



البنك الأهلي المتحد

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Customer Protection Guide

Circular No. (2/BS/IBS/349/2015)
To All Local Banks

Dear Brother,
The Chairman,

Bank Customers Protection Manual

In the context of the Central Bank of Kuwait's continuing its efforts aimed at protection of the banking sector customers, through the stress on enhancing the concept of transparency and disclosure in financial and banking transactions rendered by banks to several customers and in all sectors, and act to provide an environment convenient for safeguarding the customer rights, in the framework of a balanced relation that provide the protection to the banking sector, guided by the best world practices in this regard,

We attach to you herewith "Bank Customer Protection Manual", which represents instructions certified by the Central Bank of Kuwait's board of directors at its meeting convened on 5/7/2015, whereby all local banks shall have to apply these instructions in their transactions with all customer, including natural persons and corporate bodies, within the provisions included in the scope of application. The set of principles included in this Manual are deemed complementary and not replacement to the different instructions issued by the Central Bank of Kuwait in respect of customer protection.

Banks shall have to take the necessary measures for application of the principles and controls included in this Manual , including laying down the necessary certified policies by the boards of directors and updating the business manuals with them. Banks shall have also to implement these instructions effective from the date hereof, so that the compliance thereto shall be entirely realized by the end of December 2016 at most.

Yet, in the framework of the measures taken by the Central Bank of Kuwait concerning the follow-up of implementing the stipulations of this Manual, you shall have to provide us with a quarterly report effective from the end of September 2015, including the steps and measures taken by your bank for the same of implementation of the instructions of this Manual.

Best Regards
Dr. Mohammad Y. Al-Hashel

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Introduction

Enhancing customer confidence in a financial services market, characterized with well performance and transparent banking services provided by banks to customers in all sectors, is an essential factor for realizing financial stability, developing these markets, and encouraging them to innovation and thereby enhancing the integration of these markets with the real economy.

And, in the framework of the approaches applied by the Central Bank of Kuwait targeted to enforcement of its regulatory role for protection of customer rights, the Central Bank of Kuwait issued during the last years a number of instructions and directions to the banking sector aimed at enhancement of the concept of transparency and disclosure in financial and banking transactions provided by banks to customers in all sectors. These instructions aimed at, creating convenient environments for safeguarding customer rights, in the framework of balanced relations that provide protection to the banking sector, but do not render the banking sector to reputation risks that may arise in event banks do not comply with the banking professional behavior controls, which may adversely impact upon customer dealings with these banks. Among the instructions issued by the Central Bank of Kuwait in this regard, for example, are the controls relevant to contracts concluded with customers in terms of their legality, their clear wording, transparency in fixing interest rates, fees and commissions, and providing customer with copies of the contracts and statements of accounts, along with the entire transparency in services rendered by banks to all customers.

The Central Bank of Kuwait issued also a package of instructions for protection of retail customers rights, of which the instructions concerning the rules and regulations of granting by banks of consumer loans, and other installment loans. In November 2013, it issued instructions concerning the rules of financing granted to retail customers for the purpose of purchase and/or development of real properties located in the private housing and model housing areas. These rules took into consideration the risks, embedded in such financing, to which retail customers and the banking sector units may be subject to as well, and which may entail economic and social impacts. Therefore, these controls were laid down within an overall precautionary policies aimed at curbing regulatory risks. There were other instructions issued with regard to controls concerning issuing credit cards, and other controls aimed directly to safeguard rights of those customers. Of these controls, specifically, the latest instructions issued by the Central Bank of Kuwait in March 2013 concerning the establishment of a Unit in the Central Bank of Kuwait whose objective is to disseminate banking and financial awareness with customers and receive their complaints. The functions of this Unit covered providing telephone service to answer customer queries and explanation of the mechanism of implementation of the instructions issued by the Central Bank of Kuwait, together with the terms and conditions related to protection of those customers and their obligations.

Yet, international concerns during the last years towards Consumer Protection in the Field of Financial Services grew further, following the repercussions of the global financial crisis, and the developments witnessed in the financial services markets and instruments, including the expansion in online services, and the increasing chances that risks may move to customers in various sectors, specifically in event those customers lack financial knowledge and awareness . In this regard, the global financial crisis disclosed that one reason of this crisis was the likelihood of offering several innovated or structured financial products which contain high risks but customers failed to assess these risks so that they can build their decisions on deliberate and sound grounds. From this point, attention is drawn to the necessity that financial and banking products must be designed in conformity with customer needs, and within a clear framework, due to the risks they may contain. These developments stressed the necessity of protection of the financial consumer, and integration of such protection in the financial comprehensiveness and the financial awareness and educational policies, within the legal frameworks which provide protection to those customers, in terms of the fair treatment, the appropriate disclosure, improvement of their financial culture, and providing them with the objective advices and the financial services within competitive business frameworks and professional behavior, taking into consideration the protection of assets and information of those customers against any breach of their confidentiality, forgery or fraud.

And, in the context of the Central Bank of Kuwait's continuing of its efforts aimed at enhancing the protection of banking sector customers through a balanced relation between banks and their customers, guided by the best world practices in this regard, and within the framework of the principles of protecting the financial consumer, certified by the G20 Finance Ministers and Central Bank Governors in October 2011, the Central Bank of Kuwait issues this Manual for protecting bank customers in all sectors. This Manual encompasses a group of principles which are deemed to be complementary and not replacement to the instructions previously issued by the Central Bank of Kuwait with regard to protecting customers in their dealings with banks.

1. Protection of Customers – Significance and Concept

Protection of bank customers means application of measures aimed at mitigating risks which those customers may become vulnerable to in their dealings with banks. These measures are applied by setting up the organizing frameworks, including policies and procedures, which ensure customers obtaining various financial services in an integrated framework of integrity and disclosure in their financial dealings, to ensure providing all rights to those customers without detriment or prejudice of their interest, and hold any person who infringes these regulatory frameworks accountable.

The process of protection of customers is based on three dimensions, represented in the following:

- **Organizational and Regulatory Dimension:** This dimension encompasses a set of approaches, applications and practices exercised by the concerned regulatory authorities for the purpose of enhancing customer protection.
- **Legislative Dimension:** This dimension encompasses a set of legislations and controls organizing customer rights and obligations, which form the binding framework through which business should be processed, whereby the bank which falls in breach of these legislations shall be liable to application of the appropriate penalties.
- **Awareness and Educational Dimension:** This dimension encompasses a set of activities and practices aimed at raising the standard of financial and banking knowledge and culture to those customers, thus raising their capabilities to take the right decision, which enhances the approaches of their protection and obtaining their rights.

2. Organizational and Regulatory Framework

The Central Bank of Kuwait's concern in protection of bank customers falls within the framework of the law No. 32 of 1968 concerning currency, the Central Bank of Kuwait and regulation of the banking business and its amendments of several provisions in this regard, and in compliance with the stipulations of the basic practices of effective banking oversight, starting from the extension of the regulatory role to ensuring that banks have adequate policies and procedures which ensure the availability of stringent due diligence regulations for the protection of customers, and to enhance implementation of high-standard professional standards in the banking sector.

Therefore, this Manual contains the principles and regulations that should be complied with by banks and which should be observed when rendering banking products and services to their customers, and when rendering financial advices and information to them or in event of announcement of or advertising these products and services, along with treatment of the complaint and grievance cases and settlement of disputes and differences.

3. Objectives of Issuing the Customer Protection Manual

The target for issuing this Manual is to realize a group of objectives, most important of which are the following:

1- Stressing the Central Bank of Kuwait's concerns in terms of protecting customer rights, to ensure that they will obtain the financial and banking services in an integrated framework of transparency and disclosure, and to enable those customers to take their decisions on sound grounds, along with stressing the importance of

banks to keep pace with the banking developments relevant to the present and future needs of customers and enlightening them on whether these products and services are suitable to them or not, to realize their ambitions.

2- Finding out a group of standards and practices relevant to protection of bank customers, so that these standards and practices will account for a basis for assessment of the bank performance in protecting customers and application of corporate governance in this regard.

3- Crystallization of a general concept for protection of customers, along with the focus on the banking sector, to contribute to enhance the regulatory objectives in support of the financial stability, through enhancing professional practices in the area of rendering financial services to customers, and to ensure absence of any problems on the national level, as a result of unsound practices upon banks dealing with customers.

4- The availability of a written manual containing important principles on customer protection, stresses the integrity and honesty, and is expected to cast positive impacts on the banking and financial actors, due to the fact that such Manual accounts for a documentation in support of the efforts expended for application of these principles.

5- The Manual accounts for an educational and awareness instrument to bank customers, because it contains demonstration of the rights, obligations and principles which improve the standard of acquaintance of the nature of the relation with the bank, and contribute to promoting customers financial and legal educational process in their banking transactions. The availability of customers who are equipped with financial and banking culture and understanding will help rationalizer their behaviors and financial decisions, and will reduce the likelihood of their involvement in causing crises due to their low standard of awareness.

6- Establishment of fair practices that should be adopted when rendering the financial and banking services and products through banks, which account for minimum limits of policies and procedures applied by banks in their dealings with customers, specifically for focusing on transparency and disclosure to help customers take their decisions in light of their real positions.

7- Enhancement the trust props and pillars in the banking system units, based on the fact that such trust is deemed among the most important factor for the success, growth and development of relations with customers, specifically in view of the presence of active mechanisms and clear frameworks for dealing with customer complaints and grievances and any practices that lack fairness or clarity.

4. Scope of Application

1- This Manual shall be applied to banks operating in the State of Kuwait, which include Kuwaiti banks and branches of foreign banks in Kuwait.

2- For the purpose of application of the instructions included in this Manual, customers are meant to be those customers of natural persons who deal with the above mentioned banks, and other corporate body customers, especially small and medium size enterprises, to the extent these instructions are applied to them and in light of the nature of their transactions and dealings with banks.

3- Principles contained in this Manual are complementary to and not replacement to different instructions issued by the Central Bank of Kuwait to banks with regard to customer protection.

5. General Principles for Protection of Bank Customers

The following general principles for bank customers account for the minimum regulations that should be complied with by banks upon their applications and should be taken into consideration in their dealings with customers.

Principle One: Fair and Equal Treatment

Banks should, in their transactions with customers, take into consideration that these transactions shall be processed with fairness, equality and honesty, and shall be keen to make these approaches a part of their corporate governance rules and regulations. Banks should also pay further attention and special care to limited-income and education customers, old people and customers with special needs, without discrimination on the basis of gender.

Principle Two: Disclosure & Transparency

Banks should provide their customers with all information relevant to services and products rendered to them, provided that these information shall be clear, accurate, simple and easy to understand, to ensure that customers informed with the advantages and risks of such products and services in transparent and clear manner, and that customers should not suffer any difficulty for obtaining these information. Banks should also take into consideration that the information provided to customers must include explanations of the rights and obligations of those customers, details of rates, commissions and fees collected by each bank in consideration of each product or service, and a clarification of the merits and risks related thereto, the mechanism of termination of the relation, and the ensuing impacts of the same, so as to make it easy for customers to take their decisions. Advices rendered to the customer must be tailored with his/her capabilities, potentials and financial objectives, and within the experience he/she holds concerning products and services. Customers must also

be urged to provide comprehensive and accurate information on their positions and requirements, to enable banks to provide the appropriate services and advices.

Principle Three: Awareness & Financial Education

Banks shall have to lay down the appropriate plans and mechanisms for development and dissemination of financial and banking information to their present and potential customers, and work out to raise the standard of their awareness and education, so that they can identify all aspects relevant to banking services and products rendered to them. As such, customers will be able to take deliberate decisions and be guided to the appropriate entity from which they can obtain the additional information, if so needed. Banks shall have to keep customers informed of their rights and obligations, especially the limited-income and little educated retail customers.

Principle Four: Professional Behavior

Banks shall have to observe exercising and carrying out their businesses in professional responsible manner, taking into account realizing the best interests to customers in the process of their dealing with banks, on the basis that banks are accountable for protection of customers with regard to the banking products and services rendered to them. In the forefront of these behaviors, the integrity, credibility and verification of convenience of the products and services offered to customer with their potentials, capabilities and requirements, and ensure the availability of sufficient training to the bank staff who communicate with customers and render banking services to them.

Principle Five: Protection of Customer Against Financial Fraud

Banks shall have to protect customer deposits and savings, and other financial assets under transactions with banks, by means of laying down effective, competent and highly standard and precisely supervised internal control systems, for the purpose of curbing fraud and embezzlement acts or misuse of the financial services, and ensure on continued pace that the used systems are efficient to cope up with the changes of the fraudulent approaches.

Principle Six: Protection of Confidentiality and Information Secrecy

Banks shall have to lay down the regulatory systems, mechanisms and policies that ensure the protection of financial and personal information of their customers. All transactions processed with banks must be carried out with secrecy and such information must not be accessed or disclosed unless in conformity with the law and the applicable legislations, and banks shall have to provide the secure systems for electronic transactions.

Principle Seven: Treatment of Customer Complaints & Grievances

Banks shall have to pay due diligence for treatment of customer complaints and their grievances in swift, fair and independent manner. They have to ensure that the Customer Complaints Units at these banks would actively assume their

responsibilities, in light of the existence of clear and definite mechanisms for following up and treatment of these complaints without delay, and Customer Complaints Units must be given the due diligence and the proper oversight by banks boards of directors, and banks should maintain in-house mechanisms for settlement of disputes with customers.

Principle Eight: Competitiveness

Required information should be made available for conducting comparisons between the best banking and financial products available to customers from banks. This includes streamlining the transfer and moving among banks and various products and services without burden or complications, and the same must be made with reasonable costs, taking into consideration that the same shall lead to raising the standard of services rendered by banks.

Principle Nine: Protection of Customers Against Risks of Outsourcing

In case the bank seeks outsourcing for operating services, the bank shall have to ensure compliance by the outsourced entities with the principles contained in this Manual, that they act to the interest of banks' customers, and that they shall assume the responsibility of their protection, including maintaining the banking secrecy of their information, taking into consideration that banks providing banking services and products shall remain responsible for the measures taken by the outsourced entities, and banks shall obtain an evidence of the compliance of these entities with customer protection applications. Hence, Customer Complaints Unit in banks shall assume the responsibility for ensuring such compliance.

Principle Ten: conflict of Interest

Each bank shall have to maintain a clear and written policy certified by its board of directors concerning conflict of interest. The board of directors shall have to ensure on continued basis the adequacy of the measures applied and the applicable policy in disclosing the potential cases of conflict of interest, and that such measures are effectively applied. Further, it is necessary to ensure that the disclosure of any conflict of interest cases is made as provided for by that policy, and the stipulations of the corporate governance rules and regulations issued by the Central Bank of Kuwait in this regard.

6. Disclosure Practices and Providing Banking Services and Products

Banks shall, in this connection, comply with the following:

- 1- Gather sufficient information on the customer before giving any recommendation on services or products to be provided to him, to ensure that the product or the service satisfies his requirements and is tailored to his capabilities.
- 2- Provide to their customers written copies of the terms and conditions relevant to each product and service before such product or service is rendered.

3- Use transparent and fair approaches in marketing of their banking products and services.

4- Provide qualified staff for the direct dealing with customer in conformity with the degree of complication in the products and services they render. Those staff must receive adequate training to reply customers queries with sound information.

5- It is necessary to satisfy the requirements of disclosure of products and services to be disclosed.

6- All rules and regulations relevant to the banking services rendered by banks must be made available on the bank website and be easily accessible.

7. Dealing with Customer Accounts in Banks

Banks shall in this regard comply with the following:

1- Provide their customer on regular basis with statements on the main details of transactions and financial transfers and the balances of accounts belonging to them.

2- Advise their customers, within sufficient time, or by electronic means, before introducing any changes in interest rates/returns, fees or commissions, or in event of charging new fees or other terms and conditions of the products and services they obtain or contracted thereupon.

3- Maintain historic records of customer transactions, and access to such records must be easy and convenient, free of charge or against reasonable charges.

4- Take into consideration that the measures applied in setting off and settlement of payments belonging to customers shall be clear and known to them, including determination of the periods during which amounts of cheques deposited in their accounts shall be settled, along with all terms and conditions relevant to collection of cheques, the other payment instruments, and the sources upon which such measures are based shall have to be designated.

5- Let customers identify the legal measures to which they may become subject to in event of issuing cheques without sufficient balance, and before issuing such cheques and the repercussions of such action.

6- Let customers identify the measures to be taken in case they are driven by necessity to cease payment of cheques the customers may have issued, in view of the developments which require advising the bank of the same.

7- Make it clear to customer any expense or fees relevant to the products and services they render, including the cheque service, whether for obtaining cheque book or endorsement of those cheques or their settlement, or other relevant relations.

8- In event of absence of instructions from the customer providing for different provisions, banks shall have to present to their customers a free of charge monthly statement of account showing all transactions processed by the customer during the month, and the interests, returns, or fees credited/debited to these accounts. In event customers desire to receive their statement of accounts through electronic media or telephone service, in lieu of the hardcopy monthly statements, the medium through which obtaining of information must be appropriate, legible and contain the appropriate details.

9- Advise in writing their customers whose accounts have not been activated since long time, place these accounts under attention and lay down regulatory controls to access these accounts and protect them.

10- Approvals and information sent to customers for signature must be legible, understandable and suitable for all customer segments

8. Protection of Banking Secrecy and Privacy of Information

Banks shall in this regard comply with the following:

1- Protection of customers by setting up high level regulatory systems, including appropriate mechanisms which determine the objectives for which data and information are collected and treated.

2- The bank responsibility of protecting customer data and information and maintaining their secrecy extend to these data maintained with banks or that data available with a third party which banks seek its support in carrying out their activities related to customers.

3- Create in-house environment that ensures realizing safety and secrecy of all information and data available with them on customers and their transactions. Banks shall have to examine, on continued basis, such environment and ensures its soundness.

4- Disclose to their customers with appropriate manner the cases where the rules for maintain the secrecy of customer information and data shall be excluded, as cited in the following:

5- Cases where information are disclosed by written consent of the customer.

6- Cases where disclosure of information is obligatory by force of the applicable laws or legislations.

7- Upon recruitment of their employees or having support of outsourced entities, the necessary documents which ensure those employees compliance with maintaining the secrecy of customer data and information must be completed.

9. Financial and Banking Awareness

1- Banks shall have to set up and design appropriate mechanisms for developing the knowledge and skills of the present and future customers and raise their standard of awareness and guidance and help them understand the basic risks of transactions they carry out with banks so that they would be able to take the right decisions to them, and guide them to the appropriate entities to obtain information, in case of their need for such information.

2- As a kind of financial and banking education, the bank website must contain a page for financial and banking awareness, provided such page shall contain this Manual, in addition to the rights and responsibilities of customers, the means of submission of complaints, and the frequently asked questions (FAQ) expected to be raised by customers and the bank responses thereto.

In this context, the following has to be taken into consideration:

a• Each bank has to set up an annual plan to contain designated programs for enhancing the dissemination of financial and banking information for the purpose of enhancing the financial and banking awareness.

b• Banks have to take part with the civil society institutions and organizations, scientific and professional institutions, which endeavor to enhance the financial and banking awareness, and raise the standard of knowledge, and shall cooperate in setting up and implementing financial and banking awareness programs.

c• Banks have to take part from time to time in conducting studies on surveying the financial awareness and the impacts of the measures taken in this regard on enhancing the awareness and financial education, in the framework of the results of the policies applied at banks and considering their development.

10. Financial and Banking Comprehensiveness Programs

Financial and banking comprehensiveness means a set of policies and procedures that target availment of the financial and banking services to all segments of the society, including people with special needs, limited or weak-income persons,

simple craft employees and servicemen, micro-business, small and medium employers, taking into consideration that such services would be tailored with their requirements and circumstances and be fair and transparent. In this regard, banks shall have to take the following into consideration:

a• Set up annual programs for realizing the objectives of financial and banking comprehensiveness, with the presence of mechanisms that allow following up implementation of these programs, listing of beneficiaries thereof and their variety to encompass several categories of potential customers, to realize expansion of the circle of dealers with the banking system units.

b• Expend further efforts in studying the requirements of segments that do not deal with banks and take serious steps towards assisting them to satisfy their requirements according to safe and convenient means to them.

c• When banks come to set up plans for their activities and programs of the financial and banking comprehensiveness, they shall have to adopt appropriate approaches for attracting segments who are not used to deal with banks (for example: people with special needs, and limited-incomers), along with making available positive measures towards direction to these segments and encourage them to raise the level of transactions and benefit of the developments in several areas, specifically the technologic aspects.

11. Publicity and Advertising Materials

Banks shall have to comply in this regard with the following:

1- Make sure that their ads and publicity materials used in rendering their products and services do not contain unreal or inaccurate information that may lead to unsound understanding to the present and potential customers, thereby resulting in taking erroneous decisions.

2- Be keen that all publicity and advertising materials for the products and services would be simple for reading and understandable to the public in general.

3- Take into consideration, when issuing any ads or advertising materials, the legal liability that they may undertake as a result of these ads or advertising materials, used in sale of their products and services to customers, containing incorrect data or information.

4- Take into consideration not to publish ads on products or services associated with risks that cannot be recognized unless by specialists, and not to encourage customers to benefit from these services and products without proper explanation on the risks relevant thereto.

5- Set up a policy for advertising and publicity that should be endorsed by their boards of directors. These policies should contain the professionally and legally

acceptable principles, rules and practices issued by the bank, including ads or publicity materials.

6- Complaint units at banks should ensure that the policies for advertising and publicity materials are made in accordance with, at minimum, the rules and practices included in the Customer Protection Manual, and that they are free from any messages that could bear erroneous or incorrect understanding. In case these units receive queries or clarifications raised by these advertising materials, the appropriate immediate measures should be taken to remove any doubt or ambiguity therein.

7- When banks announce for their obtaining awards, preference or distinction certificates, they should disclose sufficient information on the awarding entity, the mechanism and methodology upon which the certificate was awarded and the standards adopted by that entity.

12. Customer Service Staff and Marketers of Bank Services & Products

1- Customer service staff and bank products and service marketers should be well aware and cognizant with the regulatory and legislative rules for protection of customers, and the provisions of this Manual, including regulations and controls relevant to practicing of their functions in service of customers, along with the knowledge of all technical aspects relevant to the service or the product provided to customers.

2- Upon selection of customer service staff and products and services marketers, banks shall have to take into consideration a set of standards laid down that should be satisfied by those staff, either in terms of the period of the service in identical functions, and the knowledge of the banking products and services, tailored with the degree of complexity therein, along with the availability of communication skills and other personal attributes conforming with the nature of the tasks entrusted to them, and their obtaining the necessary certificates and training.

13. Loans/Consumer & Installment Financing Transactions

Banks shall have to comply with the following in this regard:

1- Obtain an authorization from the customer, to be attached with the loan contract, to inquire about the data of credit cards, data of loans/consumer and installment financing transactions the customer received from banks and investment companies and other financing companies. The matter requires also obtaining a statement signed by the customer showing the balance of the loan/financing transactions which the customer obtained from the aforementioned entities and outstanding as at the date of the loan application / new financing.

2- Banks shall have to give their customers of loans / consumer and installment financing transactions a Reflection Period of two business days at least. Loans / financing transactions extended for medical treatment purposes shall be excluded from the Reflection Period, so that the customer shall be provided with unsigned and provisional copy of the loan / financing contract upon their application for the loan / financing, provided that customers shall submit a written acknowledgement of receipt of a copy of the loan / financing contract for reflection purposes, without the customers to be held with any obligations during the reflection period, and so that the contract shall be signed after expiry of that period in case of consent of the two parties.

The customer shall have to be informed of all financial impacts arising out of the loan / financing that shall be extended to him/her, and the contractual conditions and the obligations resulting therefrom in accordance with the contract that shall be concluded with regard to the loan / financing. The bank shall have to maintain the documents evidencing the same, and the customer shall be provided, at the beginning of the reflection period, with a statistical, clear and easy schedule showing the following:

a• The value and number of the installments of the loan / financing.

b• Components of each installment, including interest / return and the amount repaid out of the principal of the loan / financing, on supposition of the regular repayment.

c• Total value of interest / returns and the amounts that shall be repaid until expiry of the maturity of the loan / financing.

d• Statement of the potential changes in the financing charges for installment loans, on supposition of the increase in the interest rate with the maximum stipulated limit (2%) each five years.

3- Banks should not obligate their customers to buy another service or product as a condition for rendering a product or service related thereto. For example, to set as a condition, obtaining insurance against extension of a loan / financing, whereas borrowers shall have to be given the freedom to select the other service or product and consent thereof.

4- Concerning the accounts of loan / financing transactions extended to customers, the monthly statement should identify the installments or the amounts paid during the period covered by the statement, and the outstanding balance in the loan / financing account, distributed between the principal loan / financing / interest / return, as well as the amounts repaid out of the loan / financing transactions, distributed on the principal, interest and returns.

5- Loan contracts / consumer and installment transactions should include, at minimum, the following items:

a• Basic data of the customer (contact address – job / profession and place of work – phone numbers, etc.).

b• Type of the loan / financing.

c• Value of the loan / financing.

d• Purpose of the loan / financing and the means to be applied for verification of the purpose of such use, and the documents required from the customer which evidence the use of the loan / financing in the purpose for which it was granted and the date of submission of such documents.

e• Term of the loan / financing, the number of the monthly installments and dates for their repayment, the value of the monthly installment and its proportion to the net monthly salary (after the deductions) or the continued monthly income of the customer.

f• The accounts that shall be debited with the value of the monthly installments.

g• Interest rate on the loan (value of return on financing), the means of its collection, in accordance with the provisions of the instructions issued by the Central Bank of Kuwait in this regard, so that the total cost of financing (the interest / value of the return) shall be clear before the customer before granting the financing, and to keep always an evidence of the customer knowledge of the same.

h• The customer obtaining a copy of the contract and its signature to the effect of the same.

6- Provide the required information on the loan / consumer and installment financing transactions on the online accounts of customer subscribing in the online banking service. It is necessary to take into consideration in this regard that the statements of accounts of the loans / financing transactions shall have to include the detailed information relevant to the number and value of the repaid installments and the outstanding installments up to date of maturity, to be put into details according to the interest / the return and the principal amount.

14. Credit Cards

1- Banks shall have to disclose all requirements for issuing credit cards, such as issuing fees and expenses, including financing expenses, credit limits, exchange rates, applicable interest rates / return, method of calculation, and the minimum

limit of the monthly installment, etc., before concluding the contract with the customer.

2- Banks shall have to advise their customers in writing, by emails, or SMS texts in case of charging new fees or change in any fees or expenses charged on credit cards previously issued to customers, taking into consideration the Central Bank of Kuwait's guidelines concerning the deadline between the announcement and the actual application.

3- Banks shall have to advise credit card customers of the minimum limit of the amount required to be repaid per month, and to identify any costs relevant to the interest rates / return, which will accumulate in case the customer repays the minimum limit only. Credit cards transactions statements should include a note of the minimum limit required to be repaid and the cost of the interest / return (ratio and the amount) – if any – that shall be calculated on the outstanding balance in case the card-holder repays the minimum limit / monthly installment.

15. Online Banking Services and Telebanking Services

1- Banks which provide online banking services to their customers or telebanking must use protection software which ensures to them the following:

a. Maintain the privacy and secrecy of customer information and protecting them against penetration.

b. Documentation of transactions and the possibility of identification of the counterparties and oversight the access to the used systems.

c. Accept and implement transactions conducted by customers on their accounts through the systems available with the bank in this regard.

d. The availability of business continuity plan.

e. Advise customers before sufficient time, in case banks are obliged or going to cease some of its services for maintenance purposes or for other reasons.

2- Banks shall have to impose a sort of supervision and follow-up in case of hiring the services of third parties for processing online banking services or telebanking.

3- Banks shall have to advise customers, who desire to use online banking services or telebanking for processing their transactions, with the fees and expenses (if any) relevant to the services rendered by these two means and the amounts of such fees and expenses.

4- Banks shall have to lay down clear and definite rules for treatment of any cases of errors or fraud, if it takes place.

5- Banks shall have to take the necessary measures aimed at raising the standard of understanding and using online banking and telebanking by their customers, and shall arrange for launching continued awareness programs, and advise customers of any changes or developments in the applicable systems, to ensure their protection. Banks shall also be obligated to keep customers informed of the risks associated with online transactions and shall provide them with the guidance that enhances the safe use of these services and their protection.

16. Online Transfer of Funds and Drafts

1- Banks shall have to provide sufficient information to their customers who use online drafts and transfer of funds. These information must include the rates, the advantages of these services and the means of processing these services with simple and easy understandable forms as possible. They must include also the fees to be paid by the customer or the beneficiary of such service required by the customer (draft / transfer), exchange rates of foreign currencies, the expenses and time the draft or the transfer will take until funds shall be delivered to the beneficiary, and other terms and conditions relevant to online transfer of funds, of which the responsibilities, rights and obligations.

2- In case the bank is not assured of the cost of the online transfer or draft, owing to the difference of circumstances of each case, the bank has to disclose the same to the customer in advance without dictating certain conditions to the customer, provided that the customer's prior consent of the same shall have to be obtained.

3- Banks which receive or forward online transfers or drafts of funds must document all basic information relevant to these transactions, provided that they shall advise their customers of the details of these transactions immediately upon their completion and without charging any fees for the same.

4- Banks shall have to make available to their customers easy and clear information on the procedures taken in case of error or in case the customer is exposed to fraud during processing online transfer or draft of funds.

5- Banks shall have to advise their customers who use credit cards/advance payment/ATM abroad, with the terms and conditions of these outbound transactions and the exchange rates of foreign currencies applicable in these cases.

17. Requesting Customers to Repay their Debts to Banks

1- Banks should not use in their claims to customers, to repay loans they borrowed or debts they owe to the bank, unprofessional means or practices, including incorrect information and reasons or unfair practices.

2- In case of repayment by setting off between the customer accounts, banks shall have to include such provision in the contracts concluded with customers, and shall have to advise their customers of the same after the repayment transaction.

18. Enhancing the Functions of Customer Complaints Unit

Banks shall have to observe the following in this regard:

1- Comply with the instructions issued by the Central Bank of Kuwait concerning protection of bank customers. The board of directors of each bank shall have to ensure the same.

2- Put in a noticeable place a written summary of the procedures and steps to be followed by customers in event they desire to submit a complaint on their transactions with the bank, provided that these procedures should contain designation of the steps to be taken in event the customer submits a complaint, so that these steps shall include those steps that can be taken in gradual manner until the customer complaint shall be finally resolved, including submission of a grievance to the Central Bank of Kuwait.

3- Customer Complaints Units in banks are accountable for verification of the compliance of each bank with the Customer Protection Manual and the other instructions and controls relevant to the same.

4- The board of directors of each bank is responsible for laying down the policies and procedures which ensure to the Customer Complaints Units to effectively exercise their functions, provided that their reports in this regard must be submitted to the board of directors to take the appropriate action it deems necessary. These units shall prepare annual report on the compliance with the Customer Protection Manual and such report shall be presented to the board of directors including their recommendations and suggestions, and such report shall be submitted to the Central Bank of Kuwait when necessary.

5- In event the customer does not reach a settlement of his/her complaint through the Customer Complaint Unit in the bank, it is necessary to guide such customer to submit a grievance to the Customer Protection Unit at the Central Bank of Kuwait.

6- Customer Complaints Units in banks shall have to ensure the customer acquaintance of all documents submitted to him/her by the bank upon obtaining any service or product to him/her, and that the customer has received a copy of these documents, by means of signature of the customer upon receipt of these documents.

19. The Customer Responsibilities and Obligations

In the framework of designation of the Customer responsibilities and obligations, he shall have to comply with the following:

- 1- The information he submits to the bank with which he deals must be authentic.
- 2- He must read carefully all documents the bank provides to him for obtaining any service or product, with the necessity to identify any fees, commissions or any other liabilities or obligations laid down on the customer. The customer shall have to keep a copy of these documents before any financial or banking obligation is created on him.
- 3- In event the customer does not understand any of the conditions or the procedures relevant to the product or service he desires to obtain, he shall have to submit his queries to the concerned bank staff, so that he can take his decisions based on clear and complete vision.
- 4- The customer must comply with the procedures for submittal of the complaint, including the grievance measures to the Customer Protection Unit at the Central Bank of Kuwait.
- 5- The customer shall have to identify the risks that may arise as a result of his use of a product or service rendered by the bank, through the queries addressed to the concerned persons on the impacts ensuing from these risks, and shall have to avoid such risks as much as possible.
- 6- The customer shall have to select among the products and services offered to him the ones that are most convenient to his circumstances and actual real capabilities to satisfy his actual requirements.
- 7- He must immediately advise the bank with which he deals of any banking transactions made on his account which he does not know anything nor does he know their reasons, or those transactions which have not been authorized by him.
- 8- He must be cautious and vigilant in maintaining the confidentiality of his private information relevant to his transactions with the bank, and shall not disclose such information to any third party for safeguarding his monies.

9- He must seek the advice and consultancy from the bank concerned staff in case he encounters any financial difficulties that may lead to his failure to satisfy the conditions of the contract concluded with him or use of the products and services rendered to him.

10- He must update his personal and banking information with the bank when requested to do so by the bank, or in event of change of these information.

11- To confirm maintaining the banking confidentiality, and in event the customer needs to communicate with the bank he deals with by normal courier or email, he must use the postal address belonging to him to avoid access by any other person to his personal and banking information if he used an address that does not belong to him.

12- In event the customer needs to grant an authorization or proxy to another person to transact on his accounts or monies with the bank, he must be cautious concerning the authorities and information granted to the attorney, and to take the necessary action immediately upon his desire to revoke the proxies and to advise the bank of the same.

13- Not to sign any financial documents, blank or incomplete information contracts, and he has to check these documents which the bank submits to him before their signature.

14- The necessity that the customer must maintain in a safe place copies of documents of transactions with the bank for easy reference to these documents when necessary.

* Translation is based on Arabic «CBK Consumer Protection Guide»

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