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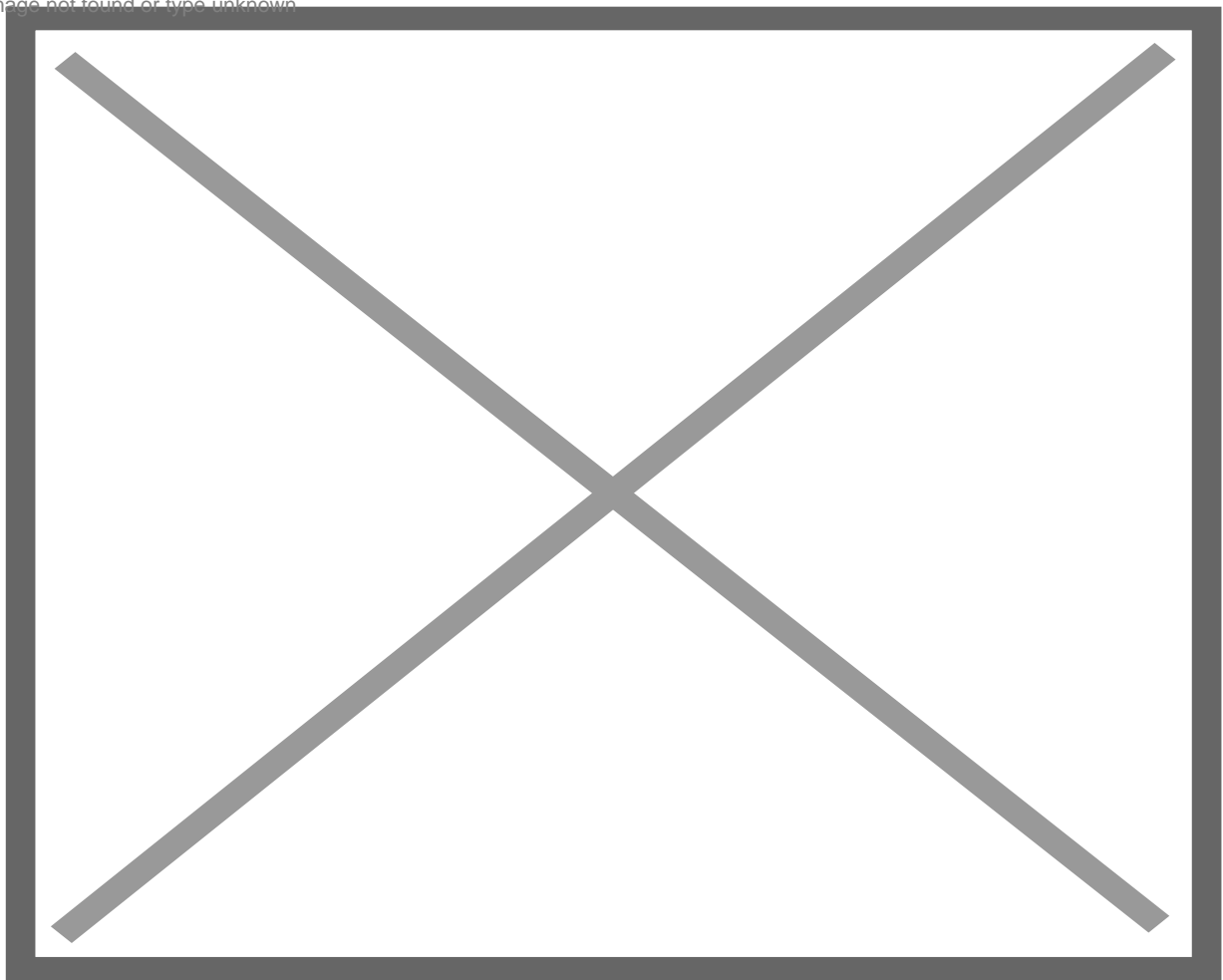
Financial Shock in BVI and Wider Caribbean: Republic Bank Customers Face Unexpected Withdrawals Due to Processing Errors Dating Back to 2021

Republic Bank's processing delay results in surprise withdrawals, leaving customers scrambling to manage their finances.

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Janeke Simon **May 20, 2024**

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Republic Bank in Fort Street, Basseterre, St. Kitts By. VI CONSORTIUM

In recent weeks, customers of Trinidad & Tobago-based Republic Bank's Eastern Caribbean unit have been contending with unexpected withdrawals of sums the bank says represent unprocessed transactions dating back weeks, months, or years in some cases. The surprise debits have caused chaos and disruption to lives and businesses in almost every territory the bank operates, including neighboring territory the British Virgin Islands.

At the beginning of the month, Republic Bank (EC) issued a statement blaming “technical issues stemming from our conversion exercise” for its failure to process previous point of sale and e-commerce transactions made by over 12,000 of its customers across the sub-region. The problem occurred following Republic’s acquisition of Scotiabank operations, when the banking systems were being converted. The bank said that once the issue was discovered, it undertook a “thorough verification exercise, which involved careful identification of customer transactions.” Each affected customer received “personalized communication...listing the relevant transactions to allow for a fully transparent approach,” according to the bank.

Some customers, however, feel less than reassured by Republic’s response. A letter addressed to the Eastern Caribbean Central Bank Governor and Board of Directors, as well as Anguilla’s Finance Minister and Republic’s local country manager, and signed by 216 of the bank’s customers in Anguilla stated that they received emails “around 27th and 28th April 2024.” The emails notified them of the banking error not in their favor “that dated as far back as 2021 (for some customers).” By April 29, Republic had processed debits to rectify the issue that in some cases caused substantial overdrafts, “resulting in complete financial loss, detriment, and extreme financial hardship to affected customers.”

Customers in Saint Lucia, Dominica, Saint Vincent & The Grenadines, and St. Kitts and Nevis also complained of a similar sequence of events. Some of the delayed debits were for relatively small amounts, but some represented accumulated transactions that added up to thousands. At least one customer found himself having to scramble, with debits reducing his available funds on the same day a hefty mortgage payment was due.

Republic Bank has violated its own policies by unilaterally clawing back funds after such a lengthy time frame, some of its customers have argued. A clause in the bank’s Account Services Agreement notes that automated banking service transactions performed in-country “will normally be posted to your applicable account” either on the date of the transaction or the next business day. Transactions in a different jurisdiction may take longer, the bank acknowledges.

A second clause in the Account Services Agreement governs liability. In the recitation regarding limitation of liability, the bank tells customers that it is not liable for delays, losses, damages, or expenses that result from “our providing or failing to provide any service, except where such losses result from technical problems, bank errors or system malfunctions for which we are solely responsible.” This language, the Anguillian customers claim, means that the bank violated its own policy by making their customers responsible for the financial institution’s self-admitted “technical issues.”

However, according to the Eastern Caribbean Central Bank, which regulates banking services providers in the sub-region, “the excessive delay in the posting of these transactions is aggravating but the action taken by Republic Bank is not statute-barred.” In fact, in a statement issued on May 16, the ECCB noted that “the current Banking Act provides the ECCB with very limited powers for market conduct (financial consumer protection).” Nevertheless, in accordance with the limits of its own power, the ECCB announced the launch of an independent audit of the situation, following which any additional actions that are legally possible would be contemplated.

The move has drawn a mix of responses from affected customers. Some, like Principal of the UWI Global Campus Francis Severin, are heartened by the intervention. Through the audit, according to Severin, “the ECCB demonstrates that it has a “consumer protection” remit so that the supposedly hapless and vulnerable customers are not placed at the absolute mercy or cruelty of an exploitative bank, whichever bank that might be.” However, he remains unconvinced that by

itself, the audit will result in assistance for affected customers. “Ultimately, the Republic Bank (EC) Limited will emerge scot-free unless it is made to feel that it cannot simply make these errors then say it is sorry.”

A similar sentiment was shared by university Economics Lecturer Dr. Dalano DaSouza. “Nothing will come of it,” he responded when asked his thoughts about the ECCB-announced audit. “The accounts will ‘balance’ and all will be forgotten.” He advocated for the urgent revision of the Banking Act to include strong consumer protection powers for the ECCB, a process the central bank says commenced in 2023.

The only way the ECCB is empowered to reverse charges is if customers can prove that they are inaccurate or fraudulent. However, customers say that this task is nigh-impossible, given how far back some of these transactions are said to have occurred. The ability to reconcile transactions with bank statements would require customers to have kept records and receipts of every point of sale transaction dating back 12 - 24 months or even more, an absurd prospect to several irate customers.

With no way to feasibly dispute these old transactions, customers have been thrust upon the mercy of their banking institution. Republic Bank has offered to provide payment plans where needed, to reverse overdraft fees that resulted from the unexpected debits, and to waive standard fees for bank statements for customers who need them, among other things. These overtures are far from satisfactory according to several customers, as several key questions remain unanswered. “The Bank has absolutely no excuse, and it cannot point out as the cause of this huge issue, its system changes and whatnot,” said Severin. “It is not the first time this has happened. It has made similar promises in the past and has not kept its word to the customers. There is no reason why customers should now have confidence that the Republic Bank is sincere.” Severin clarified that it is the Eastern Caribbean Unit of the Bank that seems to be struggling with the efficient conduct of its operations, citing an “excellent” experience with Republic Bank (Barbados) Ltd.

The uncertainty and unease into which Eastern Caribbean Republic Bank customers have been thrust this month, however, might be a familiar one for Republic’s Guyanese customers. Four years ago, a similar occurrence again blamed on system failures resulted in a slew of delayed transactions being processed. In 2020, the issue affected holders of the [Visa OneCard](#), however the debits were delayed by three months at most, as opposed to the years-long timeframe being experienced in this instance.

Republic’s Eastern Caribbean customers have been shaken by the debacle, with some saying that despite the public concern being expressed by the bank, efforts to discuss the issue have been met with seeming indifference. “I have emailed the bank twice about the issue at the email they said to lodge queries through, but I have yet to receive a response,” said DaSouza, the economics lecturer. As customers pursue their own avenues of redress, whether through working with the bank or via alternative means, many are considering their future relationship with Republic.

Severin calls for consumer confidence to be restored by the writing off of at least the oldest of delayed transactions, as a gesture of good faith, “even if the customers supposedly ‘spent’ the money.” After all, “the customers have essentially been asked to compromise and see the Republic Bank’s point of view,” according to Severin, and as such the bank should be able to reciprocate.

DaSouza, however, despite not yet being prepared to completely sever his banking relationship with Republic, says that the time to do so is coming. “I will be reducing my business and seeking alternative arrangements to end business altogether in the future,” he stated. Others may follow in

his footsteps, depending on whether Republic takes any additional steps to restore trust in the institution.

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