Agenda Item 3a. Consumer protection in financial services

Presentation by
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The Brazilian is becoming a more conscious citizen

We have overcome decades of hyperinflation

We have created laws establishing the Customer Service Center and the Internal Ombudsman’s Office

It is now 28 years since one of the most advanced consumer protection codes in the world was implemented
_and this citizen is more empowered

The Brazilian consumer has more than 800 consumer protection offices (Procons) at his disposal throughout the country.

He can call on digital mediation channels such as Consumidor.gov.

Making Brazil the 3rd most connected country to social media in the world.
There are more than 209 million people that place greater trust in their relationship networks than organizations.

Source: IBGE June 2018
In this context, Itaú Unibanco is the largest bank in Latin America by market cap and the 20th largest in the world.

Source: Bloomberg, May 22, 2018
We are present in 19 countries
We employ 99,618 in Brazil and abroad
We have captured 75 million clients
We offer 4,976 branches and banking services outlets in Brazil and abroad
47,086 ATMs in Brazil and abroad
We serve the client 24/7 by phone, internet and mobile
Our Way:
It’s only good for us if it’s good for the client
But the customer was unhappy and we were also leaders in the complaints rankings.

Most complaints with Procon
- 1st in the overall ranking
- 1st among banks

Most complaints with Central Bank
- 1st place

Civil Actions in Brazil
- 100 million
- + than a million

Banks 38%
Our challenge was equal to the size of 170 million attendances annually. How to continue being people’s bank of choice?
Itaú decided to change
We changed the relationship with the consumer protection agencies

- Forums and meetings with consumer protection agencies (Procons)
- Dialog with the regulator
- Public commitments for improving customer service
- Relationship representatives with CPAs throughout Brazil
We change the relationship with the Judiciary – not defending the indefensible

Claim

- Arguments and information
- Action at the hearings

Itaú’s mistake?

- Performance
- Feedback meetings

- Training
- Standard of conduct

Yes

- settle

No

- defense
We engaged the entire organization in the task of improving customer service.
...and we have seen results
Since 2012, we have reduced by 39% the number of complaints made to the consumer protection agencies (Procons)*_
We also saw a reduction in lawsuits entry of 47%.

Mass civil lawsuits fall of 47%

Mass civil lawsuits fall of 12%

*Cards, retail bank, insurance, direct debt loans, vehicles and real estate*
We are improving!

**Most complaints**

- **Procon 2018**: 6th in the overall ranking, 2nd among banks.
- **Central Bank 2018**: 5th place.

**Civil lawsuits in Brazil**

- 94 million in 2015
- ~ 0.5 million

- **Banks**: 35.7%
We fostered dialog, listened and reached a historic agreement on the economic plans.

Approximately 1 million lawsuits will be resolved.

An unprecedented agreement concluded between the Brazilian Bank Federation, savers and consumer associations with the intermediation of the Federal Attorney General’s Office and the intervention of the Central Bank.

30 years of litigation.
We matured to such a degree that we were able sit down to discuss banking self-regulation in the financial sector - now 10 years old

- Overdraft facility
- Debt renegotiation
- Products offered (suitability)
Today, we are working to take the same standard of excellence in Brazil to the other countries where we operate in Latin America.
Our operations in Latin America

Colombia
- Employees: 3,650
- Branches + BSOs: 174
- ATMs: 176

Brazil (holding)
- Employees: 82,640
- Branches + BSOs: 4,383
- ATMs: 45,769

Paraguay
- Employees: 829
- Branches + BSOs: 39
- ATMs: 312

Uruguay
- Employees: 829
- Branches + BSOs: 39
- ATMs: 312

Chile
- Employees: 5,922
- Branches + BSOs: 201
- ATMs: 469

Argentina
- Employees: 1,700
- Branches + BSOs: 87
- ATMs: 178
the consumer defense structure is already in place__

in society
- Consumer Protection Laws
- Consumer Protection Agencies and Civil Entities
- Complaints Register

in the banks
- Customer Service Channels
- Channel for handling complaints
- Improvements governance
our next step is to expand our agenda for dialog between the public and private sector:

- Fostering good practices
  > Dialogs forum
- Improvement in serving the customer
  based on feedback from the consumer protection agencies
  > A Solution Near You, SMS Debt
- Co-creation of products and services
  > Redesigning of the credit card invoice
- Encouraging agreement and intermediation of conflicts
  > Consumidor.gov
- Signing up to public commitments
  > National Plan of Consumption and Citizenship, São Paulo Law Courts
we changed because we believe our role is to go further_
Our purpose is to encourage the transformational power of people.

We are people who move people.