

ADR in Banking

- **WHAT** ADR bodies do
- **WHY** ADR is a good idea
- **WHERE** help can be found
- **HOW** ADR bodies are structured

WHAT ADR bodies do



- informal, quick, cheap
- free to consumer
- complain to bank first
- enquiries
- mediation
- investigation and decision
- feedback
- all of these = financial ombudsman

WHY
ADR is a good idea



G20 and OECD

- G20 high-level principles on financial consumer protection
www.oecd.org/regreform/sectors/48892010.pdf
- OECD effective approaches to implementing the principles
www.oecd.org/finance/financial-education/G20EffectiveApproachesFCP.pdf

European Union

- ADR directive
effective 9 Jul 2015
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0063:0079:EN:PDF>
- ODR regulation
effective 9 Jan 2016
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0001:0012:EN:PDF>
- EBA/EIOPA/ESMA guidance
on complaint-handling by providers
www.eba.europa.eu/documents/10180/475982/JC-CP-2013-03+Joint+Committee+CP+complaints-handling+guidelines.pdf

Retail financial services depend on consumer trust in financial products and providers



Consumer trust supported by

- financially sound providers (regulation)
- good conduct by providers (regulation/code)
- compensation if provider treats them badly (ADR)
- compensation if provider becomes insolvent (guarantee fund)
- consumer confidence (financial education)

ADR benefits everyone

- Consumers
informal, impartial advice, redress
- Providers
specialist, consistent, vindicate
- Regulators
freed up, comparable data
- State
reputation, competitiveness

WHERE help can be found



The World Bank

- **Fundamentals for financial ombudsmen**
<http://responsiblefinance.worldbank.org/~media/GIAWB/FL/Documents/Publications/Financial-Ombudsmen-Vol1-Fundamentals.pdf>
- **Good practices for financial consumer protection**
http://siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources/282884-1339624653091/8703882-1339624678024/8703850-1340026711043/8710076-1340026729001/FinConsumerProtection_GoodPractices_FINAL.pdf
- **Global financial consumer protection survey**
<http://responsiblefinance.worldbank.org/~media/GIAWB/FL/Documents/Publications/Global-Consumer-Protection-and-Financial-Literacy-results-brief.ashx>
- **Global survey data on dispute resolution**
<http://responsiblefinance.worldbank.org/surveys/supply/exploretopics/dispute-resolution-mechanisms#--1>

Financial ADR networks

- Worldwide

INFO Network

58 ADR bodies; 36 countries

annual conference in Helsinki in Sep 2015

www.networkfso.org

- European Union

FIN-NET

52 ADR bodies; 22 (out of 28) countries

twice-yearly meeting with the Commission

http://ec.europa.eu/finance/fin-net/index_en.htm

HOW ADR bodies are structured



Respect national circumstances

- cultural
- legal
- economic

But follow 6 basic principles

Explained, with effective approaches, at:

www.networkfso.org/principles.html

6 basic principles

- independence, to ensure impartiality
- clarity of scope and purpose
- accessibility
- effectiveness
- fairness
- transparency and accountability

Structure

- by sector, or combined
- by law, or voluntary
- independent governance
- independent decision-maker
- compulsory jurisdiction?
- binding decisions?
- funding: industry/regulator/state

Thank you!