



CENTRAL BANK OF TRINIDAD & TOBAGO

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OPENING REMARKS

at

The Launch of the First Report of The Banking Services Ombudsman

by

*Ewart S. Williams, Governor
Central Bank of Trinidad and Tobago*

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Representatives of Commercial Banks

Members of the Press

My Central Bank Colleagues

Ladies and Gentlemen

The Governance structure underpinning the establishment of the Office requires the Ombudsman to give a report to the public at the end of each year. This launch marks the first Report of the Ombudsman, Mrs. Judy Chang, who took up office in May 2003.

Before Mrs. Chang addresses you on her first eight months of operation, I would take this opportunity to make a few opening remarks.

The Office of the Ombudsman came into being on **May 19, 2003**. If you remember, it was established against the background of increased public concern about the quantity of bank services, alleged arbitrary decisions by commercial banks and specific complaints about the level of fees and charges imposed for certain bank services.

Through discussion between the Central Bank and the Ministry of Consumer Affairs and the commercial banks, I think that it's safe to say that we have seen some rationalization and some lowering of the structure of fees and charges. In fact, the latest information I have seen from Barbados and Jamaica suggests that fees and charges for most bank services may be lower in Trinidad and Tobago than in the rest of the Caribbean.

The establishment of the Ombudsman's Office by the Central Bank, with the support of the banking community, was a very important step in the process of improving the financial infrastructure of Trinidad and Tobago. I say this for two main reasons: **firstly**, competition in the financial sector has spawned a range of new financial products , the full implications of which are not always obvious to the unsophisticated customer; and **second**, in today's environment, customers are very aware of their rights and are more demanding about good service and fair treatment. They need mechanisms for lodging complaints and seeking redress.

These factors have prompted financial institutions to establish internal processes to deal with customers' complaints. The Office of the Ombudsman acts as the "*court of appeal*" for the customer when the

complaint has not been satisfactorily resolved. The principal role of this office is to act as an unbiased and independence mediator in such unresolved cases.

To the best of my knowledge there have been two minor criticisms leveled at the Ombudsman scheme, at least when it was originally launched. The first concerned the scope of the complaints to be addressed. As you know, the Ombudsman's terms of reference do not allow for the investigation of complaints covering:

- (i) an institution's interest rate policies; or
- (ii) its credit-granting and risk-management policies and procedures.

This approach, I can assure you, is consistent with the best practices of Ombudsman schemes world-wide (Australia, India and South Africa and the United Kingdom), and consistent with the tenets of our liberalized financial system.

The second criticism concerned the cut-off date, i.e. the fact that complaints before January 1, 2003 are outside of the jurisdiction of the Ombudsman. The use of a cut-off date which is also a feature of most Ombudsman schemes was a practical consideration, in part, to avoid being bogged down in old cases, where the rules were less clear. I should note that while this is formally the case, the Ombudsman has, in fact, taken up some pre-cut-off date matters that were deemed systematic and worthy of consideration.

Mrs. Chang will give you a detailed run-down of the operation of the scheme since its inception. Let me say, however, that from my vantage point, and despite the relatively modest number of cases handled by the Ombudsman's Office, I would consider the first seven

months of the scheme to be a period of important successes and invaluable lessons.

For one thing, I think that the establishment of the Ombudsman's office has prompted commercial banks to streamline and pay more attention to their internal complaint resolution processes. Anecdotal evidence suggests that the banks are now dealing with complaints more quickly and more efficiently. Secondly, I see a more determined effort by banks to be more transparent in their operations, i.e. to try to explain their products and policies more clearly.

Notwithstanding this, the experience of the last several months has indicated that the commercial banks, and we at the Central Bank, need to devote more resources to public education in banking and financial matters. Commercial Banks need to expand their training programmes and to emphasise courteous service. At the same time, there is need to increase public awareness of the Ombudsman's role through more and better targeted outreach programmes throughout the country.

Before I pass the microphone over to Mrs. Chang, I would like to take this opportunity to thank the commercial banks for their strong support of the Ombudsman scheme.

It's important to note that pending the passage of legislation, the scheme is voluntary in that the banks have agreed to abide by the **independent** judgment of the Ombudsman, **who was selected by the Central Bank**.

The banks' unstinting support, in my view, underscores their commitment to enhance the quality of service, to improve transparency and foster integrity in their operations.

These are important goals for building confidence and trust in our banking system.

I will now call on Mrs. Judy Chang to present her first report.