"Romanians still want to borrow as much as possible, or ask why they cannot borrow foreign currency at the level of their income in lei" - Oana Ilaș, Banca Transilvania

12 June, Bucharest. Romanian consumers assimilate their financial education and experiences of recent years differently. Financial crises, over-indebtedness and foreign currency loans are lessons from the past that have changed the behaviour of many consumers for the better. People are saving, taking out credit insurance and giving up impulse purchases, banking officials say. On the other hand, there are also consumers who have stayed in the past and want to borrow more than they could pay or apply for loans in foreign currency, although they receive their salary in lei.

In difficult financial and social times, financial education can steer the path of a people towards either poverty or prosperity. Building on this assumption, the Alternative Banking Dispute Resolution Centre (ABDRC) has taken steps to provide information to the consumers of financial information about their relation with banks and their own finances. During the 12 meetings hosted by ABDRC, economic journalists of repute talk to presidents or vice-presidents of commercial bank, the Legal Director of the National Bank of Romania and the management of the Romanian Association of Banks, university professors, and well-known lawyers.

These interviews are captured in 12 financial education podcasts addressing current topics for the economy of Romania. The quotes and video links below contain pieces of the podcasts with representatives of Banca Transilvania, BRD – Groupe Societe Generale, Exim Banca Românească, as well as of the interview with Professor Valeriu Stoica, honorary conciliator with ABDRC.

Oana Ilaș, Deputy General Manager of Banca Transilvania, in dialogue with Cornel Dinu, founder of Banking News:

| ABDRC PODCAST | https://youtube.com/shorts/v1V_GjEs_cl

"Consumer questions are generally about how much they can borrow and why they can't borrow more. We are still at this stage, we have not been able to overcome it. The regulations of the National Bank, which set limits, also help us here. Consumers also ask us why they cannot borrow in foreign currency at a sufficiently high level, comparable to a loan they would take in lei, although in this field there are past experiences that Romania had with foreign currency loans. However, with the commitment that the customer makes strictly linked to the loan agreement, we have seen an increasing awareness of ancillary products such as insurance.
The banking industry, at this moment, is more strengthened and incomparably more developed than 10-15 years ago in its capacity to manage crisis situations. There is still room to improve, to also reach the countryside more than we have done so far, because with digitization we are breaking away a little from this dependence on the territorial footprint. Customers are also preparing better, we have recently noticed

a lower appetite to engage in impulse purchases, they are saving a higher proportion of what they earn, even if there is pressure on actual income. The level of non-performing loans is, at this moment, at a historic low in Romania. Certainly entering this more difficult period was done on completely different premises compared to the periods in the past when we experienced crises of various types."

Flavia Popa, Secretary General, BRD in dialogue with Constantin Rudnițchi, radio-TV producer:

| ABDRC PODCAST | https://youtube.com/shorts/3bPm4KEZkXc

"You go to the bank, sign some papers and leave with some money. Bankers should first ask themselves whether that customer sitting in front of them will be able to repay in time what they borrowed. That's a tough question! Bank and customer headaches would be lessened in the long run if the monthly instalment a consumer had to pay was only half of what they could easily afford to pay monthly on this debt. When our client is in a difficult situation, the bank is also in a difficult situation. It is not favourable for anyone to end up with bad credit. This means a failure in their assessment for the bank, a cost of bad credit and recovery costs. And then we have, again, an unequivocal interest in trying to find solutions to solve the difficult situation related to loan repayment. This is where ABDRC steps in! This is the third party that can sit us down at the discussion table, outside of a litigious framework, outside of a lawsuit. We depart from the imposing court that blindly seeks to dispense justice and instead sit at a discussion table with a conciliator to find a fair path. After all, this is what we are all looking for: to balance things, to have a win-win relationship for each of the two sides of the discussion."

Doru Bulată, advisor to the President of Exim Banca Românească, in dialogue with Irina Chițu, financial consultant, Finzoom.ro manager

| ABDRC PODCAST | https://youtu.be/2nVDEcY51QA

"Financial education usually starts in the family, but the right relationship with money must start in school. The habits you form over time are the ones that help you the most financially. It is necessary to have healthy financial habits. An educated customer is an asset to a credit institution and is sought after by all banks because this customer knows and understands banking products and services, uses them and recommends them to other consumers. Customers who are having trouble paying their instalments should know that as soon as we see someone in arrears we contact that customer and try to find solutions. Different restructuring solutions can emerge from discussions with customers. We aim to avoid resorting to the enforcement of guarantees as our core business is not linked to the management of guarantees.

The relationship between the client and the bank is a relationship of trust, but this trust must also be verified! If after the judgment of the court it is possible for both parties to remain unsatisfied, at ABDRC it is entirely possible for both to be satisfied! Instead of engaging in adversarial court proceedings, it is more advantageous to seek reconciliation at the Center! If I were to single out three essential elements of ABDRC's activity, they would be: trust, equity and solidarity."

Valeriu Stoica, CSALB honorary conciliator, University Professor and lawyer, in dialogue with Daria Niculcea, executive director of Juridice.ro:

| ABDRC PODCAST | **https://youtube.com/shorts/1WKxX9yFXcw**

"Individuals who borrow and reach a point where they are unable to repay are undoubtedly experiencing a period of crisis, and such crises can endure for an extended duration. It is natural for both the National Bank of Romania and commercial banks to be concerned about the management of these crises. Loans should not be outright avoided, but rather, the necessity of a loan, its magnitude, and the ability to repay should be carefully assessed.

The establishment of ABDRC was specifically intended to address the crisis situations that consumers or families may encounter. The negotiation between the consumer and the bank necessitates a mutual compromise. At times, we attribute negative connotations to the term "compromise." We say we compromise if we compromise.

It is important for both consumers and banks to acknowledge that achieving a complete victory for either party may not always be possible, particularly when there are conflicting interests involved. This viewpoint is shared by many: It is a waste of time to discuss and negotiate. However, this perspective is misguided. Since negotiation carries significantly lower risks in comparison to arguments, court cases, or wars, there is much less at stake."

Alexandru Păunescu, representative of the National Bank of Romania in ABDRC: *"Financial education is a shared responsibility that extends beyond banks and consumers. It requires a collaborative effort from all relevant authorities and entities involved, including the consumer protection authority, prudential supervision authority, and ABDRC. We emphasize once again that consumers of financial services have the opportunity to resolve their issues with banks through the ABDRC, in a prompt and cost-free manner, with the assistance of a specialist whose role is to facilitate reconciliation between the parties. We remind you that, according to Government Ordinance no. 38/2015 on alternative resolution of disputes between consumers and traders, which is the basis for the establishment of the Center: "Banking disputes* ***are resolved only under ADR procedures by the ADR Center****", i.e. the ABDRC. Hence, to ensure accurate communication and promote the much-needed financial education in Romanian society, we highly value the dissemination of information about the ABDRC by all entities capable of providing these clarifications to the public. Furthermore, it is crucial to provide people with proper awareness that enhancing the terms of a contract between an individual consumer and a bank/NBFI is attainable through direct negotiation with the respective institution or through the ABDRC. We recognize that in the national context, where levels of financial inclusion and intermediation are lower compared to the European average, building trust between consumers and financial institutions is essential. This responsibility falls upon all stakeholders involved in this domain.*

Throughout its over 7 years of operation, the ABDRC has successfully mediated approximately 3,000 negotiations between merchants in both the banking and non-banking sectors and consumers of such *services. An additional 1,800 claims registered with the ABDRC were amicably resolved through direct negotiations between the involved parties, prompted by requests made to the Center and notifications to traders made by the ABDRC. The cumulative benefits achieved through negotiations facilitated by the ABDRC surpass 8.8 million euros."*

About ABDRC: ABDRC is an entity set up under an European Directive, and intermediates, free of charge and in not more than three months, negotiations between consumers and banks or NBFIs, for contracts/agreements in progress. Consumers from any county of the country may file applications with the Alternative Banking Dispute Resolution Centre (ABDRC) filling-in an online form directly on the website www.csalb.ro. Once the bank accepts to enter the conciliation/negotiation procedure, a conciliator is appointed. ABDRC works with 17 conciliators, of the best specialists in law and with relevant experience also in the financial and banking field. Everything is settled amicably, and the understanding between the parties has the power of court judgment. More information about the work of the Centre is available by phone at 021 9414 (charged a normal rate).