

## **Radovan Jelašić: Educating consumers of financial services in Serbia**

Speech by Mr Radovan Jelašić, Governor of the National Bank of Serbia, on the promotion of the brochure "How to Talk to Banks" issued by ProCredit Bank, Belgrade, 12 October 2007.

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Ladies and Gentlemen,

The developed world pays special attention to consumer education, particularly in the aftermath of major crises, with the aim of not only ensuring necessary prerequisites for economically feasible decision-making, but also with a view to strengthening confidence of the general public in the banking system. Worldwide practice shows that that there can be no efficient financial sector unless consumers of financial services are sufficiently knowledgeable in their use. In the long last, it is the level of public trust that both profits and long-term positioning of financial institutions in a particular market depend upon. For this particular reason, financial institutions should be aware that it is in their best medium- and long-term interest to make the information about their products transparent, accessible and formulated in a language that can be easily comprehended by the general public. This line of reasoning is particularly important in Serbia since our citizens were deprived for quite some time of more sophisticated commercial bank services, as they were reduced to the most fundamental ones in the course of the past decade and a half.

Amid a tide of countless marketing campaigns and fast expansion of financial services, the National Bank of Serbia recognized on time the need to provide the citizens with fair and objective information on all aspects of the use of money! Hence, our first step was to set up a free-of-charge Call Centre in October 2005. However, we soon became aware of the need to broaden education of the public in a systematic and well organized fashion, and ultimately decided to set up of a Centre for Financial Services Consumer Protection and Market Supervision in early 2007. The purpose of this Centre is to spread information and improve education of users of financial services, as well as to increase transparency of terms under which such services are offered. The Centre has so far prepared and published a number of leaflets and brochures aiming to draw attention of citizens to the particular features of financial products they should pay special attention to when making decision on the purchase of a financial product. The Centre aims not to decide for the client, but to help the bank customers make informed decisions.

The ultimate goal of the National Bank of Serbia is to encourage banks to invest more in client education and to further improve communication between users and providers of banking products and services. Therefore, we extend our warm welcome to the initiative of ProCredit Bank and the brochure "How to Talk to Banks", which will doubtless make rights and obligations arising from the use of specific financial products and services more easily comprehensible to customers. This brochure shall certainly also contribute to better compliance with good business practices and improve the level of proficiency and expertise of members of staff of financial institutions.

As the world around us is becoming increasingly complex, financial services are also evolving. More tailored to the needs of clients, financial services are at times very complex and difficult to understand, let alone put into practice. Instead of being angry with banks and the central bank, this and other brochures should be made good use of all the way from here to Frankfurt. "Lucky are those who know the limits of their knowledge and wish to broaden their horizons" for they are the ones who will make the best use of this brochure.