

# Strengthening Consumer Confidence in Housing Finance



Munich, 18 May 2010  
**Dr. Ing. František Klufa**  
The Financial Arbiter of the Czech Republic



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VON UNECE UND EUBV  
MÜNCHEN 17. - 19. MAI 2010

Housing Finance beyond Subprime



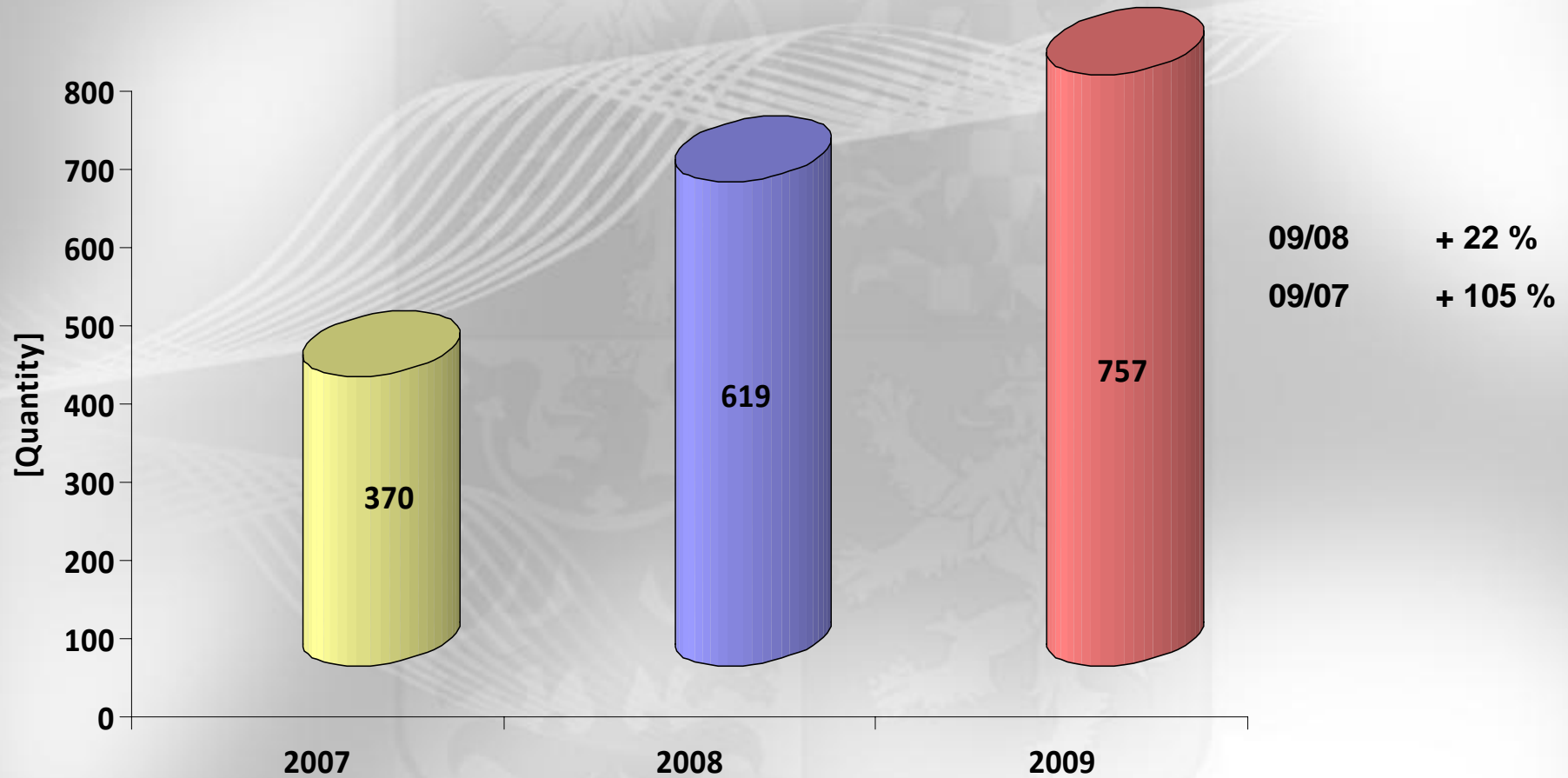
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# The Financial Arbiter of the Czech Republic: The competences and responsibilities

- The Czech Republic has established the Financial Arbiter of the Czech Republic - „FA CZ“ - to handle complaints of bank customers.
- The FA CZ meets the EU requirements for arbitration and ombudsman authorities in the financial services area.
- The FA CZ is responsible for complaints in connection with:
  - payment transactions (cash deposits, account-keeping, money transfers, internet banking, electronic banking etc.)
  - consumer credits, mortgages (from January 2011)
  - the entire financial market (in the future)

# Quantity of complaints



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# Types of complaints - 2009

Complaints (Selection)	Quantity	%
Credits	70	9%
Insurance	46	6%
Debt register	38	5%
Mortgages	34	4%
Bausparen	14	2%
Investment banking	8	1%



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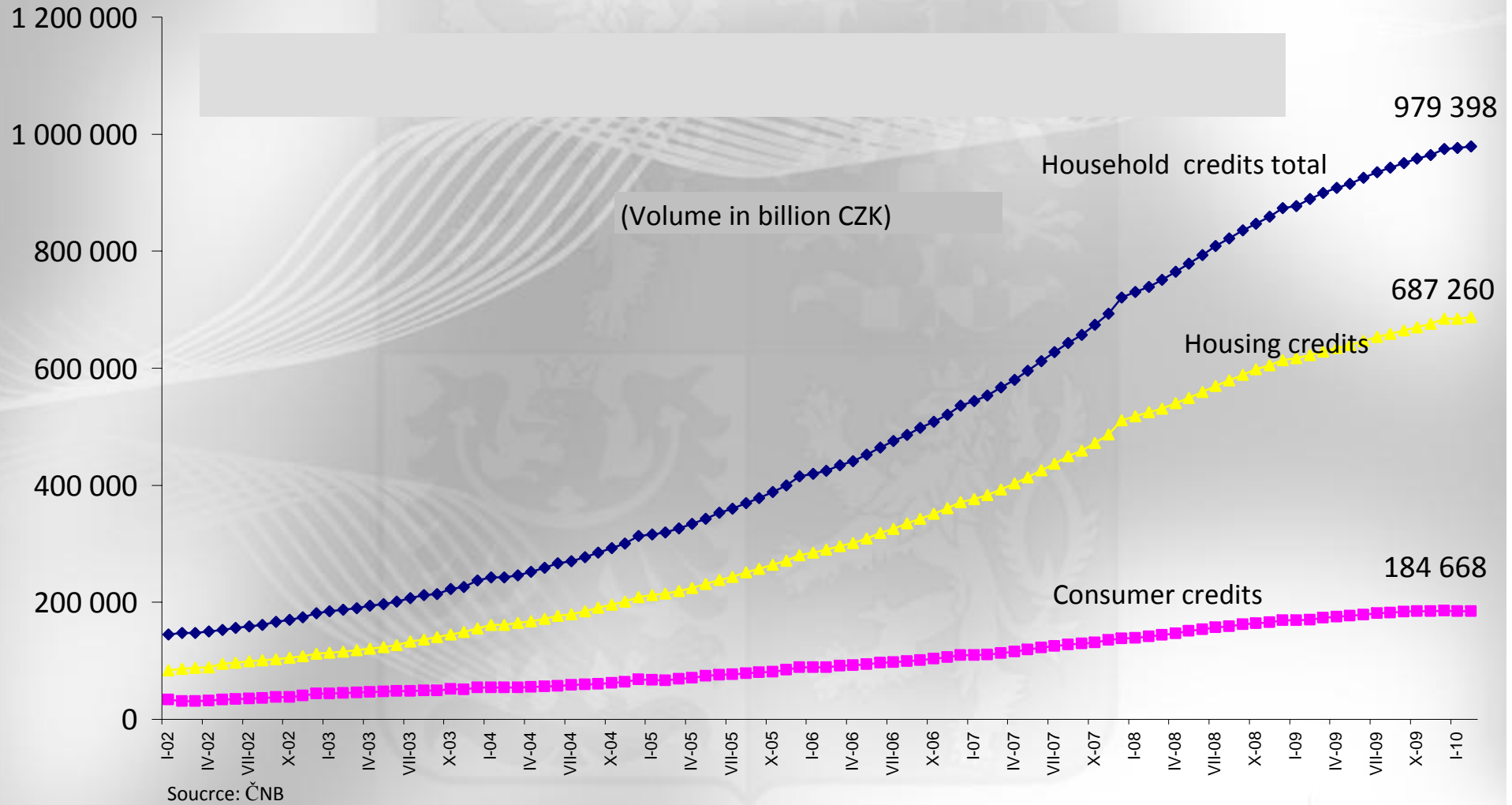
# Housing finance

- Mortgages, bauparen, property leasing
  - 39 banks
  - 6 Bausparkassen
  - more than 60 leasing companies

## What actually affects consumer confidence ?

- Sales strategies of financing institutions?
- Economic stability – state, population?
- Price level – interests, property prices ?
- Government regulation – state subsidies for bauparen, mortgages ?
- State supervisory authorities – correct „players in the market“ ?

# Household credits



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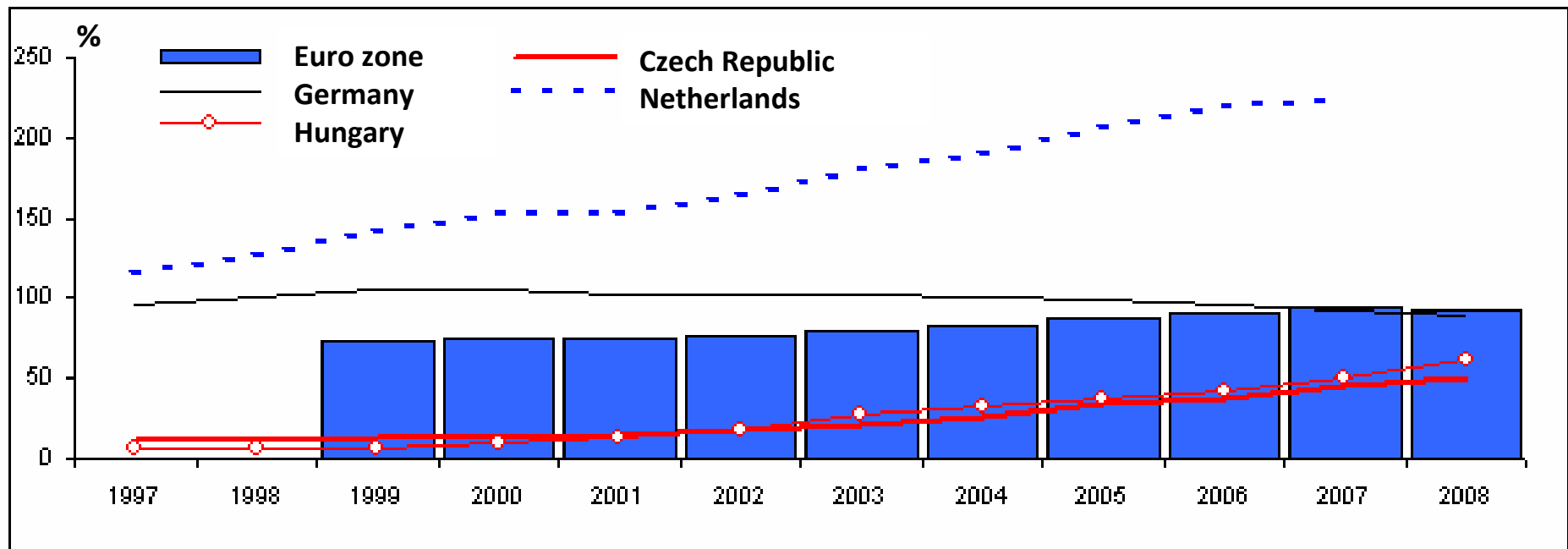
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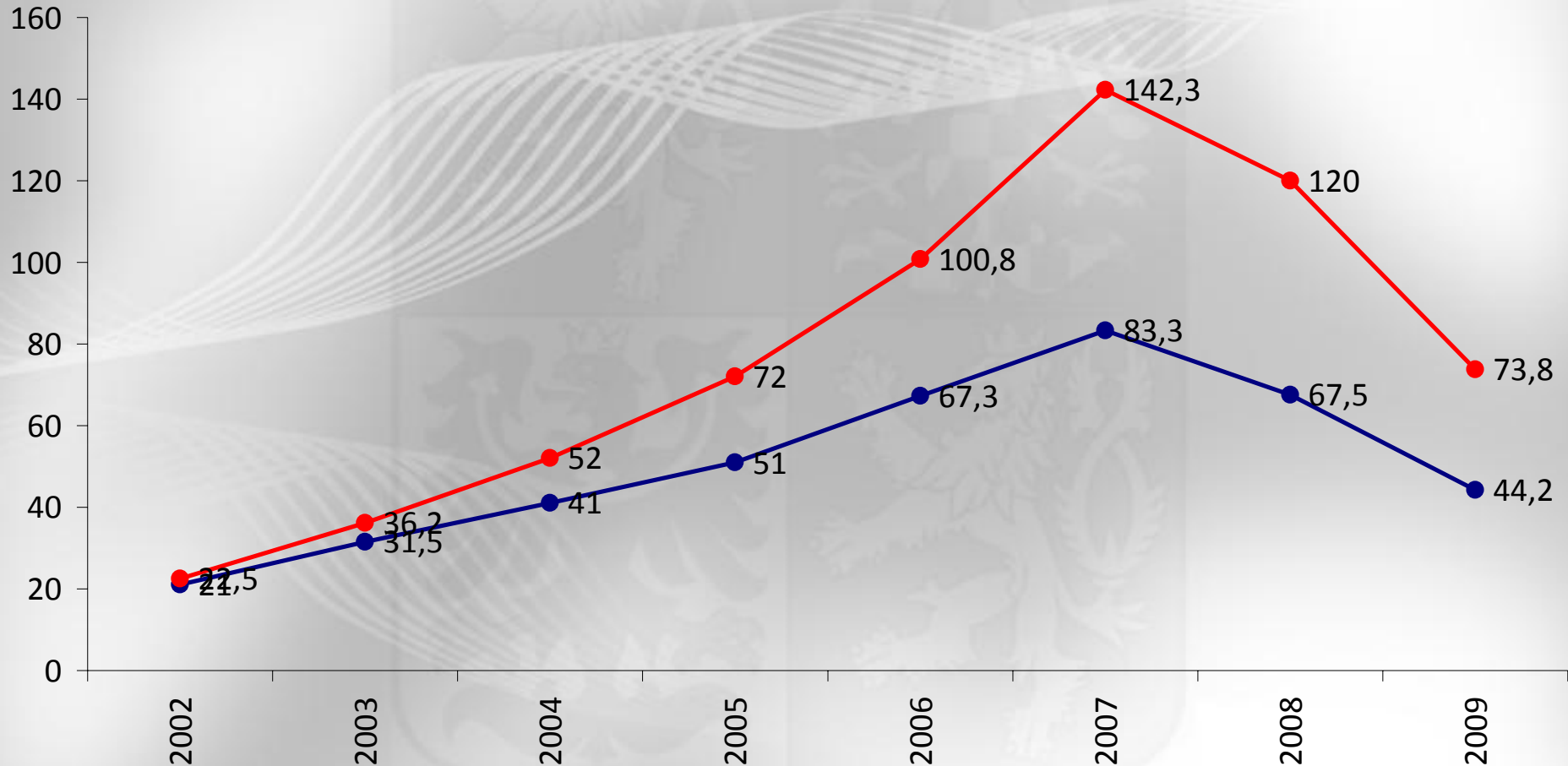
# Level of indebtedness of households



Source: ČNB

# Mortgages statistics

● Quantity of new contracts (in thousand) ● Volume of new contracts (in billion CZK)



Source: MMR ČR



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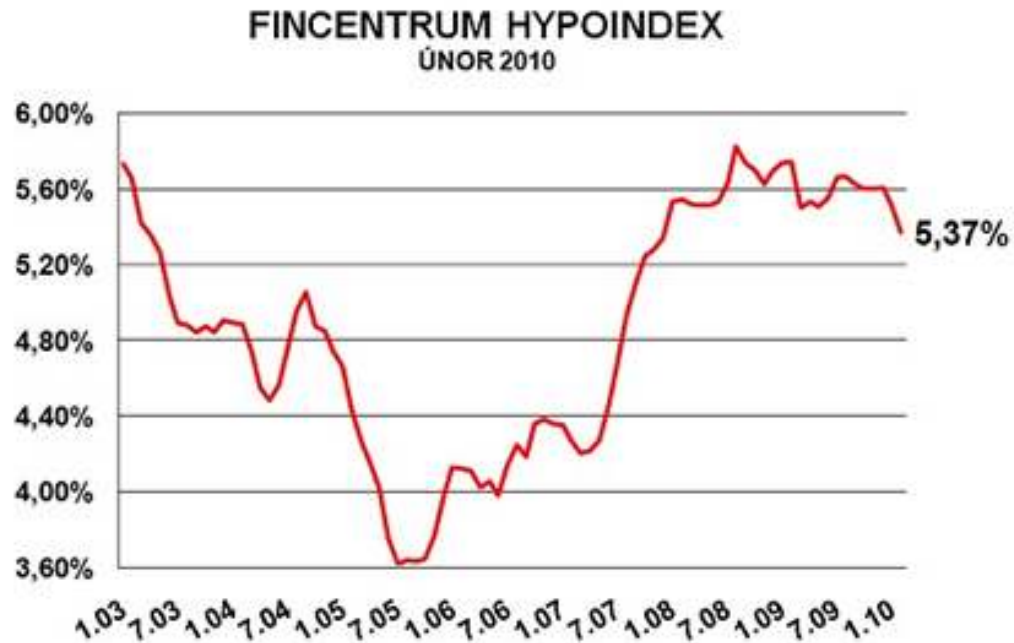


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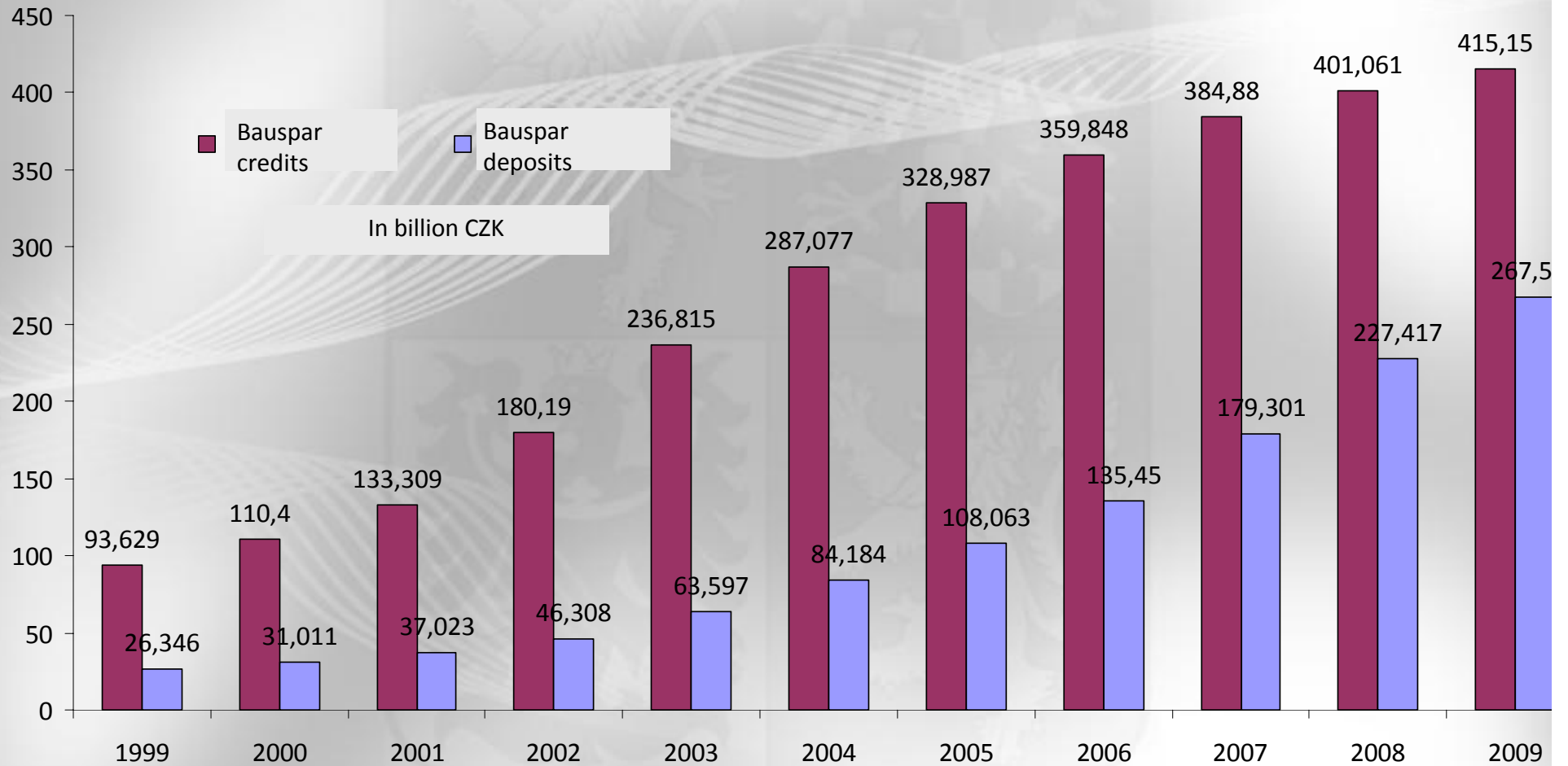
# Hypoindex statistics



## Household credits „RPSN“

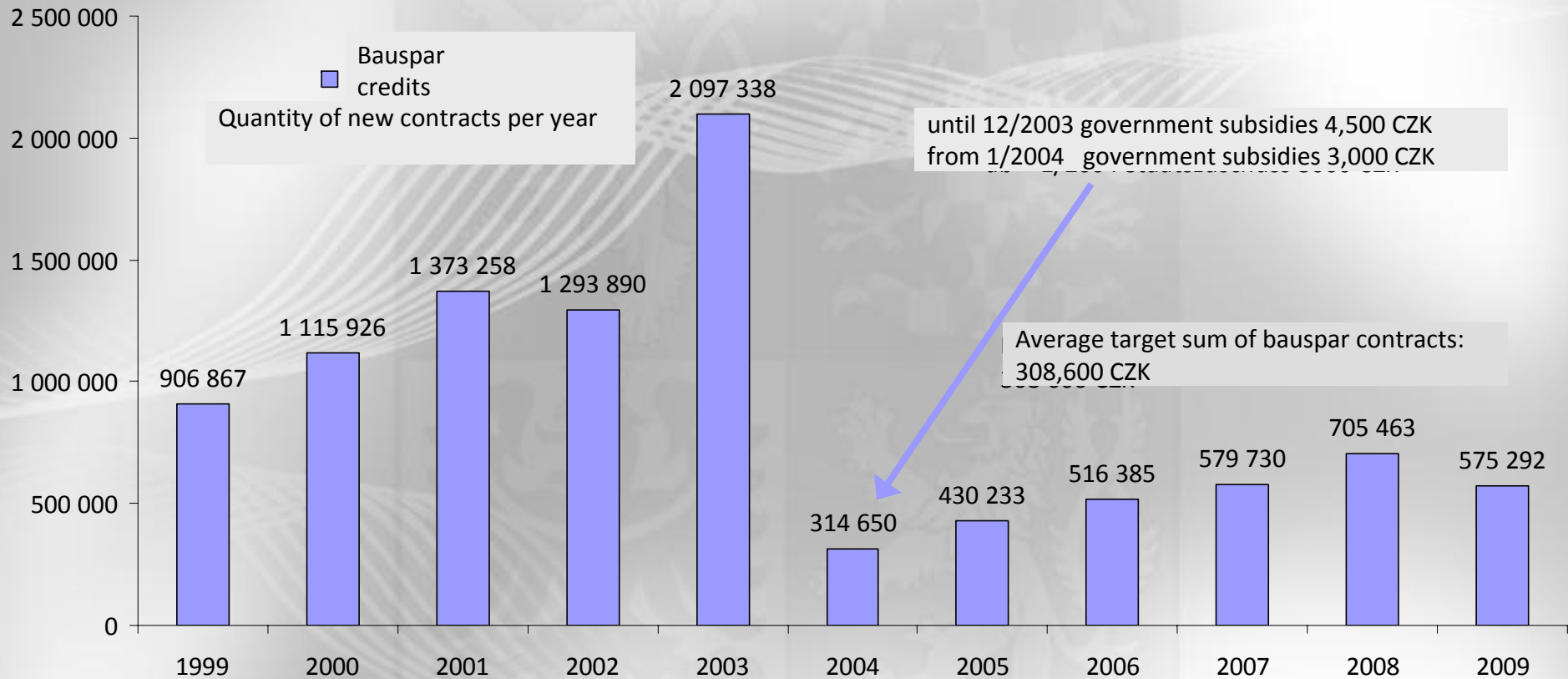
- Consumer credits
    - 15,8 %
  - Housing credits
    - 5,57 %
  - Average mortgage
    - 1 613 415 CZK
- 
- Mortgage actions !!!
    - Revolutionary mortgage 3,93 % (3,63 % p.a.)

# Bauspar statistics



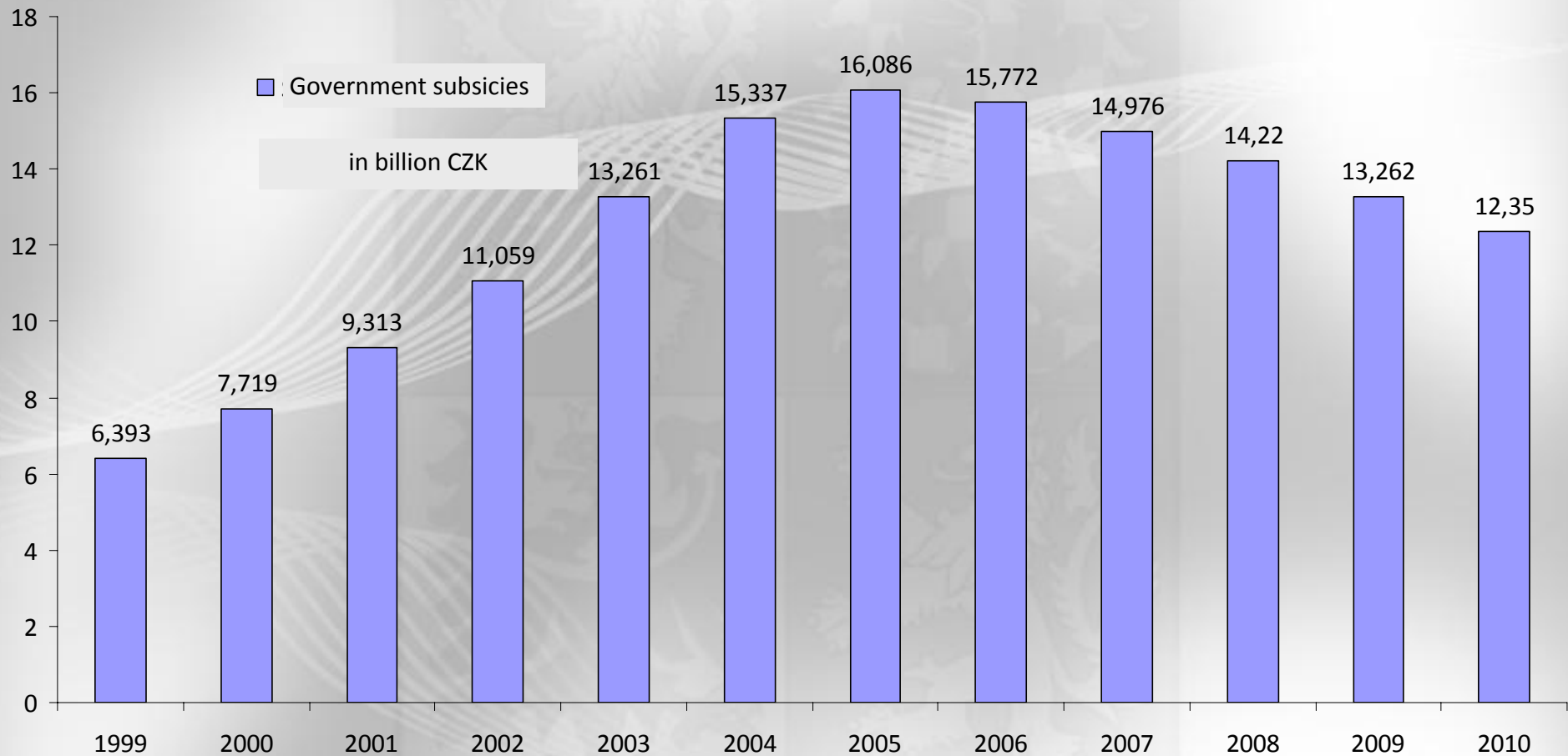
Source: MFČR

# Bauspar statistics



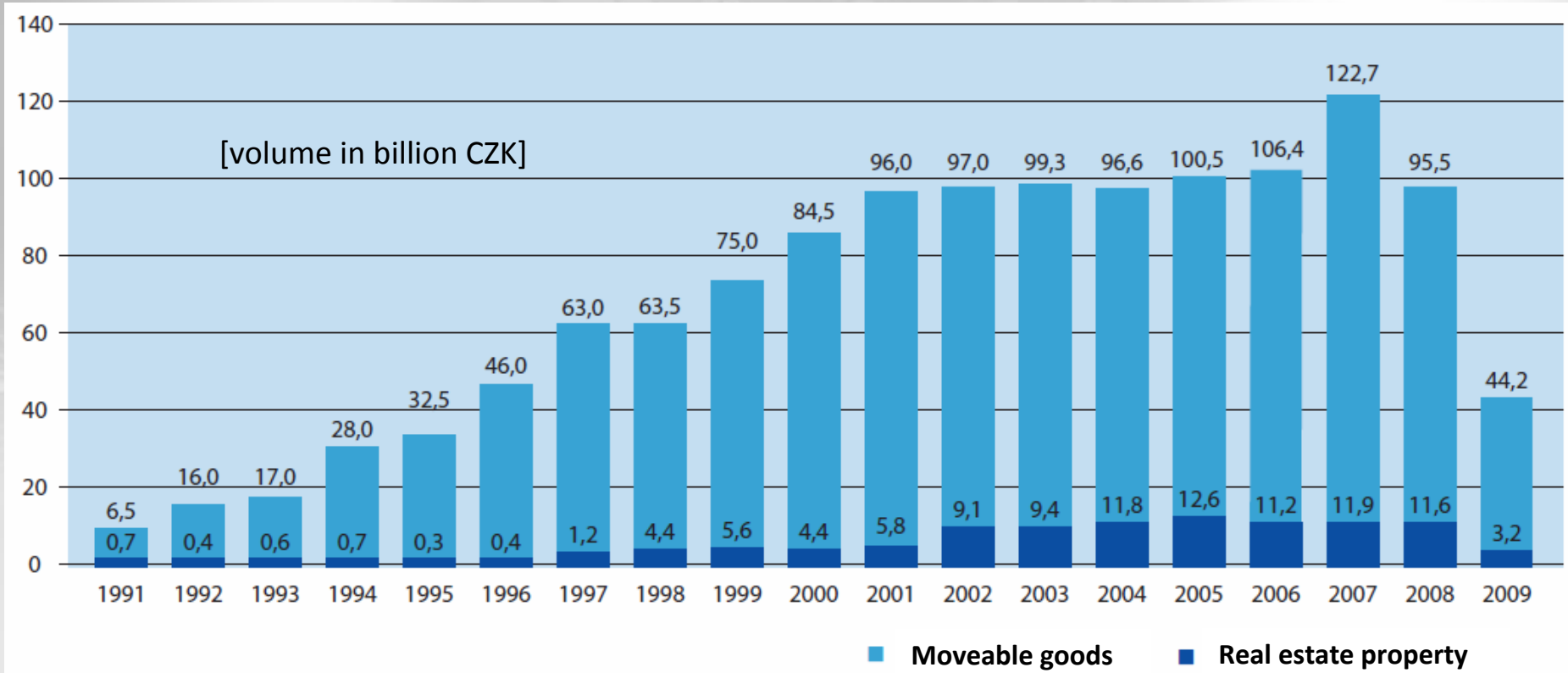
Source: MFČR

# Government subsidies statistics



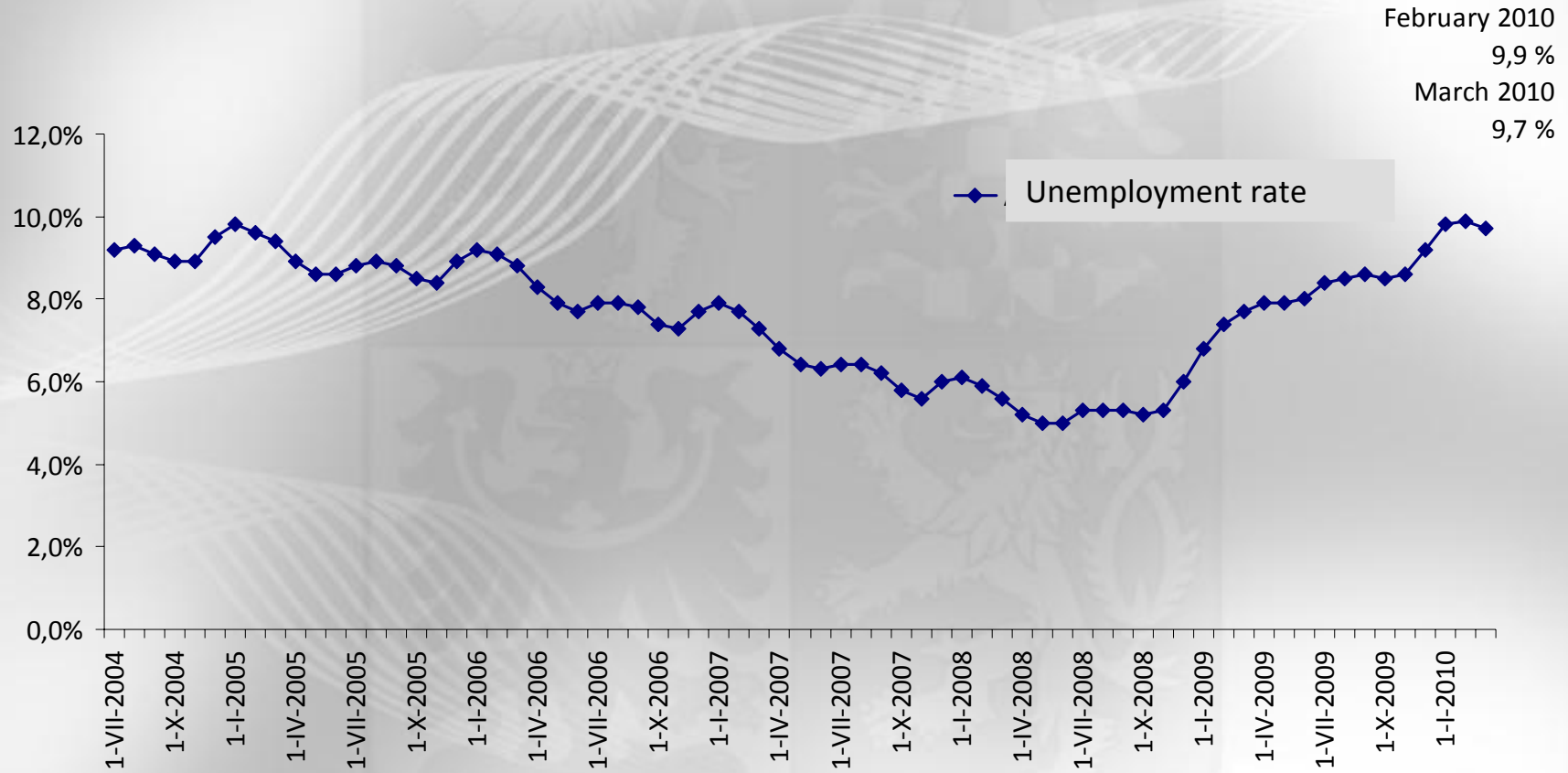
Source: ČNB

# Leasing statistics



Source: ČLFA

# Unemployment



Source: MPSV



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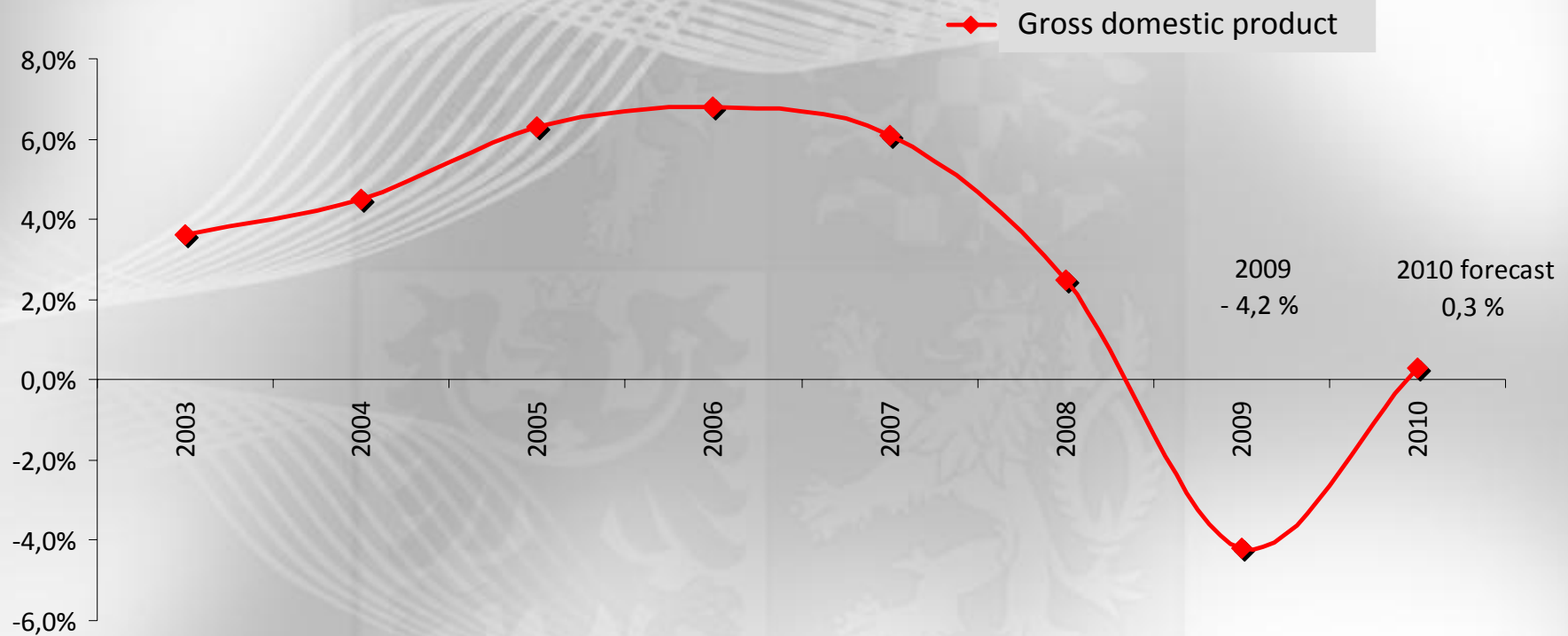
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# Gross domestic product



Source: MPSV



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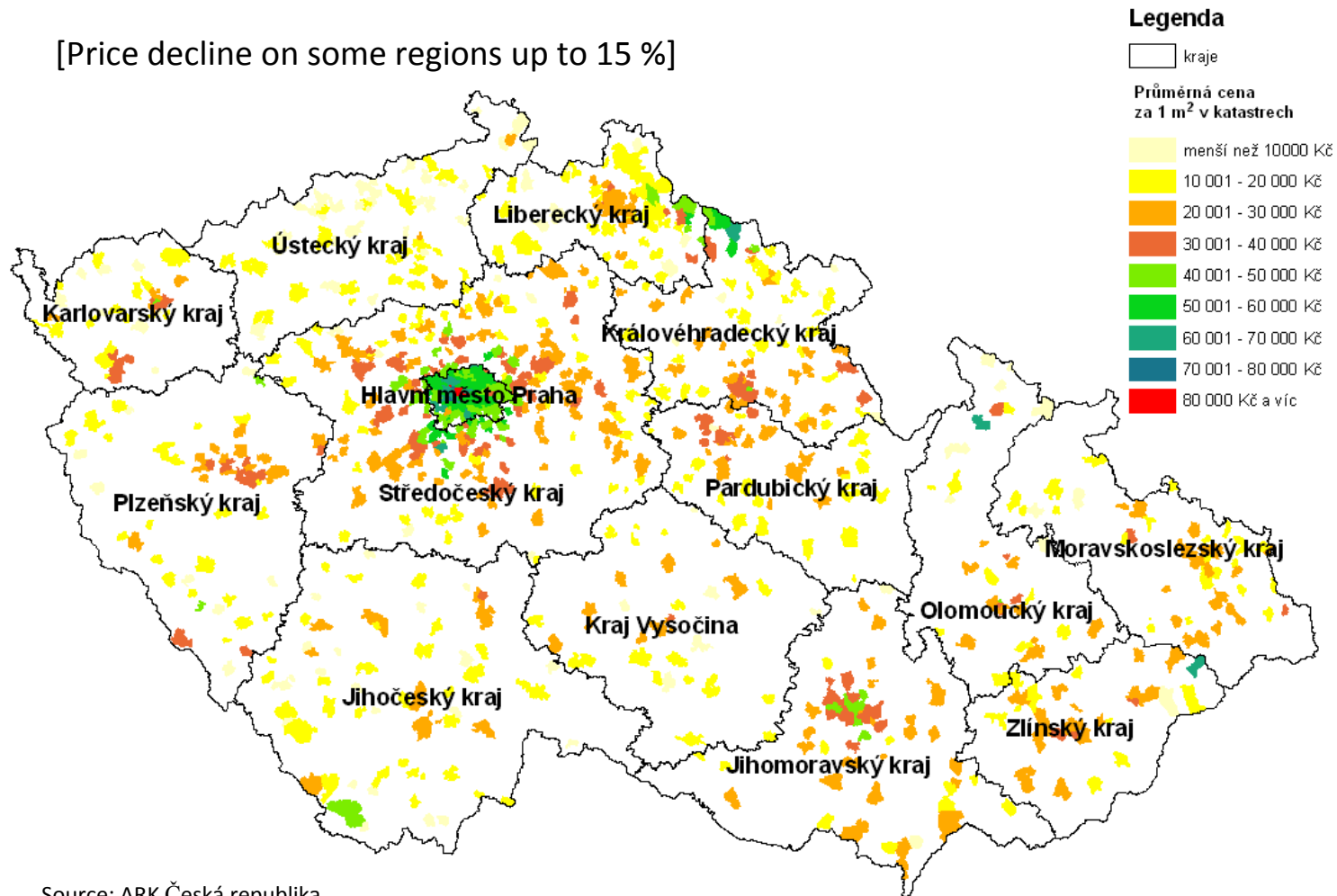


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# Map of market realization - homes

[Price decline on some regions up to 15 %]



Source: ARK Česká republika



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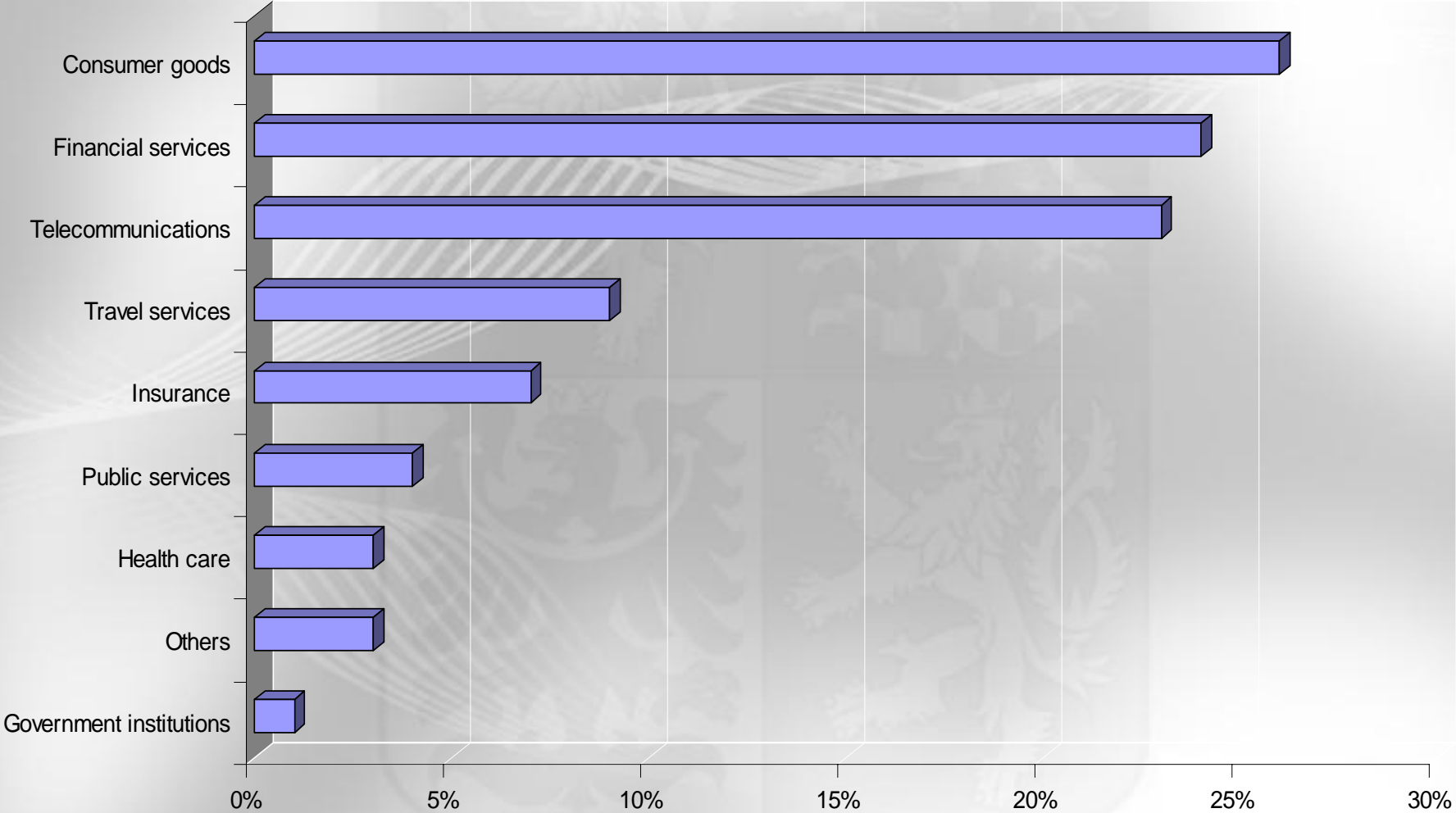


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# Which branch offers the best service quality ?



Source: Research GENESYS

# Consumer confidence in housing finance: Summary

- Sales strategies of financial institutions
  - Economic situation and stability – government, population
  - Price level – interests, property prices
  - Government regulation – state subsidies for bauparen, mortgages – repeal or reduction politically „not feasible“
  - Important: The quality, speed and competence of service, people !
- 
- **I wish good success for all financial institutions and all customers.**
  - **The confidence is first of all in your hands !!!**

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