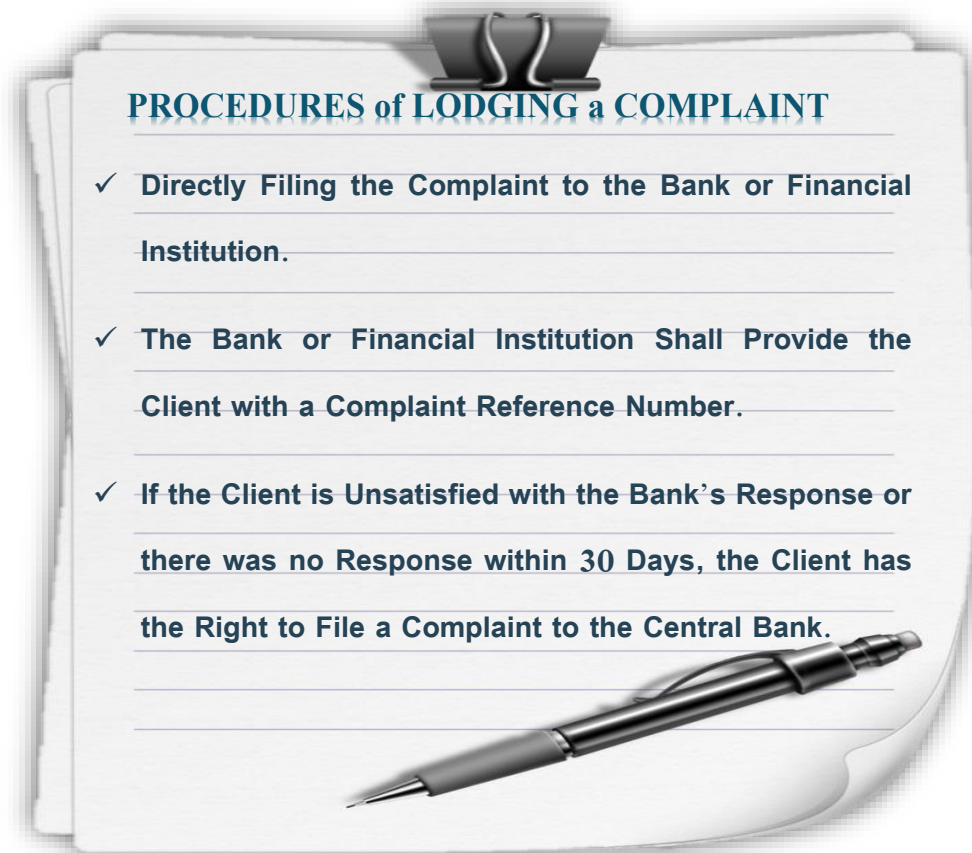




# Consumers' Complaints Report of Banks and Non-Banking Financial Institutions 2019



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



---

## PREFACE

---

The Central Bank of Jordan (CBJ) is keen in its approach to provide protection and fair treatment for the consumers of financial and banking services, as the Financial Consumer Protection (FCP) Department acts as a link between financial and banking services providers and their clients towards unfair practices against the clients. The Department also ensures that all clients have access to financial and banking products and services in an integrated framework of fairness and transparency, in addition to ensuring their rights to complain and lodge their grievances. Furthermore, the CBJ is currently working on issuing and updating instructions concerning the protection of financial consumer rights and ensuring that these rights are obtained. In turn, the FCP department follows up on the implementation of banks and non-banking financial institutions of these instructions through on-site and off-site supervision methods.

This report provides an analysis regarding the clients' complaints of banks and non-banking financial institutions that are subject to CBJ's supervision during the year 2019. The report consists of three chapters. The first chapter tackled consumers' complaints against banks and non-banking financial institutions submitted to the CBJ, which reached (1,081) complaints during the year 2019. Whilst the second chapter addressed consumers' complaints that have been received and resolved by customers' complaints handling units at banks and microfinance institutions, that stood at (18,776) complaints. Whereas, the third chapter, discussed the efficiency of banks and financial institutions in handling the complaints.

This report is particularly important because it underscores negligence aspects with regard to financial services' consumers, through analyzing customers' complaints and the identification of oppressive and unfair practices towards them. The report also highlights the clients' complaints that were not justified, due to weak financial literacy or unfamiliarity with contractual terms and their responsibility regarding these terms. Noting that the FCP department has designed financial awareness and literacy programs to raise consumers' financial literacy levels.

# List of Contents

|  |          |
|--|----------|
| <b>EXECUTIVE SUMMARY .....</b>   | <b>1</b> |
| <b>Chapter One: Consumers' Complaints Submitted to the CBJ.....</b>  | <b>2</b> |
| First: Channels of Filing Complaints.....  | 2        |
| Second: Consumers' Complaints Filed Against Banks and Non-Banking Financial Institutions through the CBJ....               | 3        |
| Third: Thematic Classification of Consumers' Complaints.....   | 3        |
| <b>Chapter Two: Consumers' Complaints Submitted to Banks and Microfinance Companies .....</b>                              | <b>5</b> |
| First: Consumers' Complaints Filed Against Banks.....  | 5        |
| Second: Consumers' Complaints Filed Against Microfinance Companies .....   | 6        |
| <b>Chapter Three: the Efficiency of Banks and Non-Banking Financial Institutions in Handling the Received Complaints .</b> | <b>7</b> |
| <b>Annex (1):Types of Complaints .....</b>   | <b>8</b> |

## EXECUTIVE SUMMARY

### A. Consumers' Complaints Submitted to the CBJ:

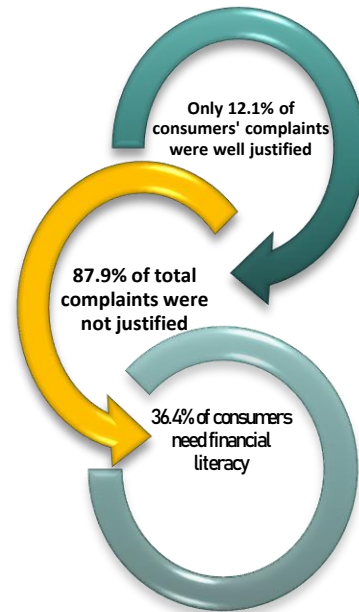
The total number of complaints received by the FCP Department at the CBJ during 2019 reached (1,081) complaints, compared to (1,366) complaints during 2018, down by (285) complaints or 20.9%.

Complaints filed against banks in 2019 reached (994) complaints while complaints filed against non-banking financial institutions reached (87).

Regarding the themes of complaints filed against banks, they were mainly concentrated on contracts and terms, interests on loans, and business environment. Whereas, complaints against non-banking financial institutions were mainly regarding listing the client on the credit inquiry system, clients' data confidentiality, and transfers.

Analyzing the complaints handled by the FCP department, revealed that only 12.1% of the complaints submitted to the CBJ were well justified, and all of them were resolved. While, 87.9% of the complaints were not justified. Moreover, 36.4% of the complainants to the CBJ needed programs to raise their financial literacy, mainly on issues related to variable (floating) interest rates, debt burden, commissions on financial products and services, cheques, payment cards and banking confidentiality. In this regard, the CBJ, in collaboration with several banks and non-banking financial institutions, implements various financial awareness and literacy programs to enhance financial knowledge and literacy of the clients of banks and non-banking financial institutions.

### B. Consumers' complaints submitted to banks



### and microfinance companies:

The reports received from customer complaints handling units at banks operating in the Kingdom as well as microfinance companies showed that the number of complaints received in 2019 reached (18,776) complaints, of which (16,919) complaints were filed against banks, while (1,857) complaints were filed against microfinance companies. It is noteworthy, that the number of complaints received by banks rose during the year 2019 by (3,328) complaints or 24.5%, compared to a decline in the complaints submitted to the CBJ. The main reason of such a rise is CBJ's emphasis on the importance for clients to contact their banks and financial institutions first, and if the problem is unsolved, the complaint can be submitted then to the CBJ.

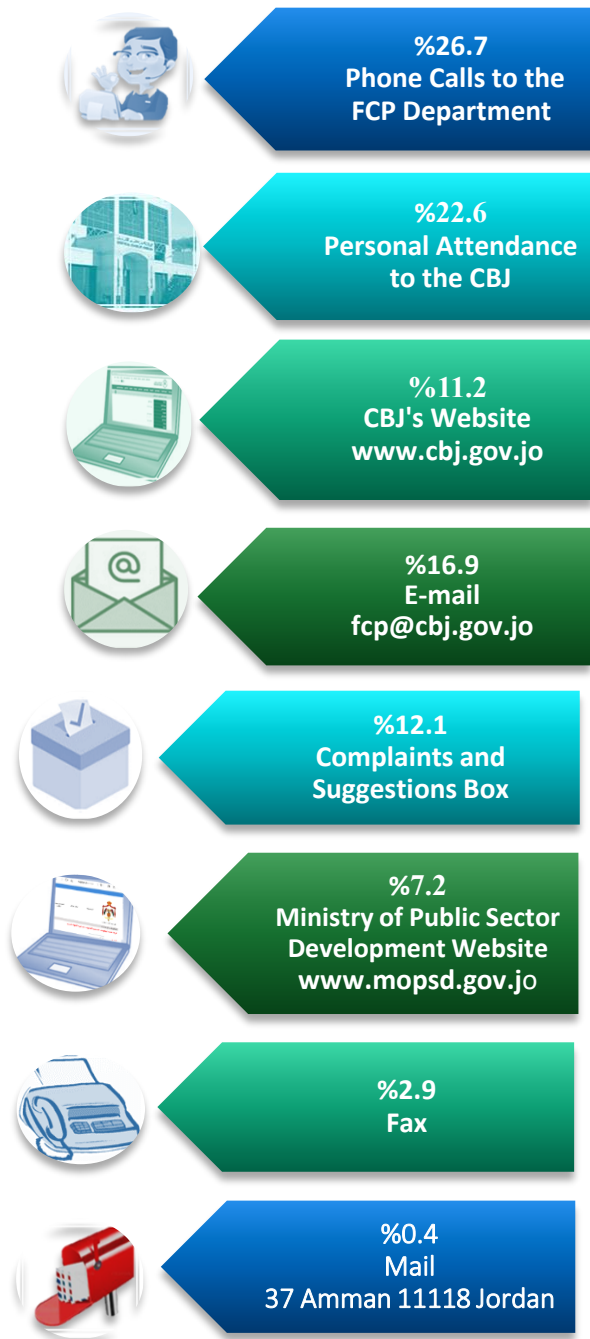
## Chapter One: Consumers' Complaints Submitted to the CBJ

This chapter addresses the analysis of consumers' complaints against banks and financial institutions submitted to the CBJ. It also demonstrates the channels provided by the CBJ for filing complaints and the most used ones. Furthermore, it provides details for the complaints according to their themes, and the financial institution against which the complaint was made (the complaine).

### First: Channels of Filing Complaints

The CBJ provides all possible means and channels through which customers can submit complaints easily. Analyzing consumers' complaints received by the FCP department in 2019 reaching 1,081 complaints; they were submitted through the channels clarified in the figure on the right.

It can be noticed that phone calls are considered the most frequently used channel to receive complaints. In this regard, it is noteworthy that there is a special unit (Help line) within the complaints division, which assumes the responsibility of receiving clients' phone complaints, recording them, and implementing the necessary procedures in this regard.

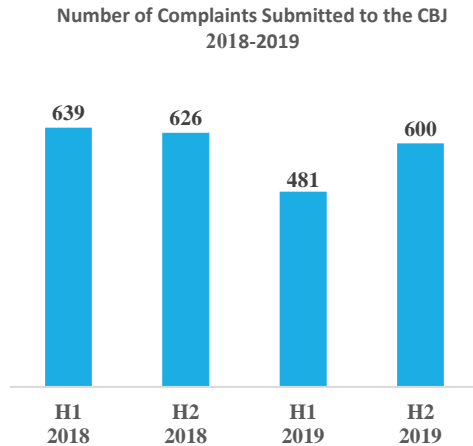


## Second: Consumers' Complaints Filed Against Banks and Non-Banking Financial Institutions through the CBJ

The total number of complaints received during 2019 reached around (1,081) complaints, of which (994) were against banks operating in the Kingdom, and (87) were against non-banking financial institutions.

### A- Consumers' complaints filed against banks:

Consumers' complaints against banks submitted to the CBJ in 2019 stood at (994) complaints compared to (1,265) complaints during 2018, markedly declining by 21.4%. The main reason of such a decline is the implementation of the Internal Procedures for Handling Consumers' Complaints of Financial and Banking Services Providers, which stated that the client should first refer to his bank or financial institution before referring to the CBJ.



### B- Consumers' complaints filed against non-banking financial institutions:

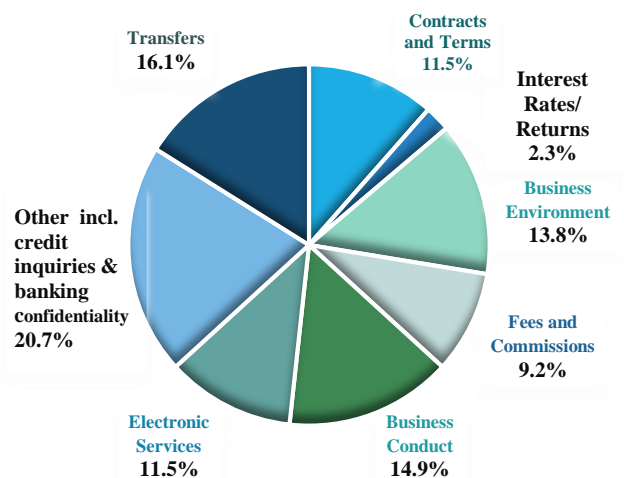
As for complaints submitted to the CBJ against non-banking financial institutions, these complaints reached (87) complaints in 2019, compared to (75) complaints in the preceding year, increasing by 16%. The main reason of such an increase is that clients of non-banking financial institutions became informed of their right to file their complaints to the CBJ.

## Third: Thematic Classification of Consumers' Complaints

A- Regarding the thematic classification of consumers' complaints filed against banks and submitted to the CBJ, complaints related to contracts and terms accounted for the largest share of 32.9% of total complaints, to reach (327) complaints. Analyzing these complaints revealed a significant weakness in the level of financial literacy in terms of unawareness and lack of knowledge of the contractual terms and the contracts they signed.

| The Subject of the Complaint       | No. of Complaints (%) | Theme   |
|------------------------------------|-----------------------|---|
| Contracts and Terms                | 327 (%32.9)           | Agreements & contracts, transactions on the account, insurance of products, credit products and deposits, refusal to provide a product, and collection practices. |
| Petition                           | 173 (%17.4)           | Clients' requests to reduce interest rates on their loans.  |
| Interest Rates and Returns         | 143 (%14.4)           | Interest and returns on loans, banking cards and deposits.  |
| Business Environment               | 107 (%10.8)           | Providing the service with delay, the employee is not cooperative in providing the service, and the workplace.  |
| Other Complaints                   | 86 (%8.7)             | Other complaints mainly concerning cheques, and banking confidentiality,.   |
| Commissions and Fees               | 59 (%5.9)             | Commissions and fees on products and services.  |
| Banking Cards                      | 32 (%3.2)             | Payments via credit and debit cards at points of sale and online.   |
| Electronic Services                | 24 (%2.4)             | Payments services, online banking, and ATMs.  |
| Transfers                          | 21 (%2.1)             | Not executing the transfer or not notifying the client with it, or refusal to transfer.   |
| Business Conduct                   | 18 (%1.8)             | Refusal to provide a service, conduct of employees, conduct of subsidiaries/agents, and difficulty in contacting the service provider.                            |
| Marketing of Products and Services | 4 (%0.4)              | Advertisement and sales.  |

B-As for the thematic classification of the complaints filed against non-banking financial institutions submitted to the CBJ, most of these complaints were about listing the client on the credit inquiry system and data confidentiality accounting for (20.7%), followed by remittances (16.1%). In addition to, business conduct (14.9%) which focused on the employees' conduct, and business environment (13.8%) which focused on the employee being not cooperative in providing the service as well as delays in providing the service.



## Chapter Two: Consumers' Complaints Submitted to Banks and Microfinance Companies

This chapter analyzes clients' complaints directly submitted to banks and microfinance companies during 2019. Customers' complaints handling units at banks and microfinance companies examine and follow up complaints received from clients and provide the CBJ with quarterly reports in this regard.

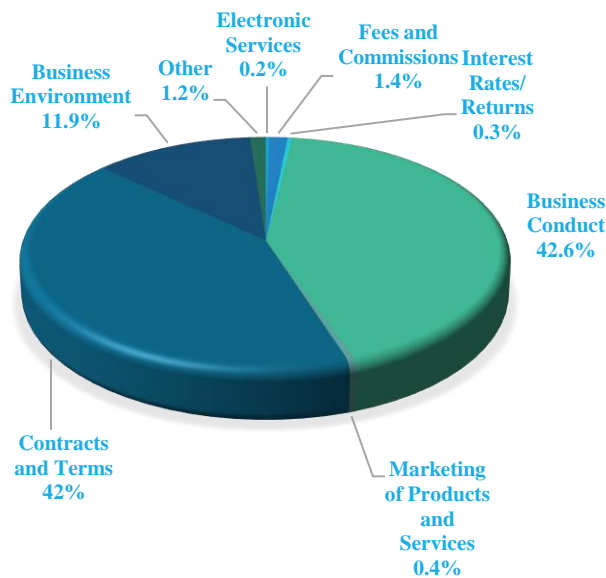
### First: Consumers' Complaints Filed Against Banks

Banks' reports revealed that the total number of their clients' complaints went up by (3,328) complaints or 24.5% in 2019, to reach (16,919) complaints, in comparison with (13,591) complaints during 2018. Complaints related to electronic services accounted for the highest share of total complaints submitted to banks in 2019 reaching (4,780) complaints and accounting for 28.3% of total complaints. Most 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. Followed by complaints regarding contracts and terms standing at (3,059) complaints or 18.1%. The table on the right shows the thematic distribution of the complaints submitted to banks during 2019.

| The Subject of the Complaint       | No. of Complaints (%) | Theme   |
|------------------------------------|-----------------------|---|
| Electronic Services                | 4.780 (%28.3)         | Payments services, online banking, and ATMs.  |
| Contracts and Terms                | 3.059 (%18.1)         | Agreements & contracts, transactions on the account, insurance of products, credit products and deposits, refusal to provide a product, and collection practices. |
| Business Environment               | 3.015 (%17.8)         | Providing the service with delay, the employee is not cooperative in providing the service, and the workplace.  |
| Banking Cards                      | 2.351 (%13.9)         | Payments via credit and debit cards at points of sale and online.   |
| Business Conduct                   | 1.753 (%10.4)         | Refusal to provide a service, conduct of employees, conduct of subsidiaries/ agents, and difficulty in contacting the service provider.                           |
| Other Complaints                   | 853 (%0.5)            | Other complaints mainly concerning cheques, and credit inquiries.   |
| Commissions and Fees               | 620 (%3.6)            | Commissions and fees on products and services.  |
| Interest Rates / Returns           | 319 (%1.9)            | Interest and returns on loans, credit cards and deposits.   |
| Transfers                          | 119 (%0.7)            | Not executing the transfer or not notifying the client with it, or refusal to transfer.   |
| Marketing of Products and Services | 50 (%0.3)             | Advertisement and sales.  |

## Second: Consumers' Complaints Filed Against Microfinance Companies

Microfinance companies' complaints reports revealed that the total number of their clients' complaints reached (1,857) complaints during 2019. Complaints regarding business conduct accounted for the largest share of total complaints received reaching (791) complaints or (42.6%) of the total complaints received, most of which were about refusal to provide a service for clients and the conduct of employees, followed by complaints related to contracts and terms reaching (779) complaints or 42%. The figure below shows the thematic distribution of complaints submitted to microfinance companies.





---

## Chapter Three: the Efficiency of Banks and Non-Banking Financial Institutions in Handling the Received Complaints

---

To measure the efficiency of banks and non-banking financial institutions in handling the received complaints, an “escalation ratio” is calculated, as this ratio represents the number of customer complaints submitted to the central bank to the number of complaints submitted against banks and non-banking financial institutions. In general, a low escalation rate is an indicator of the efficiency of banks and non-banking financial institutions in handling complaints directly addressed to them, and that customers file their grievances to their banks and institutions before lodging a complaint to the central bank.

The escalation ratio for all banks in total reached 5.9%. Two banks had an escalation ratio of lower than 5.9%, while 20 banks had an escalation ratio of higher than 5.9%. On an individual level (the number of complaints submitted to the CBJ against a particular bank/ the number of complains it handled internally), the lowest escalation ratio reached 0.9%, whilst the highest escalation ratio reached 35.6%.

As for non-banking financial institutions, the overall escalation ratio reached 4.7%.

Based on the escalation ratio, the CBJ intensifies its on-site and off-site supervision procedures of banks and non-banking financial institutions that have high escalation ratios, to ensure the improvement of the efficiency of these banks and non-banking financial institutions in handling their clients’ complaints. Which can be achieved through setting up specialized units for dealing with customers’ complaints, and providing it with a sufficient number of employees, in addition to the upper managements at banks and non-banking financial institutions commitment to the importance and seriousness of handling their clients’ complaints.

## **Annex (1):**

### **Types of Complaints**

- ◆ **Complaints of Electronic Services:** include complaints regarding Payment services, eFAWATEERcom payments via the service provider or any other payments systems, online banking, and ATMs.
- ◆ **Complaints of Commissions and Fees:** include complaints about commissions and fees on products and services.
- ◆ **Complaints of Interest Rates/ Returns:** include complaints regarding interests/returns on deposits, loans, and credit cards.
- ◆ **Complaints of Business Conduct:** include complaints regarding refusal to provide a service for the client, conduct of employees, conduct of subsidiaries/ agents, and the difficulty in contacting the service provider.
- ◆ **Complaints of Banking Cards:** include complaints regarding payments via credit and debit cards at stores and points of sale, as well as online payments via credit and debit cards.
- ◆ **Complaints of Marketing of Products and Services:** include complaints of advertisement and sales.
- ◆ **Complaints of Contracts and Terms:** include complaints about agreements or contracts, transactions on the account, insurance of products, deposits and credit products, non-providing of a product, as well as collection practices.
- ◆ **Complaints of Business Environment:** include complaints concerning providing the service with a delay, the employee is not cooperative in providing the service, and the workplace.
- ◆ **Complaints of Transfers:** include complaints regarding the delay of money transfer, the service provider did not carry out or send the transfer for reasons out of his control, the client is not notified with the transfer, and the service provider refused to execute the transfer.