

CUSTOMER CHARTER OF LICENSED BANKS**1. Introduction**

This Charter sets key standards of fair banking practices envisaged by customers when they undertake transactions with licensed banks and provides guidance to the licensed banks to adopt a 'Code of Conduct' on customer protection. The Charter also includes a set of customer obligations towards licensed banks in the interest of stable relationship.

2. Receiving information and understanding the banking Products/Services

The customers have the right to receive factual information and understand the financial products/services offered by banks. In this regard, certain good practices of banks would be as follows:

- a) The licensed banks should help the customers to understand the financial products/services offered by providing adequate information about them, explaining their financial implications and assisting the customers to choose the appropriate banking products/services.
- b) Each licensed bank should have Key Facts Document in the form of a brochure/leaflet written in simple language for its products or services, separately or in combination and which should be distributed to the customers seeking such products/services. These brochures/leaflets should, at minimum, contain the following basic information and be available in languages preferred by the customers (i.e., Sinhala/Tamil/English):
 - i. Description of the products/services.
 - ii. Financial and other benefits to customers including any incentives and promotions.
 - iii. Fees/charges, commission, interest etc., charged from customers.
 - iv. Procedures to be followed to obtain the product/service.
 - v. Major terms and conditions.
 - vi. A common complaint procedure for customers.
- c) All advertisements by licensed banks should contain factual information on products/services offered by them in any media and promotional material, which can be understood

by the targeted customers and not contain information that may be likely to mislead the public. In addition, all such advertisements should give the contact details and state that the respective bank is a licensed bank supervised by the Central Bank of Sri Lanka.

- d) Further information or clarification on any advertisements on bank's products/services (i.e., fees/charges and interest rates etc.) should be provided by banks on request.
- e) The following information should be conspicuously displayed in the Head Offices and all branches and other banking outlets of the licensed banks.
 - i. Current interest rates on all deposit and loan products
 - ii. Buying and selling rates of foreign currencies
 - iii. Credit rating of the bank with underlying specifications
 - iv. The contact details of the Financial Ombudsman and Credit Counselling Centre
 - v. Banking hours and Holiday notices
 - vi. Any other relevant information
- f) A periodic statement should be sent to customers either in printed form or electronic form opted by them regarding transactions and balances in their deposit or loan accounts or other services other than passbook savings accounts of non-dormant category.

Statements for credit cards should set out the minimum payment required and the total interest amount charged if only the required minimum payment is made and late payment fee if the minimum payment is not made.
- g) The licensed banks should improve the customer awareness on financial products/services and risks by arranging specific financial literacy programmes.
- h) The licensed banks should act fairly and reasonably by ensuring that the banks' staff follows procedures and practices stipulated in the 'Code of Conduct', the products/services offered are in line with relevant laws and regulations and the maintenance of the principles of integrity and transparency.

3. Awareness and understanding the ‘Terms & Conditions’ on Products/Services

3.1 The customers have the right to access to and fully understand the terms and conditions relevant to each and every product or service they obtain from banks. In this regard, the licensed banks should ensure that:

- a) the ‘Terms and Conditions’ associated with each product or service are made available to customers in languages preferred by them;
- b) a copy of the ‘Terms and Conditions’ is given to the prospective customer prior to offering or recommending a product or service and any clarification sought by customers is clearly explained;
- c) an officer carrying out the duties of a relationship officer should clearly explain to the customer of the terms and conditions and features of the products/services, provide a comparison of alternative products/services available and give reasonable time for the customer to make a decision;
- d) a written confirmation is obtained from the customer that the details of the products or services and their terms and conditions were received, explained and understood;
- e) all the documents pertaining to the product or service are duly completed and signed by the customer. (Incomplete documents and obtaining signatures on blank papers/documents are avoided.);
- f) any changes made by licensed banks to the agreed terms and conditions on products or services should be informed to the customers in writing or through paper notice or any other appropriate way before such changes are made.

3.2 The customers have the right to know specifically the following under ‘Terms and Conditions’.

- a) The details of the bank’s general charges such as interest rates, fees and commissions, if any, required to be paid by the customer including the method of computing interest charges.
- b) The bank’s procedure for receiving complaints and the resolution mechanism.

- c) The course of recovery actions a bank may follow in the event of any default by the customer on his/her obligations and bank's expenses that will be reimbursed from the customer.
- d) Any compensation proposed to be paid by the relevant customers in case of pre-mature withdrawal/termination of participation in a product/service by the customers.
- e) Any restrictions on opening of accounts, closing of accounts, maintenance of accounts (e.g., minimum balance), transfer of funds by customers and policies and procedures on dormant accounts and abandoned property.
- f) The disclosure of customer information to a party legally authorised to obtain such information.
- g) The rules regarding (i) reporting of suspicious transactions and above-the-threshold transactions to the Financial Intelligence Unit (ii) the reporting procedures that the customer should follow in the case of stolen cards /financial instruments and (iii) liability of the bank and the customer.
- h) The procedures to be employed by the bank to foreclose on the property held as collateral for a loan and the consequences thereof to the customer and options available to him/her.

4. Compensation from withdrawal/cancellation of products/ services by banks

In the event a licensed bank seeks to withdraw/terminate a product or service already on contract, especially deposit products, customers have the right to receive a reasonable time with an exit compensation scheme disclosed in advance.

5. Protection from Agents of banks

The customers have the right to know the details of the agents appointed for customer services by licensed banks and the 'Code of Conduct' issued to them by banks to refrain from doing any of the following.

- a) Harassing customers.
- b) Using abusive debt collection practices.
- c) Disclosing customer information to others.

- d) Giving false or misleading information about products/services.
- e) Unduly influence customers or the general public to buy or get involved in the bank's products/services.
- f) Engage in getting any security documents signed outside the bank.

6. Complaint measures and relief

The customers have the right to resolve their complaints with transparency and effectively. In this regard, licensed banks should:

- a) implement a quick and effective resolution mechanism on disputes between customers and banks by rectifying disputes quickly, handling complaints within a short period, directing to take the complaints forward if the customer is still not satisfied and reversing any charges that applied due to a mistake;
- b) have in place a written procedure for receiving complaints and steps to be taken to resolve such complaints;
- c) acknowledge the receipt of any complaint in writing within a reasonably short period of time and inform the complainants of the procedure that will be followed by the bank for the resolution of the complaint and the contact details of the officer/officers handling the complaint;
- d) facilitate receiving complaints verbally or in writing and the banks shall not insist that complaints be necessarily made only in writing;
- e) establish a management information system regarding complaints and process of resolution as part of the duties of risk management committee relating to operational risks;
- f) assign an officer with the duty of handling the complaints and management information in each branch or office; and
- g) advise the customers to seek affordable and efficient recourse through the Financial Ombudsman or in Courts in the event the complaint is not resolved to their satisfaction.

7. Special attention and Care

- a) The customers such as elderly, disabled or customers with low financial literacy (hereinafter referred as customers with special needs) have the right to receive special attention to facilitate them to have a fair access to banking services.
- b) Accordingly, licensed banks shall implement comprehensive policies and procedures to ensure improved access to banking services for customers with special needs, including but not limited to the Guidelines provided in Schedule 1.
- c) Licensed banks shall expedite the implementation of such measures at branches to avoid inconvenience to concerned customers.

8. Customer obligations toward banks

Customers should foster the relationship with banks fulfilling their obligations. In this regard:

- a) Customers should not borrow beyond their affordable repayment capacity limit.
- b) Customers should not allow the repayments or instalments to go into arrears and the prompt repayments will create healthy relationships with the banks.
- c) If a customer wants to settle his/her loan before the end of the loan period, he/she has to pay certain amount of money over the loan amount as agreed at the time of accepting the offer.
- d) If the customer is unable to repay his/her loan outstanding as agreed, the bank will have the right to recover the amount owing to the bank including the bank's expenses specified in the 'Terms & Conditions'.
- e) If a customer finds himself/herself in financial difficulties, he/she should let the bank know as early as possible. The sooner the bank discusses the customer's problems, the easier it will be for both of the customer and the bank to find a solution.
- f) When a customer account goes into default, the first step the

bank takes is to contact the customer. In this regard, it is imperative that the customer should inform the bank at all times of any changes to his/her address and contact details.

- g) Customers should have the full knowledge and understanding of the product/service offered before entering into the contract.
- h) Customers should duly fill and submit the required application forms and supporting documents in time.
- i) Customers should exercise due care in all transactions with banks.
- j) Customers should notify the bank promptly of any

fraudulent transaction/s or such attempts in their accounts with the banks whenever they become aware of such instances.

- k) Customers should exercise utmost care in using and storing/handling Personal Identification Numbers (PIN) and security measures of other electronic cards issued by the bank.
- l) Customers should not treat any operational lapse of a bank on its obligations mentioned in Clause 2 to 7 above other than any dispute on the amount payable to the bank as a reason for his/her non settlement or delay in settlement of a debt unless otherwise allowed by a court of law. All such incidents need to be resolved separately or individually.