



OFFICE OF THE
FINANCIAL SERVICES
OMBUDSMAN

Annual Breakfast Meeting 2018

Friday July 6, 2018

Dominic Stoddard, FSO

Welcome to our annual breakfast meeting and thank you for agreeing to break bread with us. A famous author once said, "There is something profoundly satisfying about sharing a meal together ... it is one of the oldest and most unifying of human experiences"

THE FAILURE OF INSTITUTIONS

Ladies and gentlemen, significant sums have been spent by successive governments both in Trinidad and Tobago and across the region, on education. These invariably took the form of subsidies on books and tuition, in our case lunches, breakfast, transportation, teacher training, equipment and facilities.

But amazingly, even today as we speak, we seem incapable of solving some of our most basic societal problems; and not just economic ones, but political and social problems as well. I have heard it said that the professional class is failing the society.

Some of us take a cynical approach and make remarks like, "Hhmp, only in Trinidad". I often wonder, will we as a society always be so precariously perched, that even when things are going well, we are patently aware that it may not last.

There is a reason why we are in this position, and I want to suggest to you it's because most of our institutions do not work. But have you ever wondered why? I shall return to this in a minute.

The Office of the Financial Services Ombudsman (OFSO) has been in existence for the past 15 years. By any yardstick, existing for 15 years is a major milestone. But an important question is how successful, or put differently, how effective have we been?

When I came to this Office, coming from a background where measuring, monitoring and managing were critical, I had to work out really, what will success look like. Would it be when we have so informed the public of their rights and responsibilities in financial transactions that they



are coming to us in droves? Or is it when they are so empowered by our financial literacy programmes that they know and better understand financial products and services, and they are vigilant in research and getting information on those they do not understand?

And as an institution operating in the financial space for 15 years, should we keep on doing what we are doing, and simply try to do it better?

In the life of a human being, age 15 is just when you are coming into self-knowledge. You truly begin to understand who you are, what you believe in and what you stand for. You are transitioning between a child and a young adult. Some become more assertive, others subtly struggle for psychological space. But whatever they do they are fundamentally different from whom they were before age 15 and after.

In the case of the OFSO, reaching age 15 is a good time for pause and introspection; to question whether or not we are still fit for purpose. To take an outward view of the broader financial sector, not only at members of the OFSO Scheme, but also consider whether or not there are other consumers of financial services who have complaints or are similarly afflicted by the inimical practices of some entities. Who do they turn to, what is their recourse?

In short, if we are to play an important role in financial sector development, we must reassess our institutional coverage to make sure that underserved segments of the financial sector have recourse, without necessarily resorting to the courts.

Some would say we have become a far more litigious society. Whether true or not, the mechanism of mediation used by the OFSO is superior to the extent it is far more efficient in terms of time, cost and effort. And all financial clients should have access to it.

Also, if we are to believe the numbers quoted for uninsured drivers, clearly there is a role for us in the operation of a Motor Vehicle Accident Fund, an item on the legislative agenda, for some time.

We may also need to review the existing Terms of Reference under which we operate, to take explicit account of our role in financial education and empowerment. It is the only antidote to reduce enquiries and avoid some of the convoluted complaints.

Take note that these considerations are not new by any stretch of the imagination, but there is much outside of our immediate control upon which these actions are hinged.



OPERATIONAL ACTIVITIES

Ladies and gentlemen let me give you a sense of the scale of our operations before I return to why our institutions are failing:

Apart from our main office in Port of Spain, we have offices in Point Fortin, San Fernando, Sangre Grande and in Tobago. The visitors to external offices for the last two years are shown in the table:

VISITORS TO EXTERNAL OFFICES

Location	2017	2016
Point Fortin	42	57
San Fernando	97	86
Sangre Grande	30	41
Tobago	56	50
Total	225	234

Enquiries received are shown in the next table. These are issues which do not meet the threshold of a formal complaint and in many instances are resolved by merely obtaining information or clarification and no mediation is required.

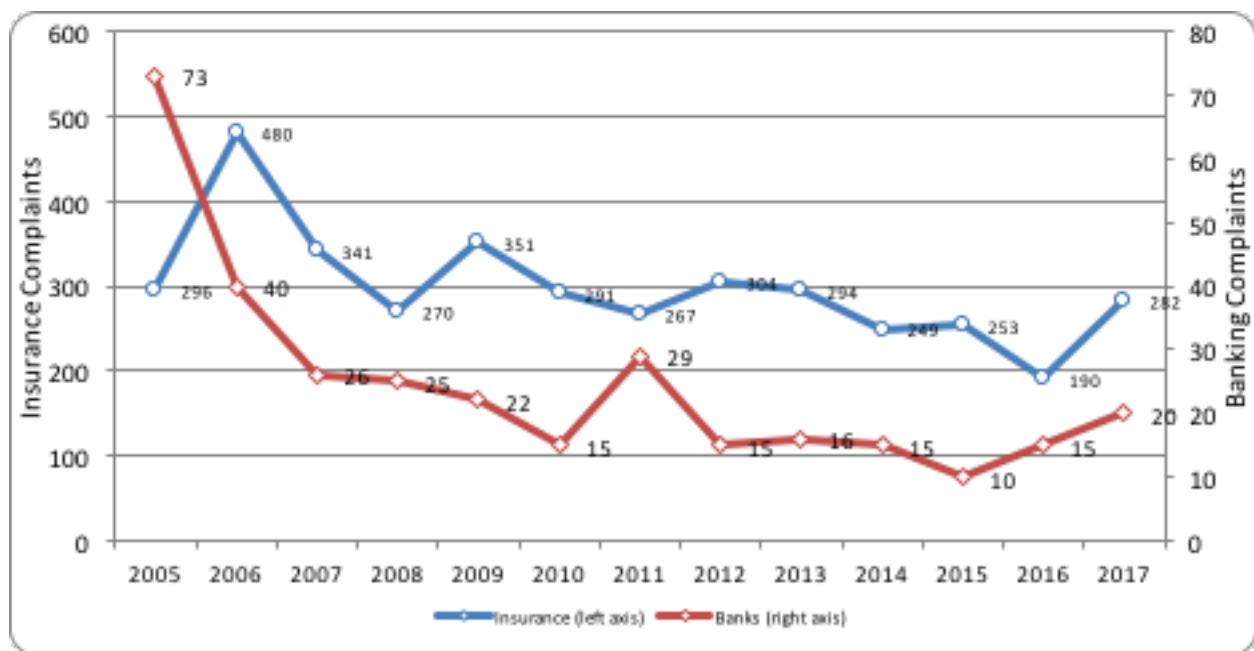
ENQUIRIES RECEIVED BY THE OFSO

Institution	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	2017	2016
Bank	32	28	42	59	161	156
Non-bank F.I.	0	0	0	2	2	4
Insurance	115	123	116	151	505	478
Other	26	26	19	31	102	126
Total	173	177	177	243	770	764

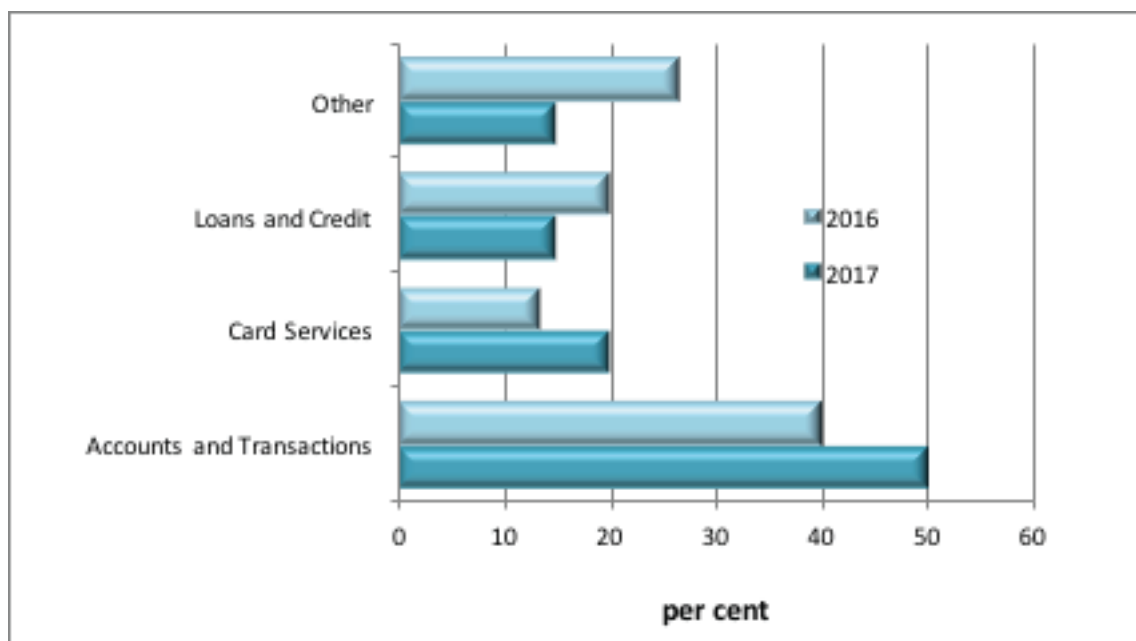


As is the norm, banking complaints were far fewer than insurance complaints:

BANKING AND INSURANCE COMPLAINTS



The main types of banking complaints received were for accounts and transactions:

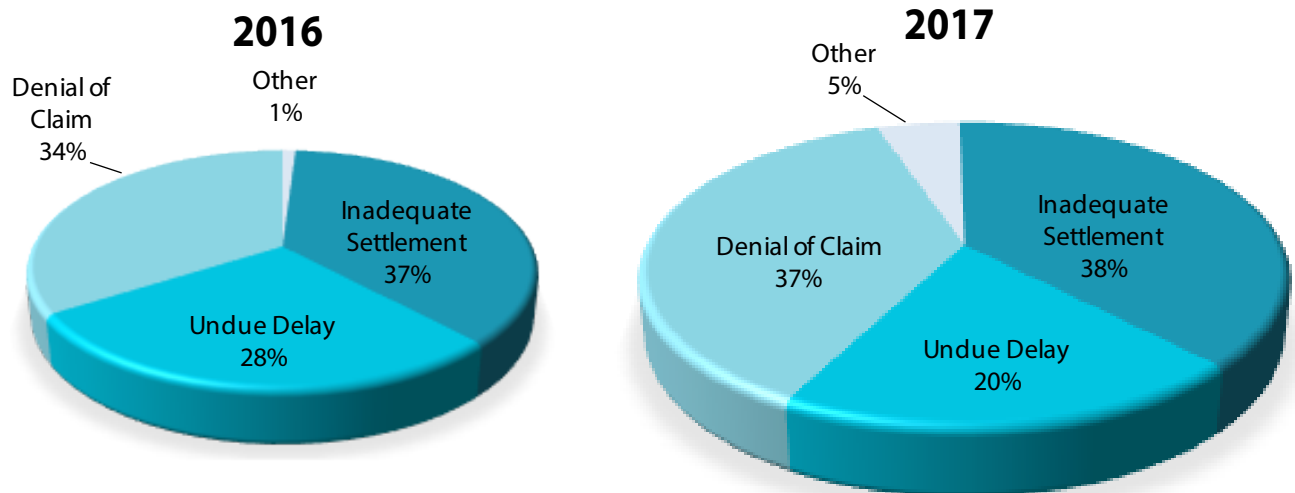




BANKING AND INSURANCE COMPLAINTS

Type of Complaints	2017		2016	
	Number of Complaints	Percentage of Total	Number of Complaints	Percentage of Total
Motor	266	94	184	98
Life/Health/Annuities	13	5	4	2
Property	2	1	0	0
Other	1	0	0	0
Total	282	100	188	100

CATEGORY OF INSURANCE COMPLAINTS

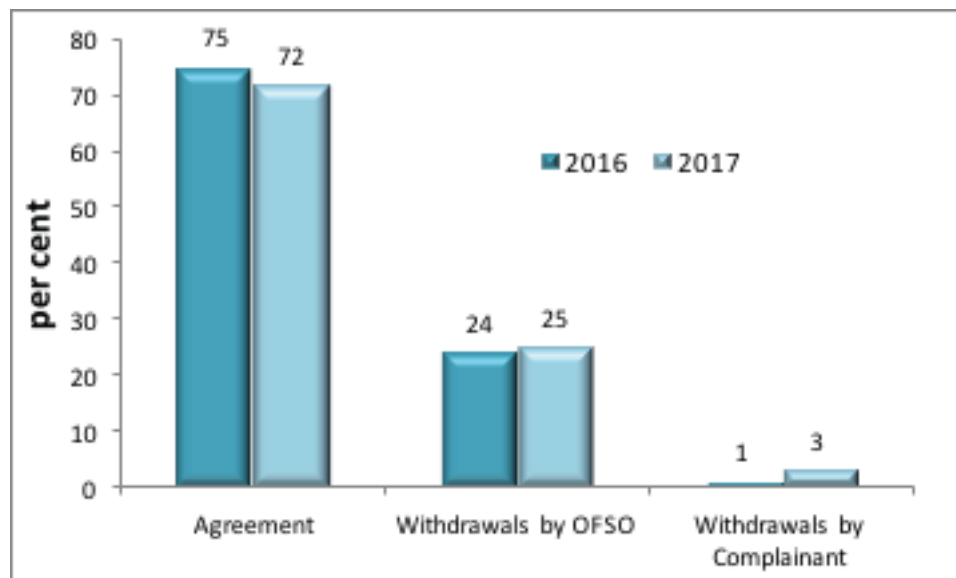




SUMMARY OF INSURANCE COMPLAINTS PROCESSED

	2017	2016	% Change
Brought Forward	63	85	-27%
Received within the period	282	190	48%
Referred to Central Bank	0	2	n.a.
Total for processing	345	273	26%
Resolved/Closed	235	210	12%
Carried Forward	110	63	75%

RESOLUTION METHOD FOR INSURANCE COMPLAINTS:



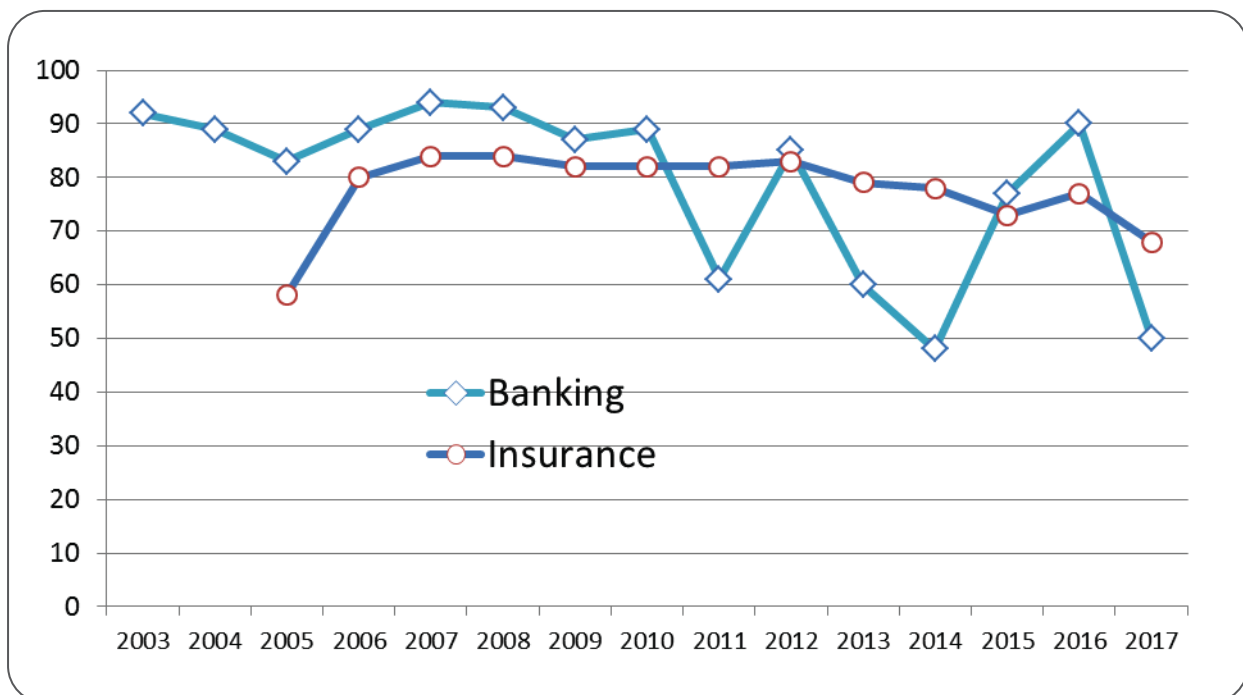


Time taken to resolve insurance complaints:

RESOLUTION OF INSURANCE COMPLAINTS – TIME TAKEN

Resolved Within	2017		2016	
	Number of Complaints	Percentage of Total	Number of Complaints	Percentage of Total
30 days of receipt	12	5	50	24
31-60 days of receipt	71	30	61	29
61-90 days of receipt	40	17	25	12
91-120 days of receipt	25	11	24	11
More than 120 days of receipt	87	37	50	24
Total	235	100	210	100

Resolution Rate (%):





	2012	2013	2014	2015	2016	2017	Average
Overall (weighted*)	83	78	76	73	78	67	78
Banking	85	60	48	77	90	50	68
Insurance	83	79	78	73	77	68	76

Ladies and gentlemen, what exactly happened? How is it that after a decent track record of resolving on average, three-quarters of the complaints available for processing, we have slipped to 67 per cent. The decline in the resolution rate can be attributed to several factors including an increase in the overall number of complaints and the degree of complexity. We are now seeing complaints which oftentimes included multi-party disputes involving several vehicles and more than one insurer.

It is noteworthy that during 2017 there was a sharp increase in the number of institutions under the Scheme referring potential complainants to the OFSO. This speaks to the fact that members are making more use of the services we offer at a time when we have been increasing visibility.

On the customer side however two main factors explain the apparent willingness to seek recourse at our Office. One is the increasing vigilance of some customers and their willingness to challenge institutions. The other is the growing negative view in which financial institutions are held. This could easily be dismissed as the rantings of a few vocal customers, or perhaps the stigma from a few rouge companies, but I urge you to take heed. The world has changed significantly and the ease with which customers can reach fairly large audiences, institutions would do well to give serious thought to the way customers are treated.

Let me give a few examples: You go into a financial institution to transact business, you sit in a waiting room with coffee and tea and you are met with polite, friendly faces. But the day you make a call on the very institution regarding compensation, refund or claim, the entire scenario turns grey. Sometimes, customers form legitimate expectations and when changes develop that would alter those expectations, there is a duty and a responsibility to inform those customers at the earliest. Sadly this is not done consistently.

Ladies and gentlemen many of our institutions are failing because they are either not adapting to change or they are no longer keeping the interest of the customer at the heart of the decisions they make. We have become an industry where good service and efficient turnaround times are no longer the standard.



I submit to you that the financial sector is too integral a part of our broader economy to take what we do lightly. Accruing value for shareholders, staff, and other stakeholders is not the antithesis of just, fair and reasonable treatment of customers. Let us recommit ourselves as a collective to do better, to explain the important aspects of the products and services we sell to our customers. Some will require a little more time than others, let's give them that time. Let us rededicate ourselves to service to customers, to ordinary citizens and make transacting financial business a pleasure once more.

I would like to close by thanking the staff of the OFSO, the many departments of the Central Bank that provided support through the year, our valued stakeholder partners with whom we have embarked on this auspicious journey in financial education and the members of the Scheme with whom we will join to change the emerging perception, and show why the financial sector deserves pride of place by any measure.

A handwritten signature in black ink, which reads 'D Stoddard'. The signature is fluid and cursive, with the first letter 'D' being particularly large and stylized.

Dominic Stoddard
Financial Services Ombudsman