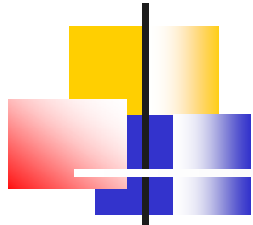


PROCEDURE for the ESTABLISHMENT of FIN-NET to
REINFORCE the ENFORCEMENT CAPACITY of
REGULATORY
AUTHORITY and the BENEFITS of FIN-NET



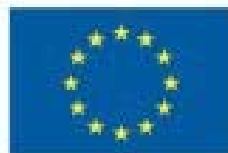
Hungarian situation

Ms. Éva Vasas

***Head of Financial Service Panel
National Association for Consumer
Protection in Hungary***

Ankara

4 May 2010



összefogás a fogyasztókért

Main issues :

I. Introduction of the domestic ADR system

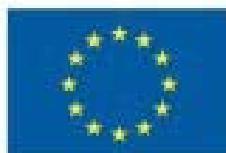
Legal structure

Types of the different procedures of the ADRs in Hungary

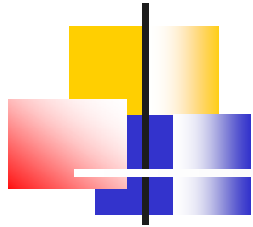
- Conciliation Board' service for consumers
- Building up the domestic network
- Type of cases, in the third place :financial services

Problems area:

- lack of submission
- lack of (personal) appearance of services providers
- few/ modest number of common agreements
- lack of knowledge on financial services



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II. FIN-NET in Hungary

Legal regulation(act) prescribes the functioning of FIN-NET

Exclusive jurisdiction in Budapest Conciliation Board
from January 2010

Benefits: Common rules, principles on the bases of
Memorandum of

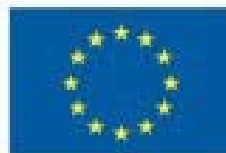
Understanding

Mutual information of FIN-NET membership

Exchange the best practices

Future tasks, aims

Education about financial services



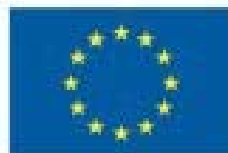
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Brief introduction of different out of court solutions:

arbitration court (Business to Business B2B)
mediation procedure (generally family cases, labour dispute)
ombudsman system
Conciliation Board (B2C)
on the bases of Act of CLV of 1997

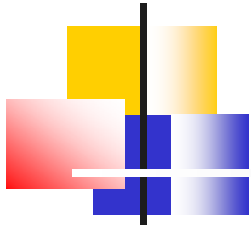
Who are responsible for the smooth functioning the financial system ?

National Bank of Hungary
Hungarian Financial Supervision Authority (HFSA)



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Handling of financial complaint:

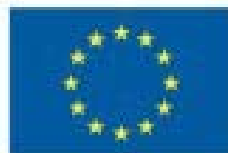


On the spot of the financial service provider
Hungarian Financial Supervision Authority
Conciliation Board

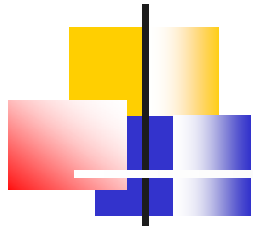
In Hungary in all county seat Conciliation Board is functioning,
generally in board its member should obtain superlative/university
degree, and one of them should have legal diploma

Some words about figures of cases: most of them
commercial cases
utility services
financial services

the figures of complaints are increasing from year to year
Information of complains are available on the different web sites



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II. Delicate topics, problematic area:

Lack of submission:

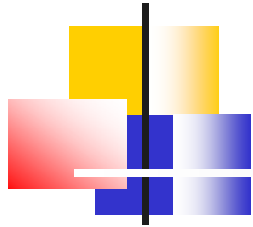
- Since ten years I have never met financial service provider, who had given submission statement/declaration, (anyway it is very rare in the case of other service provider)
- In most of cases the representatives of service providers don't attend on the meeting, and the possibility of agreement is not possible

Publicity:

In Hungary-unfortunately-there are not so big role, retaining effect the sentencing recommendation, neither in the newspaper nor in the internet as in the other old EU member country



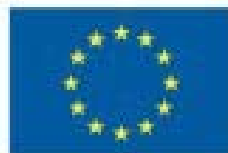
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Continue the list of problems

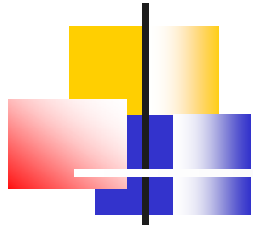
Complexity of financial services

- Several new financial products appearance
- Combined product(insurance +investment etc)
neither the employees of the financial service provider nor the client don' t know the terms and conditions of the product and services.
- Language problem: the legal text a bit sophisticated for an average consumer in addition contain lot of English expressions, the clients are not familiar with them.



összefogás a fogyasztókért

FIN-NET in Hungary



- The act about the consumer protection contains the exclusive jurisdiction of Budapest Conciliation Board, where the FIN-NET is functioning
- How can be managed the discussion in the case of Hungarian consumer?

Hungarian consumer turns to Conciliation Board of Budapest

The service provider gives submission declaration



The procedure starts:
decision,
agreement
stopping procedure

The service provider does not give submission declaration

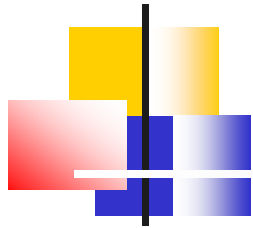


The procedure does not start
Information for consumer about the competent FIN-NET member



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Discussion of the Foreign consumer with Hungarian Financial Service Provider



turn to BBT(Conciliation
Board of Budapest)



The service provider
gives submission declaration



Decision for obligation

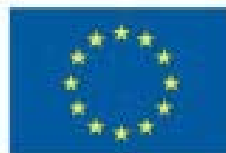
or foreign FIN-NET partner



The services provider does not
give submission declaration

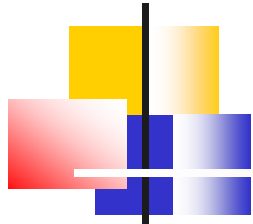


Recommendation, if the request
is well-founded(in the case of
of not performance the case will
be published.



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Benefits of FIN-NET



Further benefit

7 common principles in 27 EU MB countries

independence of the dispute settlement body

transparency of the scheme

adversarial procedure, both parties and other parties' arguments, views will be taken into consideration

effectiveness of the procedure

-the procedure free of charges or of moderate cost

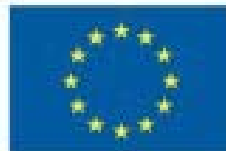
-swift procedure

legality of guarantee, that the decision taken by dispute settlement body does not deprive the consumer afforded

by the relevant consumer protection legislation

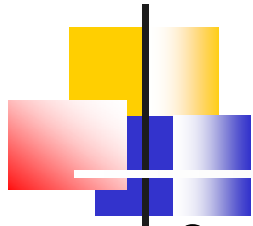
liberty to ensure that the decision taken may be binding on consumer

representation, there are possibility to be represented in the procedure



összefogás a fogyasztókért

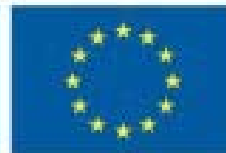
Common rules and principles in all EU countries, create same procedure in these countries



Common rules and principles in all EU countries, create same procedure in these countries

More and more consumers undertake different jobs/works claim/carry on different financial services abroad from foreign financial service providers:

open banking account,
claim bank/credit card services,
mortgage product
buy insurance, investment products



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Future tasks, aims

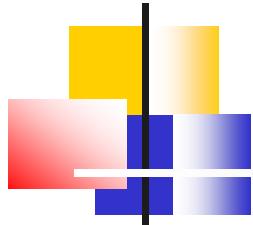


- From time to time mutual information flow between the FIN-NET member states via e-mail, website about new phenomenon of financial services
- Standardized format for the simplified handling of complaints
- Continuous evaluation of the professional work of domestic/national FIN-NET member , including the statistical data.
- Evaluation of redress system in the area of financial services in the member state.



összefogás a fogyasztókért

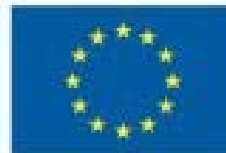
Financial education



Financial education is increasingly important

Why ?

- Variety of complex financial instruments for borrowing, saving, other services
- For responsibility and risk for financial decisions
- To learn the comparison between rights between savings and investments
- More and more important the pension question for individuals
- To recognise
 - the risk of fraud
 - from the dangerous/risky banking products(as credit cards etc)
- and
- avoid the personal bankruptcies
- Better financial education in the schools and long life learning for all individuals



Összefogás a fogyasztókért



Thanks for your attention

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