

30% more reconciliations between consumers and banks

24 July, Bucharest. Since the start of the year, Romanians filed more than 2,100 applications for negotiation with their banks and NBFIs to the **Alternative Banking Dispute Resolution Centre (ABDRC)**. This means 20% more than during the same period of 2023. The reason found in the majority of loan agreement renegotiation applications is the fact that ROBOR and IRCC rates remain high, and that these are used to calculate the floating interest on loans.

Increases higher than for the number of applications were reported for the actual **negotiations** (applications accepted by the banks) and **reconciliations** (negotiations concluded with the consumer and the bank accepting the solution proposed by the conciliator):

- The number of negotiation cases created since the start of the year comes close to 600, going up by 25% compared to the similar period of 2023;
- The increase is even higher for the successful negotiations (+31%). Since the start of the year, in more than 500 cases the consumers came to terms with their banks. And in only 20 cases, the parties failed to do so;
- The share of applications intended at banks increased by five percentage points compared to last year, up to 70% of the all number of applications;
- NBFIs did not accept for negotiation any of the 620 applications addressed to them. In less than 100 cases, NFIs accepted to settled the problems reported by consumers via ABDRC directly with them, without the input of a conciliator.

Attachments and enforcements stayed after negotiations with the bank

Marius D., 32, Valcea: *The bank attached by salary and seized my car. I ask the bank to accept a payment commitment.*



Solution accepted by the parties within ABDRC: Given the consumer's financial situation, the bank wrote off the entire debt of the consumer of RON 11,000, and ended any form of enforcement.

Nicolae M., 56, Bucharest: *I struggle with a number of medical problems and I am subject to enforcement.*



Solution accepted by the parties within ABDRC: The bank's proposal is to write off USD 51,000 (interest and other outstanding amounts) and resume the loan's repayment schedule.

George F., 36, Bucharest: *I ask the bank to resume the loan's repayment schedule.*



Solution accepted by the parties within ABDRC: Partial writing off the debt of RON 8,200 lei, and reactivation of the loan with a monthly instalment of RON 1,272 lei, which the client can afford to pay.

Teodora V., 45, Teleorman: *The holder of the loan passed away. In my capacity as a co-debtor, I seek the bank's help to stop the enforcement.*



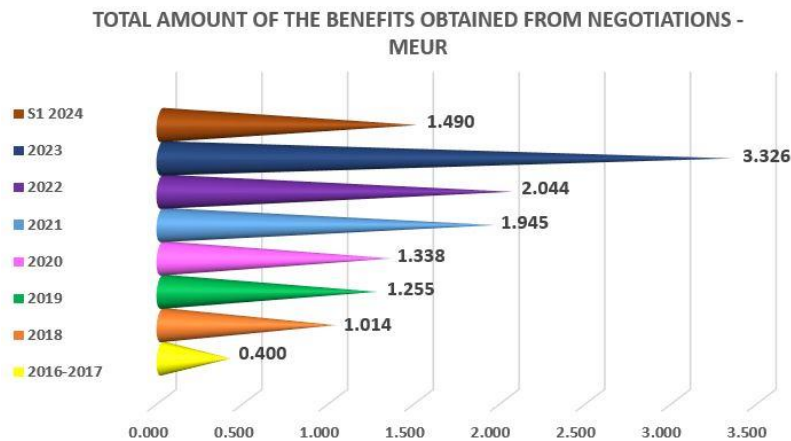
Solution accepted by the parties within ABDRC: The bank accepted to write off all the overdue debts of RON 27,500.

Bogdana S., 52, Brașov: *Only one of us has a job now, and we have two children to support. I ask for a reduction of the principal so that the monthly instalment becomes RON 1,000.*



Solution accepted by the parties within ABDRC: The bank wrote off 50% of the loan balance, from RON 65,500 down to RON 32,500.

The amount of the benefits obtained by negotiation comes close to EUR 13 million



Since the start of ABDRC's works, consumers have obtained total benefits of EUR 12.8 million after having negotiated with their banks via ABDRC. On average, one consumer has obtained benefits of approximately EUR 5,000 in 2023, and EUR 3,900 in 2022. In the first half of this year, the benefits are about EUR 1.5 million.



Alexandru Păunescu, representative of the National Bank of Romania in the ABDRC's Steering Board: *"In the first half of the year, we noticed that as the increase in the number of applications accepted by banks for negotiation was accompanied by a decrease in the number of direct settlements between banks and consumers has decreased (by about 100 cases compared to the first half of last year). This shows us that banks preferred to address more of the problems reported by their clients via ABDRC, rather than calling them to the bank's office for a directly settlement. This proves that banks place increasingly more confidence in the conciliation process. And such a behaviour of the banks can only reinforce the consumer's trust, by giving them access to a third opinion on the problems they report: the conciliator's assessment.*

Moreover, we also see that banks are more open to deal with difficult cases, such as when consumers delay repayment by more than 90 days. These are extreme cases, for many of which the enforcement proceedings had already been commenced, and with overdue amounts in the range of thousands of euros. Even then, in the nick of time, a solution can be found if the parties are genuinely willing to sit down and talk. I would place the court cases that end up being settled in ABDRC in the same category. In the first six months of the year, approximately 70 court cases were closed after the parties having managed to find an amicable solution with the help of ABDRC; since 2021 and to date, their number reached 570."

About ABDRC: ABDRC is an entity set up under a 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).

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