



## Anisul Hassnain

### Banking Mohtasib (Ombudsman) Pakistan

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**ICMAP:** Could you briefly outline the core functions and activities of the Office of Banking Mohtasib?

**AH:** The institution of Banking Mohtasib has been established under Banking Companies Ordinance, 1962 (“BCO”) and Federal Ombudsmen Institutional Reform Act 2013 to help settle disputes, between customers and commercial banks including the disputes between the banks, fairly, amicably and informally, in accordance with the Law.

The governing Laws under which Banking Mohtasib is functioning provide that the Ombudsmen must be independent, impartial and autonomous administratively and financially, in execution of its functions relating to adjudication of complaints. The Law further binds the Ombudsman office to dispose of complaints within 60 days which is the remarkable feature of our Law ensuring provision of speedy and inexpensive justice. The most critical aspect is of costs related to disposal of complaints being borne by the Federal Government of Pakistan and not by the Complainants.

Banking Mohtasib's services are therefore, free of cost to parties to the disputes. The Complainants do not have to accept findings we make. Both the parties to the disputes are free to opt for a representation to the President of Islamic Republic of Pakistan in case they are not satisfied with the decision of the Banking Mohtasib but in case they accept our decision, it becomes binding for both parties.

**ICMAP:** How the Banking Mohtasib plays a mediating role in resolving differences between Banks and Consumers?

**AH:** The Banking Mohtasib's role in the financial industry is to resolve disputes through a process which is largely conciliatory, and where such mediation is unsuccessful, to adjudicate and pass a speaking order to decide the dispute. Most of the complaints received in the Office of the Banking Mohtasib are settled through amicable resolution after hearing and conferring with both the parties to the dispute while adversarial hearings and adjudications are principally avoided to save costs and time of the parties.

**“ The Banking Industry in Pakistan cannot remain insulated from absorbing global changes which will have direct impact on their competitive advantage, market sustainability, shareholders' value and in the end the long term success through newly devised business models. The major challenge which is expected to emerge may enhance their cost of compliance, litigation, operational and human resource related costs ”**

A conscious effort is made to resolve the issues by explaining to the Bank the rules and precise calculations to arrive at an amicable resolution without a formal hearing. This being a friendly and cordial form of alternate resolution of complaints is mostly accepted and encouraged by all parties as well as by BM's Secretariat.

We mediate to settle issues by pointing out the Bank their mistake or deviation from the rule/practices and help them determine the value of transaction loss and clarify the Bank's just point of view to the Complainant when Banks are not at fault.

**ICMAP: How the institution of Banking Ombudsman help in bringing excellence in customer services offered by the Commercial Banks in Pakistan?**

**AH:** From time to time we come across systemic deficiencies and control weaknesses within banks in the course of our investigation which we brought to the attention of the senior bank management for the betterment of their services/systems.

Dispute Resolution especially aimed through mediation and mutual consent restores and bring back the lost customer satisfaction besides bringing excellence in customer services.

**ICMAP: How many complaints do you receive from banking customers on daily basis and what is the ratio of disposal of these complaints by the Ombudsman office?**

**AH:** During the year 2015, a total of 6091 complaints were received, out of which 82 percent were disposed of by the Banking Ombudsman Office. The number of complaints has grown from last years which stood at 6091 in 2015 as against 4238 complaints in 2013.

Year	Total Complaints (Formal & Informal)	% of disposal
2015	6091	82%
2014	4506	85%
2013	4238	88%

**ICMAP: Could you mention about the nature and types of complaints received from Customers against banks?**



**AH:** The types of complaints that we receive from customers against banks are mostly from areas of Services inefficiency and delays; ATMs; Advances/Loan and Deposits; Consumer Products; Frauds; Internet Banking; Bancassurance; Gross Dereliction of Duty; Service Rules; Corrupt or Malafide Practice; Zakat Deduction; Lockers; Lost Cheques; Exports/Imports; and Foreign Currency account.

**ICMAP: What are the emerging challenges for Banking Ombudsman institutions in Pakistan?**

**AH:** The foremost challenge is related to Internet Banking Frauds and Online Funds Transfer. Due to the expansion of online and branchless banking, the complaints related to internet banking frauds / online funds transfer has significantly increased. Since Internet Banking is a vast subject and involves various technical skills and expertise, it sometimes gets difficult to investigate such complaints which are more complex in nature and require technical expertise for their disposal.

The second emerging challenge is with regard to Card skimming & ATM related issues. There is disparity in making the information available for investigation / CCTV footage availability and in identifying the point of compromise in case of card skimming. There is also unauthorized use of lost or snatched debit/ credit card or unmandated usage of such plastic cards.



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One more challenge I would like to mention here related to sale of third party products. Over the past few years, banks in Pakistan have ventured into the sale of third party products mainly of Bancassurance. While this initiative has been viewed as a positive development, yet instances of mis-selling of Bancassurance continues to raise its head largely for reason of lesser controls or inadequate monitoring mechanism.

**ICMAP:** What is your opinion about introducing a 'Consumer Financial Protection Act' in Pakistan in accordance with international good practices?

**AH:** An amendment to the National Bank Act designed to identify and explain the standards also apply to national banks. The Consumer Financial Protection Act aims to increase oversight and clarify the laws governing financial transactions in order to protect consumers in these transactions. The act resulted in the creation of the Consumer Financial Protection Bureau (CFPB) to centralize the regulation of various financial products and services.

**ICMAP:** Do you think that there is advisory role for Management Accountants in Banking Ombudsman Office?

**AH:** The office of the Banking Mohtasib, by law, follows faithfully and religiously the core cannon of infidelity and secrecy. The Banking information of the customers in possession of office of the Banking Mohtasib remains with us as a sacred trust. However, without compromising on the basic cardinal principle of banking law, the areas of mutual benefit could be worked out on need basis through structured and interactive sessions between the two Organizations.

**ICMAP:** In what specific areas, do you think Banking Ombudsman and ICMA Pakistan can work together for benefit of banking business in shape of improving customer services?

**AH:** Globally the Banking Industry, after 2008 crisis, has undergone major changes as a result of stringent regulatory requirements. While requirement of adequate “capital floor” under Basel III, being negotiated to take a final shape possibly

by early 2017, yet its conclusion as designed may raise another set of challenges for the entire industry. The Banking Industry in Pakistan cannot remain insulated from absorbing these global changes which will have direct impact on their competitive advantage, market sustainability, shareholders' value and in the end the long term success through newly devised business models. The major challenge which is expected to emerge may enhance their cost of compliance, litigation, operational and human resource related costs.



The annual report of this Secretariat shows segregated amounts for the cases decided as granted or declined bearing a significant indication whereby a role of total cost management could be developed and implemented if the relevant players in the banking industry choose to adopt the newly designed techniques for ensuring effective cost controls. In case ICMA Pakistan is given a role, it will certainly bear fruit for the entire banking industry in Pakistan besides significantly improving customer care services. Moreover, there is good opportunity for cooperation between Ombudsman Office and ICMA Pakistan in the areas of research, training and capacity building.

*The interview ended with a vote of thanks to Mr. Anisul Hassnain, Banking Mohtasib (Ombudsman) Pakistan who spared his valuable time and gave his candid views exclusively for this Journal - Editor*