ACTIVITY REPORT OF ABDRC

FOR 2021

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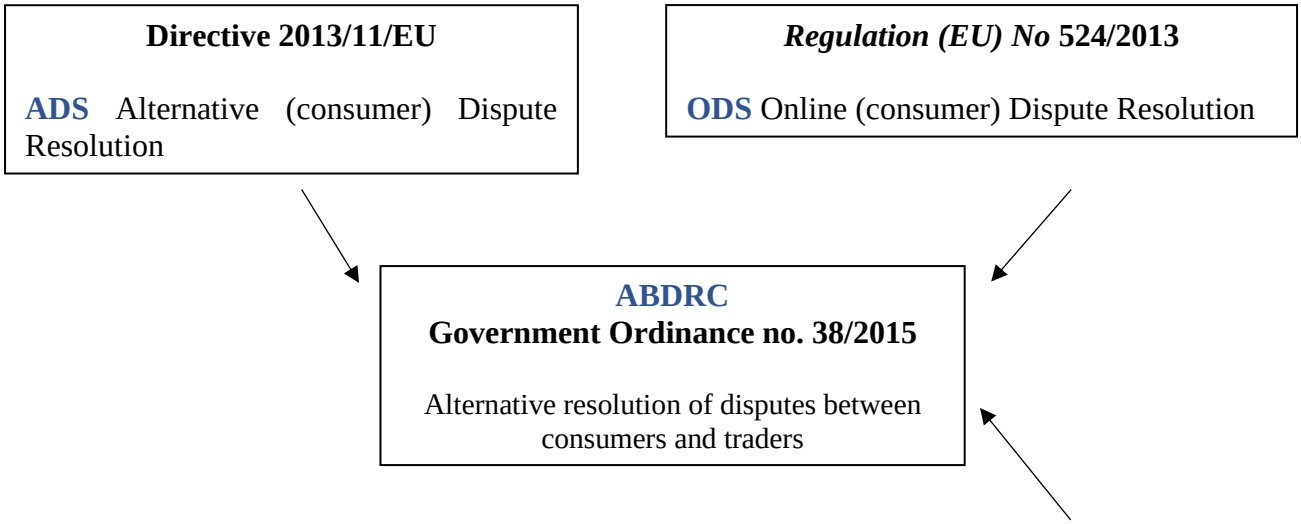
I. About ABDRC Establishment

1. 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 No 2013/11/EU on alternative dispute resolution (ADR) for consumer disputes, as well as Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution (ODR) for consumer disputes.



Payment Services Directive - PSD2

Extension of ABDRC's jurisdiction to legal entities

2. Law no. 209/2019 on payment services, and amending certain items of legislation
3. Law no. 210/2019 on the issuing of electronic money

2. ABDRC's work is render at two levels:

- **administrative** – organization and functioning of ABDRC as legal entity;
- **operational** – organization and performance of the alternative dispute resolution activity.

The aim of this keeping these two lines of work separated is to reflect the independence of the Conciliators' work from the administrative matters of ABDRC.

II. Administrative activity of ABDRC

1. Activity of the Steering Board

The ultimate duty of the Board, the work of which is rendered under the Regulation for ABDRC's Organization and Steering Board's Functioning, is to steer and provide oversight of the administrative activity of the Centre. Thus, the members of the Steering Board have powers and duties in connection with approval and amendment of the resolution procedures, approval of conciliators, approval of the income and expenditure budget, etc.

The Board members are not involved in any operational activity of the Centre (the review and resolution of the disputes being reserved exclusively to conciliators), and their task is to see that ABDRC has available sufficient resources to carry out its activity in an efficient and independent manner.

Highlights of the Steering Board's activity **in 2021**:

- ✓ continuation of all the activities (conciliation, meetings of the Steering Board, communication, employees' presence in the office, meetings with traders/collaborators, etc.) by adapting them to the current COVID-19 pandemic context, under suitable security conditions;
- ✓ continuation of the communication activity via different channels adapted to the current COVID-19 pandemic context;
- ✓ continuation of the administrative litigation proceedings registered with Bucharest Court of Appeal under case number: 6047/2/2018, concerning the challenge of ABDRC against the Decision no. 2377/DA/31.05.2018 issued by the Ministry of Economy on entering ABDRC in the list of ADR entities in Romania – the proceedings are pending before this court;
- ✓ resuming/following up on the efforts to engage the NBFIs in the activity of the Centre;
- ✓ revision of the Internal Regulation of ABDRC;
- ✓ changing the ABDRC Organization Chart;
- ✓ approval of the financial statements executed as at 31 December 2020, and provision of information about the 2020 Audit Report;
- ✓ appointment by the National Consumer Protection Authority of new representative in the Steering Board;
- ✓ election of the President of the Steering Board for a 1-year term of office;
- ✓ review and approval of the 2022 ABDRC budget (2022 IEB).

2. Communication, promotion, information and financial education

Communication takes place across the following levels (according to ABDRC's communication strategy):

- communication with banks and NBFIs (traders);
- communication with consumers;
- communication with stakeholders;
- holding of work meetings with conciliators, whenever these are necessary, as part of the process of updating/reviewing the Regulation of the Procedural Secretariat and the ADR procedures, as the amicable dispute resolution work advances;

2.1. ABDRC's Communication and Promotion Activity

Communication with, and information of consumers and traders about ABDRC take place via the following channels:

- communication via the traditional media channels (TV, Radio, Written Press, Online, Blogging);
- communication via own channels: Website, Facebook, LinkedIn, YouTube, Instagram;
- organization of/participation in conferences, seminars, debates (also online), etc.;
- communication via commercial banks (online and offline: leaflets, posters, stickers, video production);
- communication via the National Authority for Consumer Protection (at central level and through the County Commissariats);
- communication via consumer associations.

Item no.	Summary of communication activities in 2021	Useful information
1.	**Communication campaigns**	➢ Creation, production and promotion of Video Campaigns with representatives of six commercial banks: promoting conciliation as alternative solution to address the problems occurred between consumers and banks/NBFIS; ➢ Promoting conciliation via special media projects, videos featuring representatives of consumers, banks and ABDRC, as well as conciliators; ➢ Videos embedded in press releases; ➢ Running of campaigns on Facebook, Google and YouTube; ➢ Conciliation promotion in a local media campaign - the online ABDRC Roadshow, in two stages (spring and fall), over 6 months, in 42 local publications of 11 counties. Press releases and video materials adapted to each county were distributed; ➢ Videos campaigning for conciliation and the achievements of ABDRC in partnership with two national TV stations; ➢ Media campaign in 6 economic publications that featured interviews (text and video) with the representatives of the Romanian Association of Banks (RAB), commercial banks and ABDRC, over 12 weeks; ➢ Media projects developed together with a number of online and printed publications and radio stations; ➢ Consumer information and education campaign organized as a competition intended to bloggers that enjoyed participation of more than 20 content creators who wrote about ABDRC and promoted the work of the Centre in their social media channels;
2.	**Conferences and participation in events**	➢ **ABDRC Press Conference via Zoom**. 2020 Report, with participation of 21 journalists, Bucharest, 3 February; ➢ Online Conference **GDPR in the Business Environment**, Bucharest, 23 February, organized by Universul Juridic Publishing House; ➢ **Workshop with the economic press**, Bucharest, 24 February, organized by Piața Financiară;

		➢ **Online Conference - Modern Consumer Trends During The Pandemic,** 9 March, iSense Solutions; ➢ **National Forced Execution Conference**, online, 30 March, organized by Legal Magazin; ➢ **Workshop with economic press**, Predeal, 18 June, organized by Piața Financiară; ➢ **Online debate** on: No Hardship: Forced Execution in *Datio in Solutum* Times, 1 July, organized by Juridice.ro; ➢ **Workshop with economic press**, Predeal, 16-17 September, organized by Piața Financiară; ➢ **Online debate** on: C-269/19: Trailblazing a Dead End?, 27 October, organized by Juridice.ro; ➢ **National Banking Law Forum,** 25 November, organized by Universul Juridic;
3.	**Activities of ABDRC's PR Department**	➢ PR-ing the participation in TV and radio shows, the online and written press coverage, the individual interviews, and the participation in public conferences/events; ➢ Monthly issuing of press releases and later of the monitoring reports by ABDRC's Steering Board; ➢ Preparation, implementation and supervision of media campaigns and media-buying projects; ➢ Liaising with media and external suppliers for various communication campaigns (photos, cameramen, montage editors, DTP, printing, creative agencies, event organizers, etc.); ➢ Drawing up of press-releases, PPT presentations, activity reports, messages for the public; ➢ Creation: development of photo, video and written materials; ➢ Reworking and updating: fliers, folders, infographs, logo, roll-ups, posters, visuals, banners, slogan, promotional materials, etc.; ➢ Coordination of the activity on the website and the YouTube, LinkedIn, Facebook and Instagram pages: updating of the website's content, posts and attracting followers to the social media, uploading of video materials on the YouTube channel, Facebook and LinkedIn; ➢ Supervision of the online chat, call-centre, and dialogue by email and via Facebook and LinkedIn with consumers; ➢ Coordinating the work of the PR agency Propaganda; ➢ Coordinating the work of the media monitoring agency MediaTrust; ➢ Communication with the PR officers of commercial banks, NBFIs, ABDRC conciliators, and representatives of consumer associations (for organization of various events, media appearances and communication actions); ➢ Coordination and execution of bylined articles, media advertorials.

4.	**Activities of the communication agency Propaganda**	➢ Participation in, and provision of support for organization of ABDRC's press conference; ➢ Media buying for various media projects; ➢ PR-ing of media interviews/appearances; ➢ Coordination of the appearances in the local media and implementation of the online ABDRC Roadshow; ➢ Supervision of advertorials, making proposals of, and implementation of media projects; ➢ Writing of bylined articles; ➢ Coordination of online marketing campaigns on Facebook, Google and YouTube; ➢ Making proposals of media projects, approaches and PR messages.
5.	**ABDRC website**	In 2021, the website was operated a number of **functional changes/upgrades**, including: building of video sliders, design updating, addition of new pages, creation of pages allowing easier access to easier methods of filling out an application. In 2021, website administration consisted of: ➢ Major updated of the WordPress version and databases; ➢ Regular updates of the WordPress version and modules; ➢ Slider homepage upgrade and optimization for mobile; ➢ Changes in the organization chart; ➢ Re-updating the English version; ➢ Collection of consumer feedback and tracking of the users' behaviour on the website; ➢ Google Analytics reports; ➢ Updating the homepage video slider; ➢ Online chat operated with the support-staff of Telekom; ➢ Re-updating the Romanian and English versions of the website; ➢ On-going updating of the website with press releases, activity reports, news, announcements, presentations, testimonials, photo gallery, etc. ➢ Image alignment on content categories, rewording titles to optimize them for mobile, subdomain changes.
6.	**ABDRC Operational Report**	This report is produced on a weekly basis and is submitted for review to the Steering Board (anonymised), and is updated quarterly (from statistics point of view) for posting on the ABDRC website. The last quarterly report posted on the website contains data and information updated as at 30 September 2021.
7.	**Register** of structures of banks/NBFIs and consumer associations tasked with liaising with ABDRC	This contains: - email addresses; - contact persons; - phone numbers.

2.2. Information and financial education

Consumer information about ABDRC and their financial education is performed via the following channels:

- Communication via the traditional media channels (TV, Radio, Written Press, Online) by campaigning the work of ABDRC, the cases resolved and the benefits of conciliation in news, talk-shows, financial education media projects, public awareness campaigns, etc.;
- Communication via own channels: Website, Facebook, YouTube, LinkedIn, Instagram;
- Consumer information campaign run via Finzoom.ro – it features articles and information about ABDRC and recommendations to consumers;
- Consumer information campaign run in partnership with Bancherul.ro – it features a special section dedicated to ABDRC on this website and on the Financial Education page;
- Consumer information campaign run in partnership with Provident – a guide with suggestions and practical advice, including also information about the work of the Centre;
- Consumer information via the cooperation between ARB and ABDRC and under the project Right to Banking;
- Financial education campaign with the aid of more than 20 blogs participating in a contest of blog posts on financial education and conciliation;
- Call-centre activity, reporting, regular training, operation of the ABDRC website chat, message adaptation;
- Organization of/participation in conferences, workshops, etc. (online due to pandemic);
- Financial education through the ABDRC conciliators: press coverage to promote the work of the Centre further to issuing of press releases;
- Videos (distributed via the media and ABDRC's own channels) where conciliators advise consumers about how a negotiation is conducted, limits of negotiation, negotiation principles, etc.;
- Consumer communication and financial education with the support of the Credit Office;
- Provision of information via commercial banks:
  - ✓ press-releases involving financial and banking institutions;
  - ✓ participation of bank representatives in interviews and video productions;
  - ✓ promotion in media campaigns, stand-alone communication projects and online presence of commercial bank representatives encouraging consumers to pursue conciliation;
- Communication via the National Authority for Consumer Protection (at central level and through the County Commissariats) and the Consumer Protection Association.

3. Other administrative activities

3.1. Ensuring observance by the Centre of the personal data protection rules

In the current background of the sanitary crisis, the Centre strives to comply with the personal data protection regulations.

ABDRC has put in place a number of technical and organizational measures to protect natural persons in terms of personal data processing (as early as 2018, when Regulation No 679/2016 came into force).

Additionally, aligning to the new way of rendering the work imposed by the sanitary crisis (telework), the Centre also strives to correctly implement and ensure compliance with the following measures:

- ensuring adequate security for the data and information of any kind held by ABDRC, as well as compliance with the backup and disaster recovery requirements by putting in place the necessary systems (Antivirus, SOC – Security Operations Centre, DLP – Data Loss Prevention etc.);
- a VPN solution with a view to keeping secure the work equipment and materials for each employee and collaborator of ABDRC (via connection to the secured Internet network of the Centre). Compliance of employees/collaborators with the new telework requirements is regularly reviewed.

3.2. Call-Centre

- The call-centre is used also to collect several categories of information about the subject-matter of the consumers' enquiries, and/or about the sources they found about the Centre from→. This data is used including in our communication actions by narrowing-down the scope of the promotion efforts to the most relevant/efficient means of conveying information about the availability and services of ABDRC.

III. Operational activity of ABDRC

The operational activity of ABDRC is detailed in the Annex which is an integral part of this document.

IV. Conclusions

The ABDRC services continue to be accessed by the Romanian consumers, with 2,525 compliant applications countered in the end of 2021, compared to 2,498 such application in the end of the previous year; the weekly average remained flat at approximately 48 applications.

The benefits of conciliation:

- ✓ avoidance of court proceedings, and continuation of the contractual relations between the parties;
- ✓ short case settlement time (less than 90 days);
- ✓ no charges for consumers, and
- ✓ expertise of conciliators (the members of the Body of Conciliators are individuals with at least 10 years of expertise in the financial and banking area, and are well known for their professional and educational background and reputation) -

are strong arguments for both the consumers, and the financial and banking institutions involved in these negotiations, particularly during economically difficult times.

In this context, the findings about the work of ABDRC since establishment (and until the end of 2021) are as follows:

- taking further the activities aimed at raising awareness of consumers, in particular with the support of traders, about of the benefits of accessing the services provided by ABDRC;
- the need to determine/convince consumers and traders to opt for (negotiation-based) alternative dispute resolution methods, avoiding the contentious way, in court proceedings, and, additionally, **redirecting**

some of the disputes currently pending before courts towards ABDRC to be settled amicably, through conciliation;

- the need to determine and put in place systematic/concerted communication techniques to promote the Centre and capture the interest of consumers, and create a fostering environment among consumers;
- the NBFIs need to become more open to entering the conciliation procedure, and both the banks and the NBFIs should reduce their number of applications unreasonably closed;
- a key finding from work of the Centre so far is that **both parties have a good appetite for the procedure with proposed solution/conciliation**, to the detriment of the procedure with enforced solution/arbitration (to date, no case has been ever settled pursuing the procedure with enforced solution/arbitration);
- as of Q1 2020, ABDRC can also address conciliation applications received from legal entities related to payment services and issuing of electronic money; it has been proven that legal entities are off to a more difficult start of conciliation because corporate bank customers have filed such applications before, but traders refuses to embark in such procedures;
- ABDRC has proven an extraordinary capacity to adapt its work to the requirements of the authorities, as follows: **approximately 95% of the Centre's work was rendered online**, and conciliators continued to remotely facilitate the negotiations between consumers and banks/NBFIs (via email and over the phone). Additionally, the IT tool (which went live in July 2018, and is used to manage the applications and casefiles directly on the ABDRC website) proved its efficiency during this time when the Centre was able to continue to smoothly mediate the relation between consumers and traders;
- the support of the Ministry of Economy (currently, the competent authority is the Ministry of Energy) is required to achieve cross-border cooperation and registration of ABDRC as European online platform (ODR – Online Dispute Resolution) and with FIN-NET.

In 2021, ABDRC made a number of recommendations to banks:

1. The consumer applications referred by ABDRC to banks should be reviewed by the credit institution with the amount of flexibility required for the parties to reach an agreement. In this regard, we recommended that, by the end of 2021, the number of applications closed on unreasonable grounds should drop below 20% of the total number of applications referred to the bank. Essentially, efforts has been constantly employed to bring this performance indicator below 10. In the end of 2021, the average share of application unreasonably closed across the banking system is 17% of the total number of applications received by ABDRC. There are also banks which observed an above-average ratio, meaning their closure percentage was below 10%.

Am important share of the closed applications were rejected for valid reasons. For instance, in 2021, as many as 1,173 applications concerned the Credit Office (of which 350 concerning banks, and 823 concerning NBFIs). It should be recalled that most of the applications concerning the Credit Office, the First House programme or assigned loans are rejected because, on a case-by-case basis, these are governed by a special piece of legislation which leaves but limited, if no room at all for negotiation.

2. Our recommendation was to try to increase the number of applications turned into cases given also the following:

a. consideration will be given to the possibility of putting an end to the current court proceedings further to settlement of an application via ABDRC, as well as to the possibility of identifying customers with potential problems and guiding them towards ABDRC (thus avoiding courts cases as the problems concerned are addressed under the cases formed and settled via the Centre);

b. the applications entering the restructuring or forced execution flows may also be settled/negotiated via ABDRC;

c. when an application is initially closed, but a solution is later found for the consumer, the trader may inform the client thereof and recommend them to fila a new application with ABDRC (unless the claims therein can be addressed directly, through amicable settlement).

3. The mandates granted by banks are recommended to include value caps that are different from/higher than those set out in the commercial offers of their portfolio, thus proving the usefulness and benefits of settlement via ABDRC, further to the consumer rejecting the bank's initial offer (in the amicable settlement stage).

4. The banks are recommended to consider, from the very beginning, the amicable settlement of the case that would otherwise would end up with ABDRC, in case of a refusal by the consumer.

5. Since two years have passed since the enlargement of ABDRC's jurisdiction to cover also for legal entities, the banks are recommended to start accepting also cases that involve this category of customers.

Final conclusions

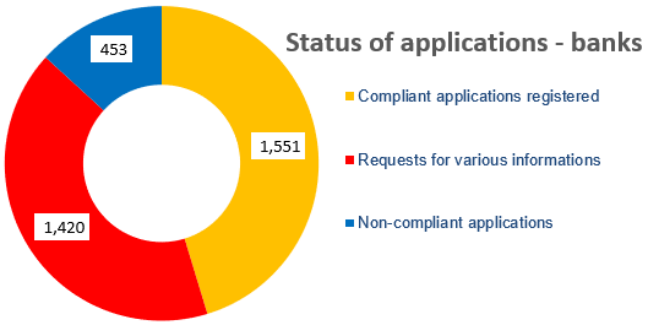
- ✓ During the 6 years o operation, ABDRC has proven that this new paradigm – an alternative way of resolving disputes – is a win-win approach for both consumers and traders. The possibility that both parties can be involved in changing certain given characteristics of a contractual framework is the starting point for a shift of mindset about the banking contracts/services.
- ✓ Thus, parties can understand one another and forge a trust-based relationship, this being in fact one of the key takes-away/benefits that the ADR procedures have brought along in time, and the facts and figures only come to strengthen this idea: since its establishment and until the end of 2021, in more than 2,000 cases, parties reached an agreement with the aid and facilitation of one of the ABDRC's conciliators. To this statistical highlight add also approximately 950 amicable settlements, further to consumers having firsts referred the matter to the Banking ADR Centre.
- ✓ **Conciliation via ABDRC should become the alternative of choice for a consumer** when they need to address a problem with the traders in the financial and banking system, to the detriment of the actions brought before courts or other litigation-based methods;
- ✓ **Consumers are encouraged to keep an open mind to building a trust-based relationship with the bank**, considering that the problems reported by consumers are understood and accepted by the bank when they are objective/justified and reasonable; Also, the fine-tuning of the conciliation mechanisms, added to the banks' willingness to adopt a flexible attitude to the requests received from customers can help constantly and significantly increase the number of successful applications.
- ✓ There is a need for more visibility in advancing the possibility that the Centre addresses also disputes that involve legal entities (on matters concerning payments and issuing of electronic money), with a view to improving the business environment and the mutual trust between the providers of such services and companies or public institutions;
- ✓ The constant involvement of all stakeholders (the National Bank of Romania, the Romanian Association of Banks, the consumer protection associations) will help a constant and important development in time of this type of settlement, as well as build a trust-based relationship between consumers and banks/NBFIs.

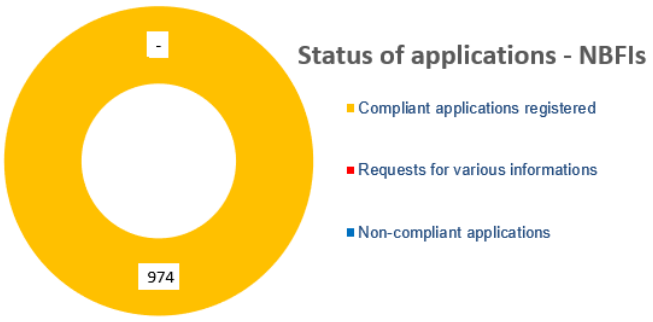
ANNEX

REPORT
on the operational activity of
ALTERNATIVE DISPUTE RESOLUTION
as at 31 December 2021

The Alternative Banking Dispute Resolution Centre started its alternative dispute resolution operational activity on 1 March 2016.

In **2021**, we received as many as **4,398 written applications and 3,608 phone calls** from consumers. Of these, **2,525 of the written applications were found compliant**, 453 were incompliant, and **1.420 were various enquiries.** Distribution of the complete casefiles to conciliators is done randomly, depending of the availability and workload of each conciliator.



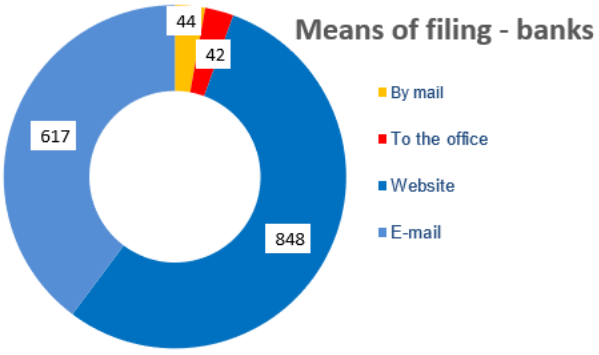


Consumers used the following means to submit their applications (for the 2,525 compliant applications: 1,551 compliant applications concerning banks + 974 compliant applications concerning NBFIs):

For Banks:

Natural persons:

- **848 were submitted online, via ABDRC website;**
- **617 were emailed;**
- 44 were mailed;
- 42 were brought to, and registered by consumers with the office of ABDRC.

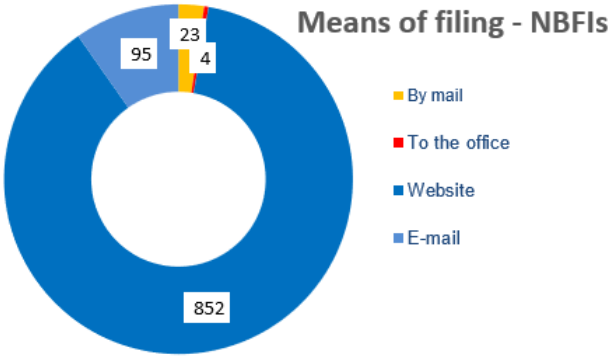


Legal entities:

- 7 were submitted online, via ABDRC website;
- 1 were emailed;

For NBFIs:

- **852 were submitted online, via ABDRC website;**
- **95 were emailed;**
- 23 were mailed;
- 4 were brought to, and registered by consumers with the office of ABDRC.



The applications received from consumers covered the following topics:

- **Problems in connection with credit products:**
  - Refunds (of fees/commissions, interest);
  - Reduction of loan principal/debt/instalment, or writing off overdue amounts;
  - Rescheduling/refinancing/staging-out;
  - Agreement renegotiation/rebalancing (including for hardship);
  - Finding a solution to address the problems (in general);
  - Finding a solution to address the problems generated by the pandemic;
  - Conversion of the loan currency;
  - Problems with insurance policies (bancassurance);
  - Interest recalculation;
  - Payment commitments;
  - Maturity acceleration;
  - Credit Office (deregistration from CO);
  - Removal of certain clauses.

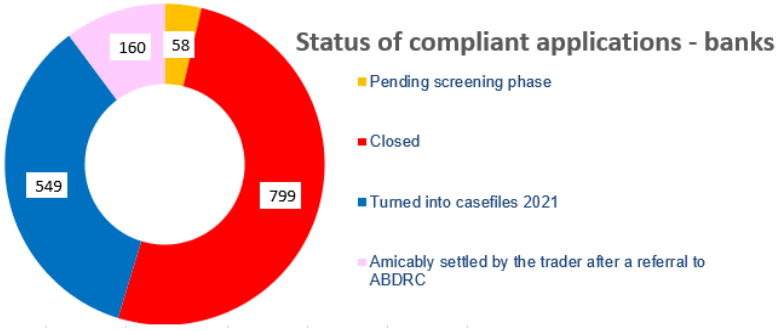
- **Operational problems:**
  - Problems with operation of the ATMs (including refunds);
  - Problems in connection with wire transfers and refunds of transaction fees;
  - Refunds in case of processing errors;
  - Recovery of amount wrongly transferred by consumers (internet banking);
  - Provision of clarifications about calculation of the amounts withdrawn by banks from the credit card account;
  - Other card-related problems (cancellation/name change);
  - Problems in connection with the exchange rate and interests charged when using the cards abroad;
  - Problems regarding inter-banking transfers.

- **Problems related to other types of activities:**
  - Problems in connection with forced execution (suspensions/stays of proceedings);
  - Requests to be issued documents (repayment schedules, statement of account, etc.);
  - Refunds of garnished amounts;
  - Mortgage deregistration;
  - Stay of instalment payment (pursuant to the Government Emergency Ordinance no. 37/2020).

Qualification of the 2,525 compliant applications:

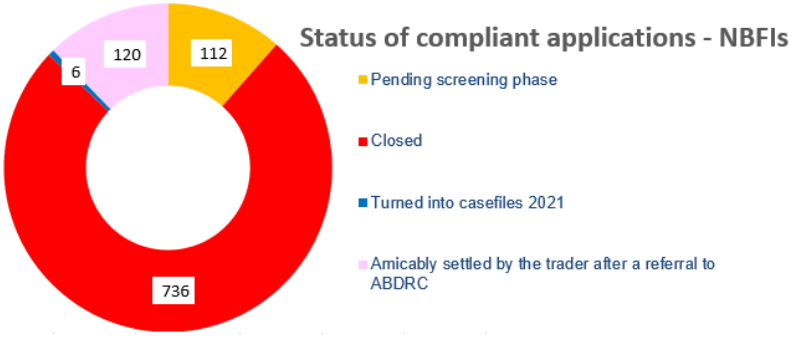
For banks:

- 549 turned into cases (15 cases from applications submitted in 2020);
- 58 in screening phase (in the end of 2021);
- 160 settled amicably after referral to ABDRC;
- 799 closed.



For NBFIs:

- 6 turned into casefiles;
- 112 in screening phase (in the end of 2021);
- 120 settled amicably after referral to ABDRC;
- 736 closed.



Applications are closed when traders refused the settlement of the disputes via the ADR procedure, and reasons for closing fall within several categories:

- **Objective (main) reasons - the application concerns:**
  - deregistration of entries from the Credit Office;

- "First House" loans;
- assigned claims;
- the state premium under saving-credit contracts.

- **Reasons related to consumers:**

- selection of a trader the business of which is not regulated by the National Bank of Romania;
- selection of a trader they don't have commercial relations with;
- the information/documents required for resolving the application have not been supplied.

- **Other reasons:**

- pending court proceedings;
- forced execution procedures have already been initiated;
- traders made several offers, but all of them were turned down by consumers (before approaching ABDRC), and traders maintain their point of view in the initial answer sent to consumers.

In the **screening phase** (reviews of the completeness of the documentation, requests for information and supporting documents) (as at 31 December 2021), there were a total 170 applications (58 concerning banks and 112 concerning NBFIs).

Qualification of the 555 cases undergoing the procedure with proposal of a solution:

For banks:

- 0 preliminary cases;
- 43 cases in the phase of discussions with the parties;
- 445 resolutions;
- 53 reports;
- 8 casefiles in which one party withdrew from the procedure;

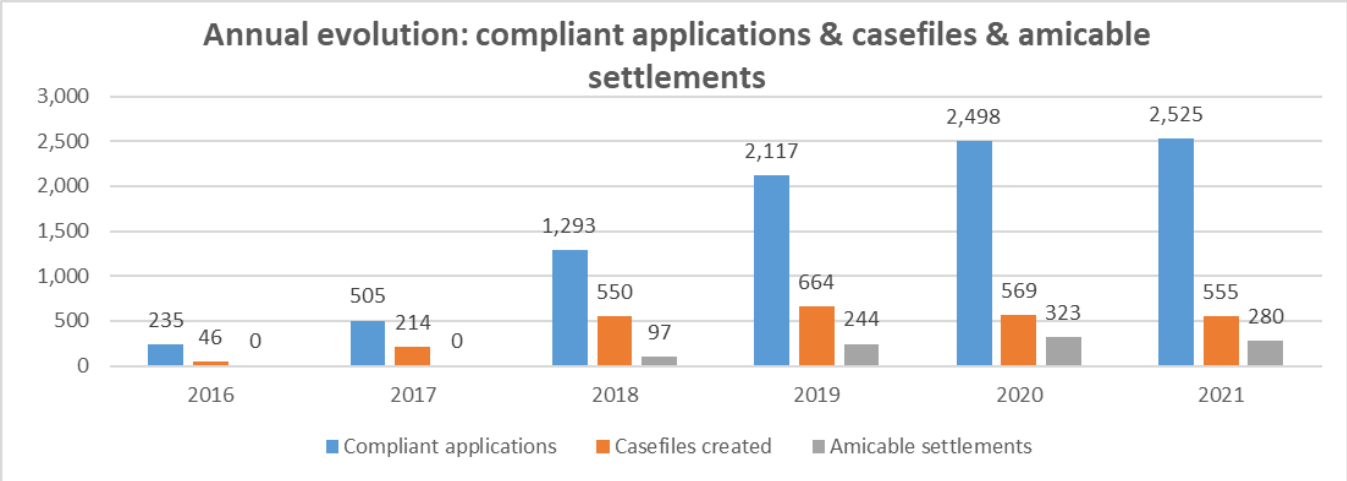
Qualification of the 6 casefiles in the procedure with proposed solution:

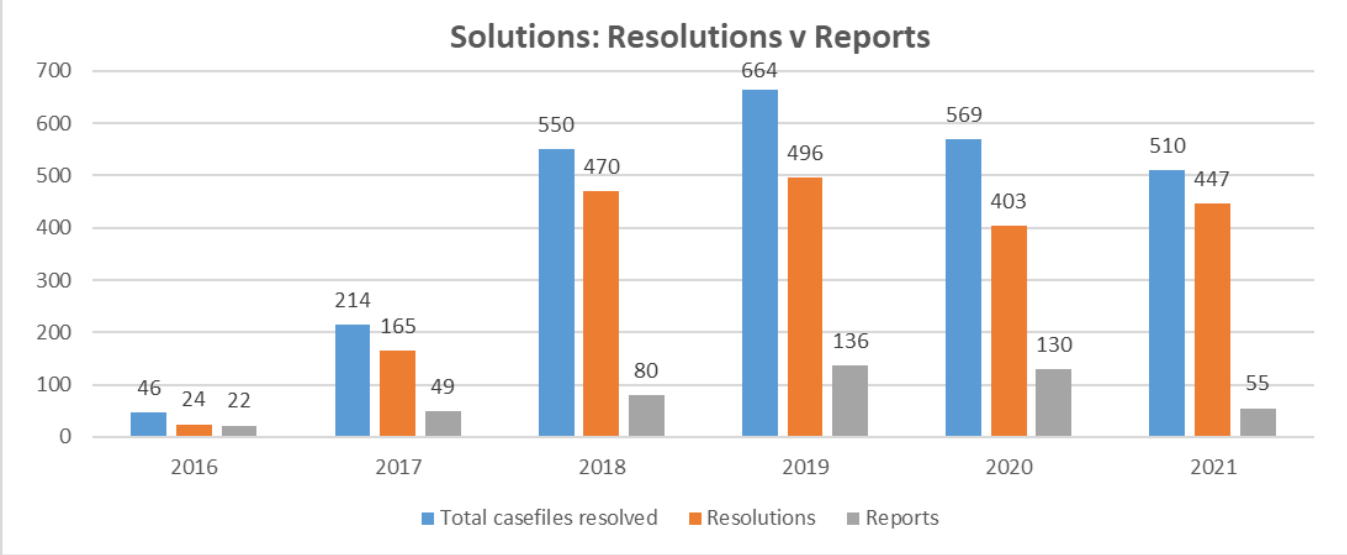
For NBFIs:

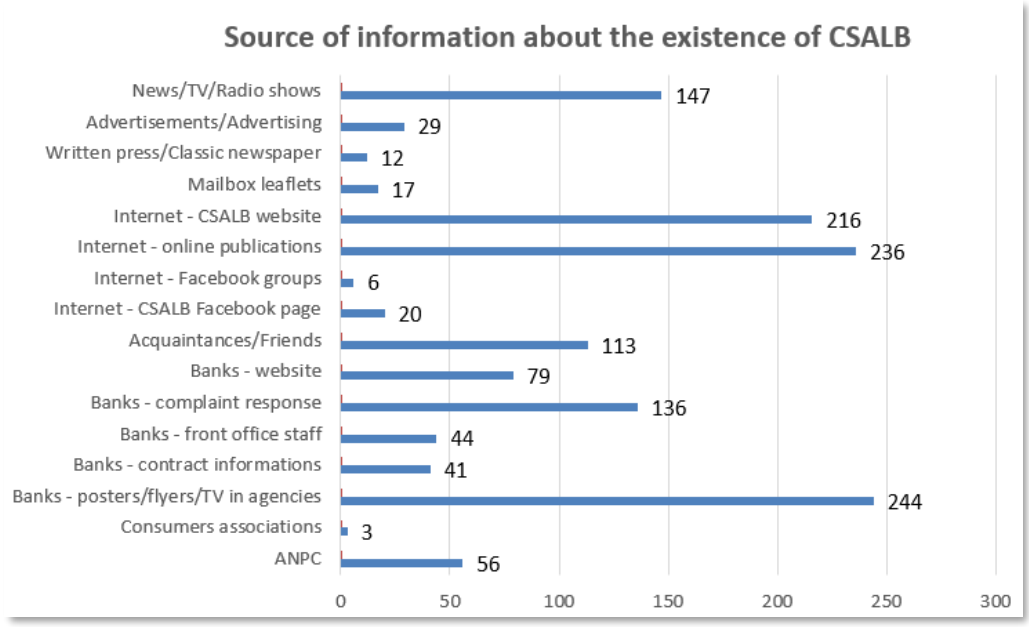
- 0 preliminary cases;
- 2 cases in the phase of discussions with the parties;
- 2 resolutions;
- 2 closures.

Further to a review of the types of applications received by the ADR Centre, the claims of consumers, and the reasons of the disputes, the Steering Board of ABDRC can decide to improve the ADR procedures so as to make them easier to understand and apply by consumers, traders and conciliators. Another objective pursued was adaptation of the procedures to the types of existing disputes: the fast communication flow used to far with a number of traders.

Statistical/aggregate information as at 31 December 2021 is available in the charts below.







The WEBSITE www.csalb.ro provides information about:

- Regulation for organization of the Alternative Banking Dispute Resolution Centre and for functioning of the Steering Board;
- Procedural Rules regarding:
  - ADR procedure concluded with proposal of a solution;
  - ADR procedure concluded with enforcement of a solution;
  - ADR procedure concluded with proposal of a solution for legal entities;
  - ADR Procedure concluded with enforcement of a solution for legal entities;
- Steering Board;
- List of Conciliators;
- Short contact number: 021 9414, available every day **between 09:00 AM – 06:00 PM;**
- Press releases and media coverage;
- Miscellaneous useful information for consumers and traders.

Drafted as at 31 December 2021

Liviu Fenoghen

ABDRC Director