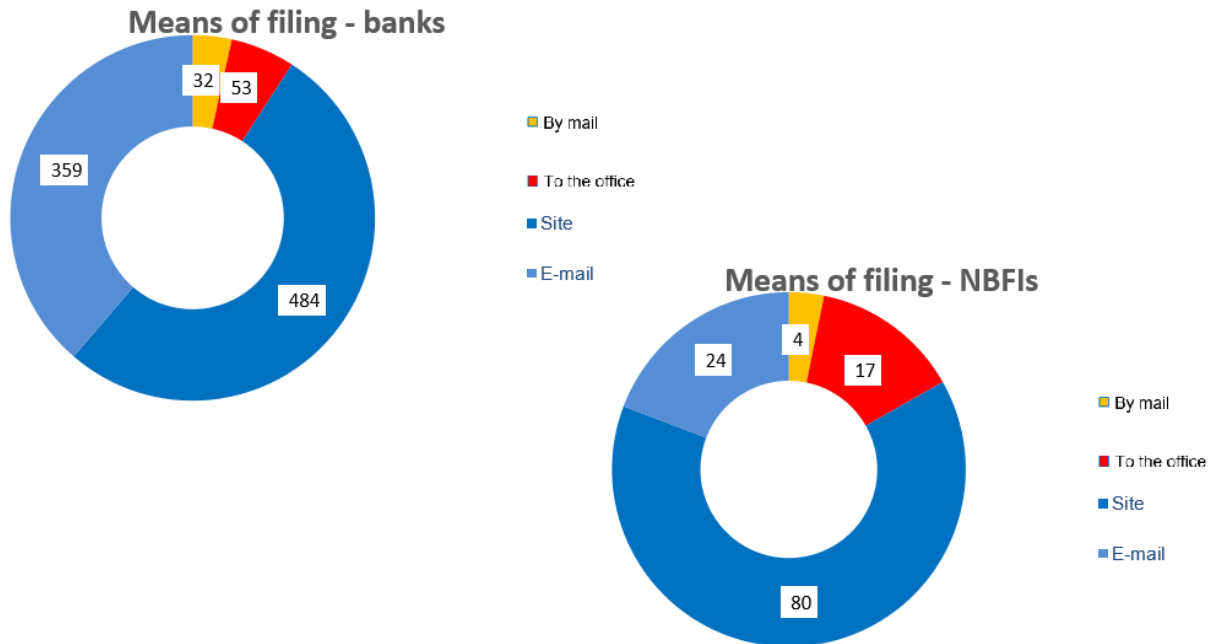
The interest of consumers in ABDRC (as shown by the number of applications and referrals) almost doubled v the same period of last year. The figures in the end of H1 of this year, compared to those of the same period of last year,

are 93% better in terms of the number of applications received. If we are to look into the cases resolved (under resolutions, or by amicable settlement after a referral to ABDRC), this increase is of 52%. As regards the number of casefiles formed, H1 2019 shows an increase by 25 v H1 2018. H1 2019 reports a monthly average, which is better the average of 2018, in respect of both the number of applications, as well as the number of casefiles formed.

<p>H1 2018 in figures:</p> <ul style="list-style-type: none"> • 544 compliant applications – 90 applications per month; • 279 applications admitted by banks – 46 casefiles per month; <p>(All) 2018 in figures:</p> <ul style="list-style-type: none"> • 1.293 applications – 108 applications per month; • 550 casefiles – 46 casefiles per month. 	<p>H1 2019 in figures:</p> <ul style="list-style-type: none"> • 1,053 compliant applications – 175 applications per month; • 348 applications admitted by banks/NBFIs – 58 casefiles per month; • 102 applications settled amicably by the parties after the referral to ABDRC.
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STATISTICS OF H1 2019:





CONCLUSIONS:

The workload of ABDRC follows the ascending trend of 2018, at a sustained and even faster faced in the first half of 2019. The following changes in the behaviour of both consumers and traders towards ABDRC have been seen:

- on one hand, increasingly more consumers have learned about ABDRC and are currently accessing the Centre’s services, in their efforts to have their disputes with the traders in the financial and banking sector resolved (increasingly more diverse applications). The online environment has become the main source of information about the ABDRC and its work for consumers (press, social networks, the ABDRC website), followed by the

traditional media, the information material available in the bank units and the National Consumer Protection Authority (Note: the information about awareness of ABDRC obtained with the aid of the different information media were collected in a survey conducted by Finzoom.ro on a sample of 1,390 persons);

- on the other hand, traders have accepted to participate in increasingly more conciliation procedures, but this rate lags behind the increase in the number of applications submitted by consumers.
- additionally, all the banks in Romania accepted conciliation requests from consumers. This is an indication of the fact that the banks have understood the role played by ABDRC, as well as the benefits of the ADR procedures;
- some banks report very low application rejection rates, for instance of 20% of the total number of applications concerning them, or in the range of 30%. On the other hand, there are still banks which reject more than 50% of the applications received from consumers; however, the first category prevails over the latter;
- nevertheless, the developments seen in the past years (from 2016 until 2019) point to a significant reduction in the number of applications registered with ABDRC, but refused by banks (no casefile formed): from 70% in 2016 down to 40% in the end of 2018. For the running year, one of the objectives pursued is to reduce the rate of applications rejected by the banks below 30%.

The WEBSITE www.csalb.ro has been available to consumers since July 2018 an online app which makes submission of the conciliation applications faster and smoother. On the first page of the website, consumers are prompted to access the app by filling in an application. **The documents entered in the registration form are uploaded into the app, and their processing time is approximately one hour. By email, in the offline procedure, documents used to be processed in approximately one day.** The app was developed in observance of the principles of the General Data Protection Regulation (GDPR).

The **Alternative Banking Dispute Resolution Centre (ABDRC)** is an independent non-governmental apolitical, not-for-profit legal entity of public interest established under the Government Ordinance no. 38/2015 on alternative resolution of disputes between consumers and traders, which transposes at domestic level Directive 2013/11/EU on alternative dispute resolution for consumer disputes and amending Regulation (EC) no. 2006/2004 and Directive 2009/22/EC.