



Consumers' Complaints Report of Banks and Non-Banking Financial Institutions

June 2018



**Central Bank of Jordan
Financial Consumer Protection Department**

PREFACE

Driven by the Central Bank of Jordan's (CBJ) keenness on the provision of financial and banking services to consumers in a manner that safeguards their rights and interests; the CBJ in early 2017, established the Financial Consumer Protection Department, which aims to improve the protection of consumers against unfair and arbitrary practices that may exist towards financial and banking services' consumers, as well as ensuring consumers' rights in an integrated framework of fairness and transparency. The CBJ through the financial consumer protection department aims to ensure that the basic principles of financial consumer protection are well implemented in accordance with international best practices, primarily; preserving consumers' rights to complain. This in turn will enhance the confidence of consumers in banks and financial institutions, thus contributing to maintain the financial stability and sustainability of the demand side, as well as protecting financial sector institutions against reputational risks and contributing to the inclusive economic growth and sustainable development.

This report provides a brief summary of consumers' complaints of banks and non-banking financial institutions under the supervision of the CBJ during the first half of 2018. The first chapter illustrates consumers' complaints against banks and financial institutions that were handled by the financial consumer protection department which were submitted using various means provided by the CBJ for filing complaints. The second chapter addresses consumers' complaints that have been received and handled by customers' complaints handling units at banks operating in the Kingdom. This report is particularly important because it anatomizes consumers' complaints to identify negligence aspects as well as oppressive and unfair practices towards consumers of financial services. The report also highlights the need to raise financial literacy and awareness among consumers of financial services; as poor understanding and unfamiliarity with contractual terms of the banking relationship triggered a large number of consumers to file complaints rather than the wrong practices of banks.

Financial Consumer Protection Principles



- ✓ **Appropriate Design and Delivery of Financial and Banking Products**
- ✓ **Responsible Pricing**
- ✓ **Transparency and Fair Treatment**
- ✓ **Effective Mechanisms for Consumers' Complaints Resolution**
- ✓ **Preventing Over - Indebtedness**

Governor

Dr. Ziad Fariz

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EXECUTIVE SUMMARY

First: Consumers' Complaints Submitted to the CBJ

■ The total number of complaints received by the Financial Consumer Protection Department (FCP) at the CBJ reached to around **665 complaints**, during the first half of 2018 including (639) complaints against banks and (26) complaints against non-banking financial institutions.

■ Phone calls were the main channel of receiving complaints accounting for **48%** of total complaints, followed by e-mails **16%**, personal attendance to the CBJ **11.9%** and Central Bank's website **11%**.

■ **Analyzing banks consumers' complaints received by the CBJ during the first half of 2018 demonstrates the following:**

- The total number of banks customers' complaints increased significantly to reach 639 complaints during the first half of 2018, compared to 379 complaints during the first half of 2017, an increase of 68.6%.
- Consumers' complaints about contracts and terms accounted for 29.6% of total customer complaints to reach 189 complaints during the first half of 2018. These complaints were mainly concerning agreements and contracts between the bank and the customer, refusal to provide banking products and services, accounts transactions, and collection practices.

- Complaints about interest rates/returns ranked second constituting around 16.3% of total complaints to reach 104 complaints, which is attributed to increasing interest rates on loans bearing floating interest rates as a result of raising interest rates on the CBJ's monetary policy instruments. This led to increase the (JODIBOR) which was considered a reference rate for variable interest rates until the end of the first half of 2018. It is worth mentioning that the CBJ has introduced using the monthly average rate of the overnight interbank rate as a reference rate for variable interest rates starting on July 1st 2018.

■ In addition, complaints regarding business conduct accounted for 9.5%, to reach around 61 complaints. However, the remaining complaints received by the CBJ were about commissions and fees, business environment and cheques accounting for 7.4%, and 6.9%, and 5.5%, respectively.

■ The number of complaints against non-banking financial institutions amounted to 26 complaints (constituting 3.9% of total complaints), of which 19% were on electronic services.

■ The Consumer Protection Department received several complaints from customers with disabilities regarding banks refusal to provide banking services such as opening bank accounts or providing banking cards. Accordingly,

the CBJ issued the “Instructions of financial consumer protection for customers with disabilities” in November 2018 to ensure the rights of clients with disabilities on an equal basis with others.

Second: Consumers’ Complaints Submitted to Banks

■ **The reports received from customer complaints handling units at banks operating in the Kingdom revealed the following:**

- The total number of consumers’ complaints during the first half of 2018 increased by 704 complaints or 12.4% to reach **6,380 complaints**, compared to 5,676 complaints during the same period last year.
- Complaints regarding business conduct accounted for the largest share of total complaints received by banks during the first half of 2018, totaling around 2,261 complaints (35.4% of total complaints).
- Complaints about contracts and terms ranked second, to reach around 1,442 complaints (22.6% of total complaints). Followed by complaints related to electronic services, which totaled about 1,264 complaints (19.8% of total complaints).
- In addition, consumers’ complaints about interest rates/ returns, commission, and fees accounted for about 7% of total complaints, while complaints about credit cards and transfers accounted for about 6.5%.

Third: The results of Consumers’ Complaints Analysis

■ Complaints received by the CBJ constituted around 10% of complaints received by banks operating in the Kingdom. This indicates that most banks are able to handle customer complaints efficiently. In addition, analyzing consumers’ complaints which were handled by the financial consumer protection department at the CBJ showed that consumers’ complaints were justified in 37.1% of total complaints received.

■ In addition, the analysis revealed that around 24% of customers submitted their complaints because of lack of financial awareness and understanding of the contractual terms with the bank, which requires the need to raise the level of financial literacy among consumers, specifically on topics related to variable interest rates, debt burden, commissions on banking services and products, dormant accounts, credit cards, and confidentiality of banking information.

■ In spite of the provisions of the “Instructions of the internal procedures for handling consumers’ complaints of financial and banking services providers” issued by the CBJ in 2017, which stated that the customer shall initially file his/ her complaint to the bank or financial institution before resorting to the CBJ, only 62 customers (9.7% of total complainants) have submitted their complaint to their banks before filing it to the CBJ.

Chapter One: Consumers' Complaints Submitted to the CBJ

This chapter addresses the analysis of consumers' complaints against banks and financial institutions submitted to the CBJ. The total number of complaints received by the FCP department during the first half of 2018 reached to (665) complaints, including (639) complaints against banks, and (26) complaints against non-banking financial institutions.

First: Channels of Filing Complaints to the CBJ

The Central Bank of Jordan provides all possible means through which customers are allowed to submit complaints easily. Analyzing consumers' complaints received by the FCP department during the first half of 2018, revealed that complaints received by phone calls accounted for **48%** of total complaints, while **16%** of complaints were filed via e-mail, **11.9%** through personal attendance to the CBJ, and **11%** received through the CBJ's website. Complaints received through complaints and suggestions box accounted for **7.2%**, and around **3.5%** of complaints were received through the complaints system of the Ministry of Public Sector Development website. In addition, **1.9%** of complaints were received by fax, and the remaining **0.5%** were received by regular mail.



%48 Financial Consumer Protection Department
phone number **064630301**



%16

Email

fcp@cbj.gov.jo



11.9%

Personal Attendance



11%

CBJ's Website

www.cbj.gov.jo



%7.2

Complaints and suggestions box



%3.5 Ministry of public Sector development website
www.mopds.gov.jo



%1.9

Fax **06 4602482**



%0.5 Mail

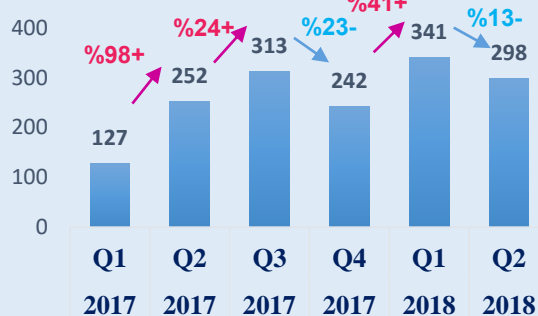
P.O Box 37 Amman 11118 - Jordan

The Complaint is any expression of customer's dissatisfaction, complaint, or claim against a harm that affected the customer's interest arising from the activities, products, or services of bank or financial institution, or the way the complaint was handled

Second: Consumers' Complaints Filed Against Banks

The total number of banks clients' complaints received by the FCP Department at the CBJ markedly rose to reach 639 complaints during the first half of 2018 compared to 379 complaints recorded during the first half of 2017, increasing by 68.6%.

Complaints Submitted to the CBJ (Q1 2017- Q2 2018)



639 Complaints Submitted to the CBJ

628 Complaints Resolved by the FCP Department

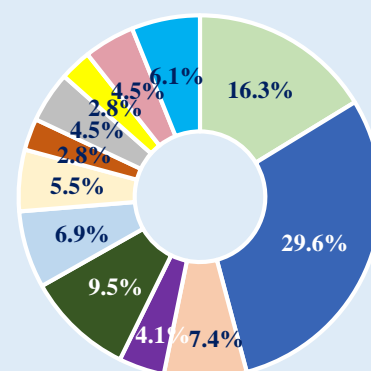
3 Complaints Were Withdrawn by the Clients

**8 Complaints Outside the Scope of the CBJ:
3 Complaints Concerning Labor Issues
5 Complaints Concerning Issues Brought Before the Courts**

Thematic Classification of Consumers' Complaints

Analyzing thematic classification of consumers' complaints revealed that complaints concerning contracts and terms accounted for around 29.6% of total complaints reaching 189 complaints, followed by complaints concerning interest rates /returns of around 104 complaints or 16.3%.

Thematic Classification of Consumers' Complaints



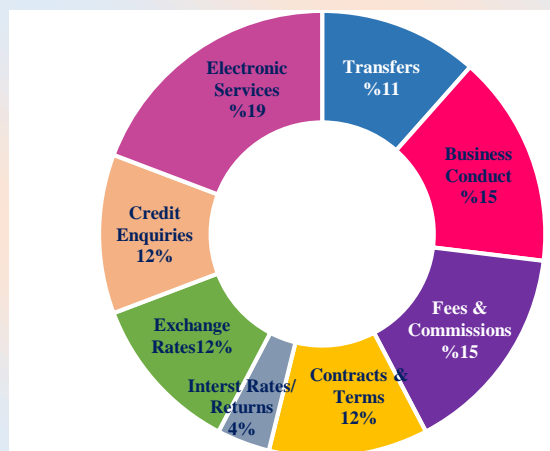
The Subject of the Complaint	No. of Complaints (%)	Theme
Contracts and Terms	189 (29.6%)	Agreements & contracts, transactions on the account, insurance of products, credit products and deposits, refusal to provide a product, and collection practices.
Interest Rates/Returns	104 (16.3%)	Interest/ returns on loans, credit cards and deposits.
Business Conduct	61 (9.5%)	Refuse to provide a service, conduct of employees, and difficulty in contacting the service provider.
Commissions and Fees	47 (7.4%)	Commissions and fees on products and services.
Business Environment	44 (6.9%)	Providing the service with delay, the employee is not cooperative in providing the service, and the workplace.
Cheques	35 (5.5%)	Cheques and blacklisting the client.
Electronic Services	29 (4.5%)	Payments services, online banking, and ATMs.
Petition	29 (4.5%)	Clients' requests to reduce interest rates/ returns on their loans.
Salaries	26 (4.1%)	Complaints concerning salaries and their delay.
Transfers	18 (2.8%)	Not executing the transfer or not notifying the client with it, or refusal to transfer.
Banking Cards	18 (2.8%)	Payments via credit and debit cards at points of sale and online.
Other Complaints	39 (6.1%)	Other complaints mainly concerning credit enquiries (2.8%), banking confidentiality (1.4%) and others.

Third: Clients' Complaints Filed Against Non-Banking Financial Institutions

The number of complaints against non-banking financial institutions submitted to the CBJ reached around 26 complaints during the first half of 2018.

Including customers' complaints filed against:
Exchange companies, microfinance companies, payment services companies, and the credit bureau.

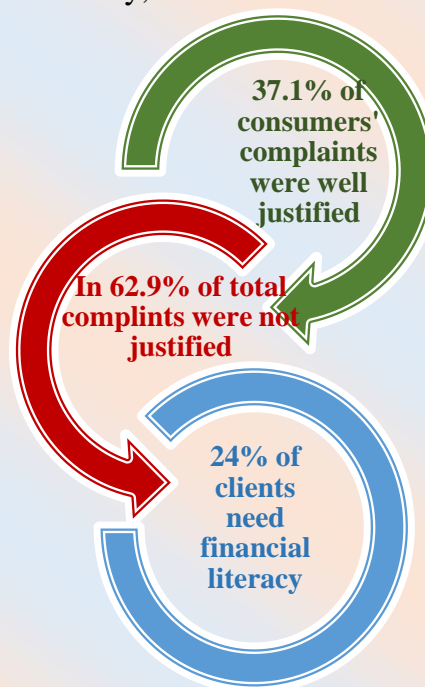
- Regarding the nature of complaints against non-banking financial institutions, they were mainly about electronic services by 19%, followed by business conduct, in addition to fees and commissions by 15% for each of them.



Fourth: Analyzing the Complaints Received by the CBJ

- Analyzing the complaints handled by the FCP department at the CBJ revealed that around 37.1% of clients' complaints were well justified.
- In addition, around 24% of clients filed a complaint due to their unawareness

and lack of knowledge of the contractual terms with the bank, which requires raising financial literacy among clients, mainly on issues related to variable (floating) interest rates, debt burden, commissions on banking products and services, dormant accounts, credit cards, banking confidentiality, etc.



- On the other hand, the CBJ received many complaints which were filed by clients with disabilities regarding banks' refusal to provide banking services or banking cards for those clients, hence, the CBJ has issued the "Instructions of financial consumer protection for customers with disabilities" in November 2018, to ensure the protection of the rights of persons with disabilities to benefit from financial and banking services on an equal basis with others.

Chapter Two: Complaints Submitted to Banks Operating in the Kingdom

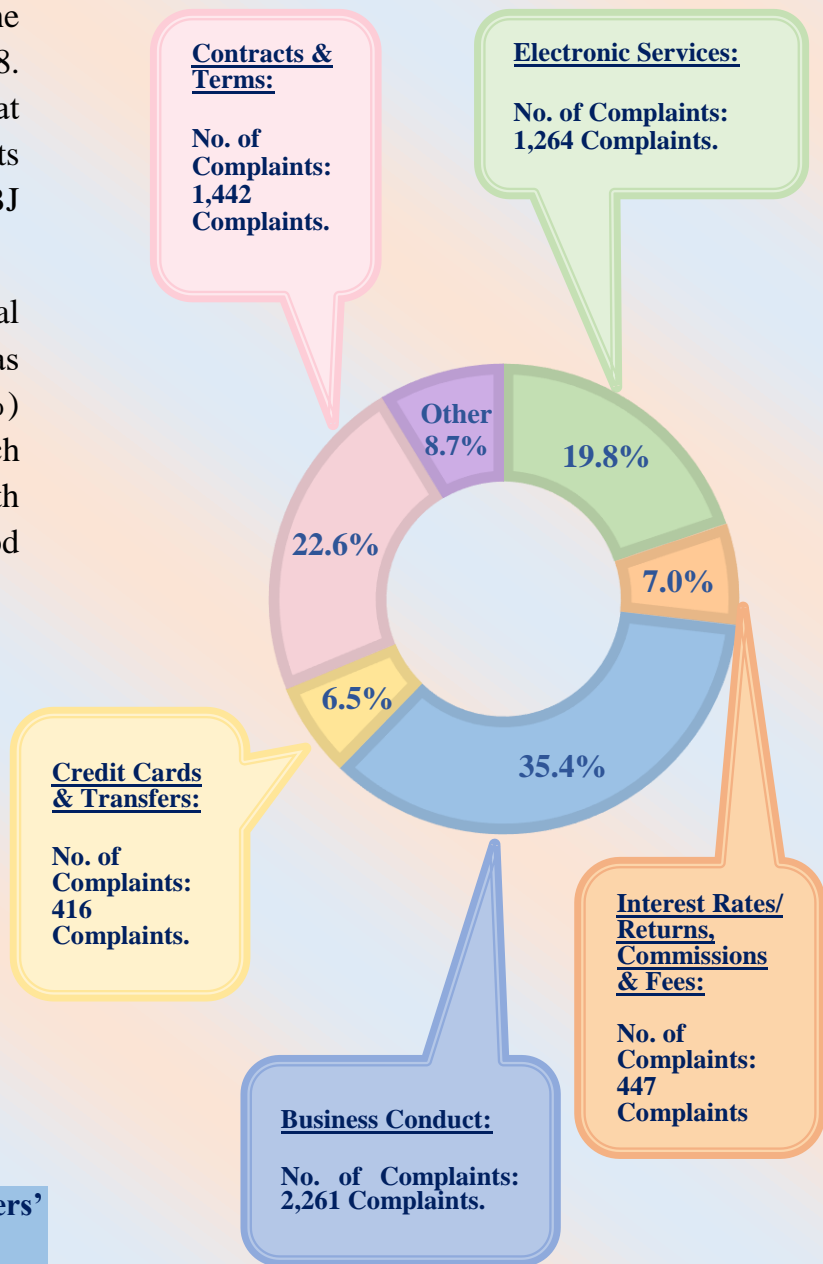
This chapter analyzes clients' complaints received by banks operating in the Kingdom during the first half of 2018. Customers' complaints handling units at banks examine and follow up complaints received from clients and provide the CBJ with quarterly reports in this regard.

Banks reports revealed that the total number of customers' complaints has increased by 704 complaints (12.4%) during the first half of 2018, to reach 6,380 complaints, in comparison with 5,676 complaints during the same period in 2017.



Thematic Classification of Consumers' Complaints

Regarding the thematic classification of consumers' complaints, complaints related to business conduct accounted for 35.4% of total complaints, reaching 2,261 complaints, followed by the complaints related to contracts and terms accounting for 22.6% of total complaints to reach 1,442 complaints.



1. Complaints Regarding Business Conduct

The number of clients' complaints regarding business conduct during the first half of 2018 went up by 964 complaints (74.3%) compared to the same period in 2017, to reach 2,261 complaints. Most of the complaints were related to delays in providing the services.

2. Complaints Concerning Interest Rates/ Returns, Fees and Commissions

The number of clients' complaints about interest rates/ returns, commissions and fees in the first half of 2018 reached around 447 complaints, up by 116 complaints (35%) compared to the same period in 2017, due to the increase in interest rates on credit products with variable interest rates, driven by the rise of interest rates on the CBJ's monetary policy instruments. It is noteworthy that many of consumers' complaints concerning interest rates were received by the CBJ, as banks have referred customers to the CBJ to justify the increase in interest rates on their existing loans and credit products.

3. Complaints Regarding Electronic Services

Clients' complaints about electronic services reached around 1,264 complaints during the first half of 2018, down by 504 complaints (28.5%) compared to the same period in the preceding year. The highest share of these complaints are related to ATMs;

such as electricity disconnection or emergency mechanical breakdowns, as well as complaints caused by technical failures of online banking.

4. Complaints Regarding Credit Cards and Transfers

The number of consumers' complaints about credit cards and transfers, declined by 162 complaints (28.0%) in the first half of 2018 to reach 416 complaints. Complaints related to banking cards are driven by general technical failures with local network and service providers which resulted in clients' inability to use their debit and credit banking cards at stores and points of sale, in addition to some technical problems when issuing the cards.

5. Complaints Concerning Contracts, and Terms

The number of clients' complaints about contracts and terms dropped by 34 complaints (2.3%) in the first half of 2018 to reach 1,442 complaints.

The change in the number of consumers complaints:

Business conduct	+ 964 complaints (74.3%)
Interest rates/ returns, commissions & fees	+ 116 complaints (35.0%)

The change in the number of consumers complaints:

Electronic services	-504 complaints (28.5%)
Credit cards and transfers	-162 complaints (28.0%)
Contracts and terms	-34 complaints (2.3%)

