

Equity rules

By Rory Rostant Thursday, July 17 2008

Financial Services Ombudsman (FSO) Ann Marie Narine said she will do what it takes to ensure that her office remains impartial in dealing with the banking and insurance sectors and to keep the faith of their customers whose needs must be appeased.

"I want fairness and equity. I won't settle for less," she said, noting that without those basic tenets the financial system could go awry.

Her view is that her office can act as pressure valve to ease tensions that are bound to crop up between the players in the financial system and their customers.

"Without your customers, you would have no real financial system," she reminded.

At the same time, she maintains that customers are not stainless.

"We have to let customers know that the customer is not always right," she said, and observed that in any financial system there has to be consensus if things are to work.

Apart from striving to maintain the credibility of the FSO which her predecessor, Judy Chang, worked so hard to achieve, Narine said she also wants to foster and promote confidence among the main stakeholders - the banking and insurance sector.

"Promoting confidence is critical for the FSO because it builds credibility in the system," she said in an interview last week at her office in Central Bank.

"I want to build on the foundation that was set," she added, noting that the FSO must continue to be effective in resolving disputes.

The FSO was set up by the Central Bank in conjunction with the banks and insurance companies to investigate complaints from customers and small businesses in respect of services provided by the financial institutions. For banks, the FSO opened its doors in May 2003 and for the insurance sector this came two years later.

According to an FSO brochure, the office is not a court. Narine also insists that the FSO is not consumer advocate.

She said now that she is in the FSO seat, her focus has changed somewhat.

Once she was part of the Central Bank unit that handled the supervisory and regulatory aspect of the financial sector and which dealt aspects of the Financial Institutions Act (FIA).

Now, her sights are set acting as a mediator between the financial sector and their clients.

"It's about settling without taking sides," is how she described it and assured that they can look to the FSO to keep a balanced head.

As far as she is concerned, the FSO now under her watch has been given a good start in its operations. "All the banks are part of the FSO. Insurance companies, big and small, are also part of the scheme," she said

Once a complaint is lodged and it is determined to have merit, the FSO tries to get the issue resolved and settled amicably. "If the Ombudsman's office determines that the complaints fall within its jurisdiction, all attempts will be made to settle the dispute by mediation between the two parties," said a brochure outlining the services offered by the FSO.

"Sometimes, we rule in favour of the insurance companies and sometimes it is in favour of the customer," Narine said, noting that while the decision of the FSO is binding on the players in the financial sector, a customer can still go before the court to seek redress.

While the FSO can get the banks and insurance companies to rectify the matter in the form of an award or compensation for loss suffered by the customer, the award is limited to \$500, 000.

Narine, who holds an MBA in Finance from Long Island University, New York, said although the FSO was voluntary, all the banks and insurance companies have signed up. She said the FSO could have gone the route taken by other Central Bank across the globe and make the scheme mandatory.

The Central Bank, she said, thought it would have gotten more cooperation if it took the voluntary route, and it has paid off. Not only has there been a decline in complaints but both banks and insurance companies are kept on their toes as far as the level of service they provide. In addition, more people now access the FSO's services.

Moreover, what she has observed is that companies across the board have been trying to get the matters resolved, noting that this bodes well for the relationship between banks, insurance companies and their customers.

Narine, who was appointed as FSO on May 1 this year, said she was looking forward to the challenge. She is no stranger to the corridors of Central Bank having had considerable experience in the financial sector and comes with enviable credentials.

She joined the Central Bank in 1984 and functioned at different levels of examiner in the bank supervision department, culminating in the senior examiner position. In 2003, she was promoted to the position of manager, policy unit in the Financial Institutions Supervision Department.

Her responsibilities included the development of the Market Conduct Unit when the Central Bank assumed the role of regulator of insurance companies in 2004.

Narine was also responsible for the development of guidelines for both the banking and insurance sectors and was a member of the technical team that worked on amendments to the legislation for both the banking and insurance sectors

As a result, she was responsible for handling all the complaints on insurance companies and was a member of the committee mandated to expand the role of the Ombudsman to include insurance companies in 2005.

She has also presented papers at the Caribbean Group of Banking Supervisors' conferences on various aspects of bank supervision. In 2002, she was engaged by the Caribbean Regional Technical Assistance Centre (CARTAC), an IMF funded organisation located in Barbados, to assist in the training of examiners of the offshore sector in St. Vincent in respect of the conduct of on-site examinations.

Asked whether credit unions could also be brought under the FSO, she noted that while the Central Bank is trying to get credit unions to fall under the umbrella of the Financial Institutions Act (FIA), it would still be voluntary.

"We can't force anybody to join the FSO," she maintains and insists that she wants to keep it that way.

FSO VISIBILITY

Asked whether the International Financial Centre (IFC) would fit into the FSO's portfolio, she said it might not given the fact that the IFC was targeting global banks and as such would have its own rules under which to operate.

Narine, who is a member of the Board of Trinity College, Moka, and is active in various private charities, said she wants her office to make an impact and insists that dispute resolution has a place in the today's fast-changing financial landscape.

She cites as evidence that fact that customers' complaints have declined over the years. The FSO's 2007 annual reports points to the fact that complaints against the banks fell by 35 percent from the previous year, and this continued the trend established since the inception of the Scheme. The number of insurance complaints received has also declined by 29 percent, the report said.

The FSO, Narine said, has pressed for and gotten both banks and insurance companies to supply annual audited accounts on customer complaints and which Narine said allows the FSO to see what the salient issues are. Asked what advice she had for customers, Narine said they must learn to read the fine print.

For her part, she thinks that the FSO is not visible enough and wants it to become a more prominent feature in the financial landscape.

“My staff and I want to reach the man in the street,” she said and pointed to the Financial Literacy Programme set up by the Central Bank in conjunction with the FSO’s office.

Narine said she is looking at going out more into the communities, especially the rural areas, to let customers know what the FSO was about and how it can meet their needs.

“I want public education to become a big part of the FSO’s operations,” she said, adding that they needed to develop an interaction with the customer.

She talked about setting up an outreach programme that would allow the FSO to disseminate information and allow people to see that there are avenues available to settle disputes.

“We are an alternative to the courts - and we are free,” she said of the FSO.