

## **Translation**

**Central Bank of Kuwait  
Governor**

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Date: 5/07/2015  
Ref: 5865/105/2

**Circular no. (2/RB/RBA/349/2015)  
To All Local Banks**

**Mr. / Chairman of the Board,**

**Banks Customers Protection Guide**

Within CBK's efforts to enhance the protection of the banking sectors' customers by affirming the enhancement of the concept of transparency and disclosure in financial and banking transactions offered by banks to different customers and in all sectors, and working on providing a suitable environment to maintain the rights of customers in the framework of a balanced relationship which provides protection to the banking sector and guided by the best global practices in this field, we enclose to you the "Banks Customers Protection Guide" which represents instructions approved by CBK's board of directors in its session held on 5/07/2015, all local banks must implement it in the banks' dealings with all its customers whether it is a natural or legal person and within the context of the implementation range. The groups of principles in this guide are considered complementary and not an alternative to CBK's varied and previously issued instructions in the field of customer protection.

Banks must take the necessary measures to implement the content of this guide in regards to principles and regulations, including placing the required policies ratified by the boards of directors and update its business manuals. Banks must immediately begin to implement these instructions beginning from this date and to fully adhere to it by the end of December 2016.

Within the framework of CBK's procedures in following up on the content of this guide, you must provide us with a quarterly report beginning from the end of September 2015, containing the steps and procedures made by your bank to implement this guide.

Regards,

**Dr. Mohammad Yousef Al-Hashil**

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**Banks Customers Protection Guide**

**5/07/2015**

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### **Introduction:**

The enhancement of customers' trust in an effective financial services market with good performance and transparency in banking services which banks provide to different customers in all sectors is considered one of the main components to achieve financial stability and the development and growth of these markets and encouragement for creativity in a way that enhances the merger of these markets with the real economy.

Within the framework of the methodology followed by CBK on dedicating its supervisory role to the field of protection of customer rights, CBK has issued many instructions in the past few years to the banking sector that aim at enhancing the concept of transparency and disclosure in financial and banking transactions provided by banks to different customers and in all sectors, and works on providing a suitable environment to maintain customer rights within the framework of a balanced relationship which provides protection to the banking sector, while not exposing it to reputation risks which may arise in the event of banks not adhering to the regulations of professional banking behaviour and may negatively affect the customers' dealings with those banks.

Among the instructions issued by CBK in this field, for example, the regulations related to contracts made with customers in terms of its legality and clear wording, transparency in specifying interest rates, fees, and commissions, providing copies of contracts and account statements to customers, and absolute transparency in the services which banks offer to different customers.

CBK also issued a group of special instructions on the protection of the rights of individual customers, including instructions on the rules and bases for consumer loans and other instalment loans. In November 2013, CBK issued instructions on the regulations of financing granted to individual customers for the purpose of purchasing and/or developing real estate in private residence areas and conformed housing. These regulations took into consideration the risks which individual customers and units of the banking sector may face in this financing and that might have social and economic effect. The regulations arrived in a framework of a total hedge policy aiming at limiting systemic risks. There are other instructions issued on the regulations for credit cards issuance and others addressed to directly protect the rights of those customers, especially the latest instructions issued by CBK in March 2013 on the establishment of

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a customer protection unit at CBK that aims to spread banking and financial awareness for customers and receive their complaints; the tasks of the unit include providing telephone service to answer customers' inquiries and explain the method of implementing the instructions issued by CBK and its terms and conditions related to the rights of those customers and their obligations.

International attention has increased in recent years on the subject of (Customer Protection in the Field of Financial Services) due to the effect of the global financial crisis, and the development which the markets witnessed in terms of financial services and tools, including an expansion in electronic services, and increase in opportunities to transfer risks to customers in different sectors, especially in the case of weak financial knowledge and awareness by those customers. In this regard, the financial crisis revealed that one of the reasons for the crisis was the offering of several creative or structured financial products which contained high risks that customers weren't able to realise to the degree that enables them to make their decisions on correct and studied bases. As such, attention was focused on the necessity of financial and banking products being designed according to the customers' needs and within a clear framework of its inherent risks. The developments confirmed the necessity of (Financial Consumer Protection) and fuse it with financial inclusiveness and financial education and awareness policies, and within the legal frameworks which provide protection to those customers' rights in terms of fair treatment, suitable disclosure, and improvement of their financial awareness and providing them with objective advice, while presenting financial services to them within competitive business frameworks and a professional frame of behaviour, while taking care to protect the assets and information of those customers without breach of its confidentiality, forgery, or embezzlement.

Within the framework of CBK's continued efforts to enhance the protection of the banking sector's customers through a balanced relationship between banks and their customers, and guided by the best global practices in this field, and within the framework of financial consumer protection approved by the finance ministers and central bank governors for the G-20 group of countries in October 2011, CBK issues this guide to protect the banks' customers in different sectors. This guide contains a group of principles considered complementary and not an alternative to CBK's previously issued instructions in the field of customer protection in their dealings with banks.

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### **First: Customer Protection: Importance& Concept:**

The meaning of banks' customer protection is what is implemented in regards to procedures aiming at limiting the risks those customers might face in their dealings with banks by placing regulatory frameworks, policies and procedures, which guarantee they obtain different financial services in a comprehensive framework of transparency and disclosure in financial dealings and ensures those customers will obtain their rights in full and without harming their interests and hold accountability for any who exceeds those regulatory frameworks.

The process of customer protection depends on three dimensions represented as follows:

**Regulatory and supervisory dimension:** includes the group of methods, applications and practices by the concerned supervisory authorities for the enhancement of customer protection.

**Legislative dimension:** includes the group of legislation and regulations organizing the rights of customers and their duties and which represent the obligatory framework the client must work through and the bank which violates these legislations will be subject to suitable penalties.

**Awareness and educational dimension:** includes the group of activities and practices that aim at raising the level of knowledge and financial and banking culture for those customers and to raise their ability to take the suitable decision which enhances their protection methods and their obtainment of their rights.

### **Second: Regulatory& Supervisory Framework:**

CBK's interest in customer protection at banks is within the framework of Law no.32 of the Year 1968 on Money, CBK, and Organization of the Banking Profession and its amendments of different regulations in this field, and in line with the main practices of effective banking supervision from the extension of the regulatory role to ensuring that banks have suitable policies and procedures containing strict rules related to due care for customer protection and enhancement of the implementation of high level professional standards in the banking sector.

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Therefore, this guide contains the principles and rules which banks must adhere to and observe when presenting banking products or services to its customers, presenting financial information and advice to them, and advertising the products or services, in addition to treating cases of complaints and settling disputes.

### **Third: Goals of Issuing the Customers Protection Guide:**

The issuance of this guide aims to achieve a group of goals, chiefly the following:

- 1) Confirm the interest of CBK in the field of customer rights protection to guarantee they obtain banking and financial services in a comprehensive frame of transparency and disclosure, and to enable customers to make their decisions on sound bases, and stress the importance of banks keeping up with banking developments related to the needs of current and future customers and show them its suitability and achieve their ambitions.
- 2) Found a group of standards and practices related to the protection of banks' customers and for these standards and practices to represent a basis for the evaluation of the banks' performance in the field of customer protection and governance applications in this field.
- 3) Crystallize a general framework for the concept of customer protection while concentrating on the bank sector and to contribute to the enhancement of supervisory goals supporting financial stability through enhancement of professional practices in the field of providing financial services to customers and defend against any problems on the national level as a result of any unsound practices when banks deals with customers.
- 4) The existence of a written guide containing important principles on customer protection confirming honesty and integrity is expected to have a good effect on those in the banking and financial business and represents a documentation to support the efforts of implementing such principles.
- 5) The guide represents an awareness and educational toll for the banks' customers as it contains a view of the rights, duties, and

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principles which improve the knowledge level of the nature of the relationship with banks, and to contribute to raising the educational process financially and legally for customers in their banking transactions. The existence of customers who possess a financial and banking understanding and culture will lead to rationalization of their financial decisions and actions and limit the chances of their participation in creating crises due to a low degree of awareness.

- 6) Establish fair practices that must be adopted when presenting financial and banking services and products through banks, which represent minimum limits of policies and procedures that banks follow when dealing with its customers, especially in the field of focusing on transparency and disclosure to help customers to take decisions in light of their true circumstances.
- 7) Strengthen the cornerstones and foundations of trust in the banking system's units, considering that trust is the most important factor of success and growth and development of relationships with customers, especially in light of the existence of effective mechanisms and clear frames for handling customer's complaints and any unfair or unclear practices.

### **Fourth: Range of Implementation:**

- 1) This guide applies to banks operating in the State of Kuwait and includes Kuwaiti banks and branches of foreign banks.
- 2) Customers are defined, for the purpose of the implementation of the instructions in this guide, as those customers who are natural persons dealing with the above-mentioned banks, and other legal persons, especially small and medium-size companies, to the extent that these instructions apply to them and in light of the nature of their transactions and dealings with banks.
- 3) The principles in this guide are considered complementary and not an alternative to CBK's previously issued instructions to banks in the field of customer protection.

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### **Fifth: General Principles for Customers Protection in Banks:**

The general principles below for customer protection represent the minimum limit of rules that banks must adhere to its implementation and observe when dealing with customers.

#### **First Principle: Fair & Equal Treatment:**

Banks must, during all its stages of dealing with customers, observe that its dealings should be characterized with fairness, equality, and honesty and to make this method part of its governance rules. It should also give more attention and care to customers who are low in income and education, elderly people, and persons with special needs, without differentiation between sexes.

#### **Second Principle: Disclosure & Transparency:**

Banks must provide to its customers all information on the services and products it provides to them. This information must be characterized with clarity, ease of understanding, simplicity, and accuracy in order to guarantee customers view the benefits and risks with clarity and transparency, and customers aren't burdened to obtain that information. Banks must take care that the information it provides to customers contain an explanation of the rights and responsibilities of those customers, details on prices, fees, and commissions charged by each bank for each service or product, and an explanation of the benefits and risks associated to it and the mechanism of terminating the relationship and its consequences, in a way that facilitates the customers' decision making.

The advice given to the customer must suit his abilities, capabilities, and financial goals, and in light of his experience about those products and services. Care must be given to urge customers to give comprehensive and accurate information on their status and needs to enable banks to offer suitable advice and services.

#### **Third Principle: Financial Awareness & Education:**

Banks must put in place suitable plans, programs, and mechanisms to develop and publish financial and banking knowledge to its current and potential customers, and seek to raise their awareness and education level

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to enable them to identify all the related aspects of the banking services or products offered to them, then help in taking studied decisions, and guide them to the suitable party through which they can obtain additional information if needed. Banks must inform customers of their rights and responsibilities, especially individual customers who have limited income and education.

### **Fourth Principle: Professional Behaviour:**

Banks must take care to practice and perform its work in a professional and responsible manner, taking into consideration achieving the best benefit of the customers at all the stages of their dealings with the bank as it is responsible for protecting the customer for the offered banking services or products. At the list of this behavior are honesty and credibility and ensuring the offered services and products suit the customer's needs, abilities, and capabilities. Banks must ensure sufficient training is given to their employees who interact with customers and present banking services to them.

### **Fifth Principle: Customer Protection against Financial Fraud:**

Banks must protect the customers' deposits, savings, and other financial assets which are in the purview of their dealings with the bank by placing efficient internal control systems that are efficient and have a high standard of accurate control for the goal of limiting fraud and embezzlement transactions or misuse of financial services, and continuously ensure the efficiency of the systems used to keep up with the changes in fraud methods.

### **Sixth Principle: Privacy Protection & Information Confidentiality**

Banks must install supervisory systems, mechanisms, and policies which guarantee the protection of its customers' financial and personal information. All transactions with banks are confidential and may not be viewed or revealed except by law and current legislations. Banks must provide secure systems for electronic transactions.

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### **Seventh Principle: Handling Customer Complaints**

Banks must give sufficient care to handle customers' complaints in a quick, fair, and independent way and to ensure its Client Complaints Unit performs its responsibilities effectively in light of the existence of clear and specific mechanisms to handle and treat those complaints without delay. The CCU must be given suitable care and supervision by the banks' board of directors and banks should have an internal mechanism to solve disputes with customers.

### **Eighth Principle: Competitiveness:**

The required information must be provided in order to perform comparisons between the best banking services and products available to customers from banks. This includes ease of transfer and movement between banks and between different services and products without hardship or complications. It should be with a reasonable cost, taking into consideration that it leads to raising the quality standard of the services offered by banks to its customers.

### **Ninth Principle: Customer Protection from Outsourcing:**

In the event that banks use operational services from external parties, outsourcing, they must ensure the external parties adhere to the principles included in this guide and that it is working for the benefit of the banks' customers and bears responsibility to protect them including banking confidentiality for their information, taking into consideration the continued responsibility of the banks providing banking services and products for the action taken by those external parties. Banks must obtain proof of the external parties' adherence to customer protection applications, and the CCU shall bear the responsibility of confirming it.

### **Tenth Principle: Conflict of Interest:**

Each bank must possess a clear written policy ratified by its board of directors on conflicts of interest, which must continuously confirm the sufficiency of the procedures and implemented policy in discovering possible cases of conflict of interest and that it is being effectively implemented. There should be confirmation that any cases of conflict of

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interest are disclosed per the policy's specifications and the rules and regulations of governance issued by CBK in this regard.

## **Sixth: Practices for Disclosure and Providing Banking Services & Products:**

Banks must adhere to the following in this regard:

- 1) Collect sufficient information on the customer before recommending specific products or services, in order to ensure the product or service fulfills his needs and suits his abilities.
- 2) Provide to its customers a written copy of the general terms and conditions related to each product or service before they receive that product or service.
- 3) Use transparent and fair means to market its banking products and services.
- 4) Provide employees who are qualified for direct dealings with customers and suitable to the degree of complications of the products or services it provides, and those employees must receive sufficient training to reply to all the customers' questions with correct information.
- 5) Observe the implementation of all disclosure requirements for products and services which must be disclosed.
- 6) All the rules and regulations related to all banking services provided by banks must be available on the bank's website in an easy to view form.

## **Seventh: Handling Customers Accounts in Banks:**

Banks must adhere to the following in this regard:

- 1) Provide to its customers and on periodical basis information on the main details of financial transactions and their account balances.

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- 2) Notify its customers within sufficient time in written form or via electronic means before making any changes in interest rates/return, fees, commissions, or imposing new fees, or other terms of products and services the customers obtain or contract to.
- 3) Maintain historical records of customers transactions and the records should be easily accessible and without charge or with reasonable fees.
- 4) Observe the procedures followed in clearing and settlement of payments of customers are clear and known to the customers, including specifying the periods for settling the amounts of cheques deposited in their accounts, and all the terms and conditions related to collecting cheques and other payment instruments, while specifying the sources which these procedure are based on.
- 5) Inform customers of the legal action they might be exposed to in the event of issuing cheques without sufficient balance, before they begin to issue such cheques and the consequences of this action.
- 6) Inform customers of the procedures that are required to be taken in the event of having to stop disbursing the cheques which the customer issued in light of any circumstances that require informing the bank of.
- 7) Explain to customers any expenses or fees related to the services and products offered by banks, including cheque service, whether related to obtaining cheque books or approving and settling the cheques, or other related procedures.
- 8) In the case of a lack of instructions by the customer stating otherwise, banks must present to its customers a free monthly account statement explaining all the customer's transactions done during the month, interest/return or fees placed on the accounts, and if customers choose to obtain their account statements through electronic means or the phone service as an alternative to monthly paper statements, then the information should be in a form that is easy to read and contains appropriate details.

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- 9) Notify in writing, its customers whose accounts have not moved by them for a long period of time, and place these accounts under care and place regulatory controls for protection.
- 10) Acknowledgments and information sent to customers for their signature should be easy to read and comprehend and suitable for all types and categories of customers.

## **Eight: Protection of Banking Confidentiality and Information Privacy:**

Banks must adhere to the following in this regard:

- 1) Protect customers through establishing high level control systems containing suitable mechanisms that specify the purposes for which information is collected and handled.
- 2) Banks responsibility for customer information protection and maintaining its confidentiality extends to the information it holds or that is available at a third party which banks use in its performance of its customer-related activity.
- 3) Provide an internal environment which guarantees achieving safety and security for all information available on its customers and their transactions. Banks must continuously test this environment and ensure its validity.
- 4) Disclose to its customers in a suitable manner the cases where the customers' information confidentiality rule is excluded, which are:
  - a. Cases that information disclosure is done with the customer's written consent.
  - b. Cases where information is required to be disclosed per the applicable laws and legislations.
- 5) When banks appoint their employees or use other parties, it is necessary to obtain forms confirming their adherence to information confidentiality related to customers.

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### **Ninth: Financial and Banking Awareness:**

- 1) Banks must design and establish suitable mechanisms to develop the knowledge and skills of current and future customers and raise their awareness level and enable them to comprehend the basic risks of transactions they perform with banks and to enable them to take suitable decisions for them and guide them to the appropriate party to obtain information if they require it.
- 2) As a type of financial and banking education, the bank's website must contain a special page for financial and banking awareness, including this guide, in addition to the customer's rights and responsibilities, method of filing a complaint, and frequently asked questions (FAQ) expected from customers and the bank's answers to it.

#### **Within this framework, the following is required:**

- a. Each bank must put in place an annual plan containing specific programs to support the publication of financial and banking information aiming at increasing banking and financial awareness.
- b. Banks' participation with civil society's establishments and authorities and professional and academic institutions that aim at strengthening financial and banking awareness and raising the awareness level, in addition to cooperation in establishing and executing financial and banking awareness programs.
- c. Banks' participation from time to time in performing special studies for measurement of the financial awareness and the effect of the actions taken in this regard on increasing this awareness and financial education in the framework of evaluating the results of the policies implemented at banks and to look into its development.

### **Tenth: Financial and Banking Inclusion Programs:**

“Financial and banking inclusion” is defined as a group of policies and procedures with an aim at making financial and banking services available to all categories of society, including persons with special needs, persons with limited or weak income, persons working in the service sector and simple craftsmen, and business owners of very small,

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small, and medium businesses, while taking into consideration that it is according to their needs and circumstances and characterized by fairness and transparency. In this regard, banks must do the following:

- Establish annual programs to achieve financial and banking inclusion goals with the existence of mechanisms that allow follow-up on the execution of these programs and number its beneficiaries. It should be varied to include several categories of potential customers and achieve widening the circle of those dealing with the banking system's units.
- Exert more efforts in studying the needs of categories that don't deal with banks and take serious steps to facilitate their obtainment of their needs according to safe and easy methods for them.
- When banks plan their activities and programs for financial and banking inclusion, they must use suitable methods to attract the categories that are not used to dealing with them (example: persons with special needs, and persons with weak incomes) while providing positive procedures for this category and encouraging it to raise the level of dealings and benefit from developments in several fields, especially technology.

## **Eleventh: Advertisement and Advertising Materials:**

Banks must adhere to the following in this regard:

- 1) Ensure that all its advertisements and advertising materials used in presenting its products and services don't contain false or inaccurate information leading to an unsound understanding by current or potential customers and which may lead to taking wrong decisions.
- 2) Ensure all advertising materials for its products and services are easy to read and comprehend by the public.
- 3) Take into consideration when issuing any advertisements or advertising materials the legal responsibility which may ensue from the existence of false information in the advertising or advertising materials used to sell its products and services to customers.

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- 4) Observe not to advertise products or services which contain risks only specialists are aware of and not to encourage customers benefit from these services and products without suitable explanation on its related risks.
- 5) Establish an advertising policy approved by its board of directors and it should include the principles, rules, and practices that are professionally and legally accepted in regards to any advertisement or advertising materials issued by the bank.
- 6) Client Complaints Unit (CCU) in banks should ensure that the advertising materials policy corresponds to the rules and practices in the Customer Protection Guide, as a minimum limit, and that it's free of any messages which might be misunderstood. In the case of the units receiving questions or clarifications raised by the advertising materials, immediate suitable action must be taken to remove any vagueness or confusion.
- 7) When banks announce being awarded prizes, certificates of excellence, or preferences they must disclose it by providing sufficient information on the party granting it and mechanism and method upon which the certificate was given and the standards used by that party.

## **Twelfth: Customers Service Employees and Banks' Services& Products Marketers:**

- 1) Customer service employees and banks' services& products marketers must possess good knowledge and awareness of legislative and regulatory rules for customer protection and the content of this guide in regards to rules and regulations on their practicing of their business in customer service, in addition to knowledge of all technical aspects related to the service or the product offered to customers.
- 2) During the selection of customer service employees and banks' services& products marketers, banks must take into consideration a group of standards it places which these employees should possess, whether in terms of employment period in similar businesses, degree of knowledge of banking products and services in a way that suits its degree of complexity, suitable personal characteristics

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and communication skills for the nature of the tasks given to them, and the necessary certificates and training.

## **Thirteenth: Loans/Consumer and Installment Financing Transactions:**

Banks must adhere to the following in this regard:

- 1) Obtain an authorization from the customer, enclosed with the contract's loan, to inquire about credit card information and loans/consumer and installment financing transactions which he received from banks, investment companies, financing companies, and other parties. The matter also requires obtaining a signed statement from the customer of the balance of loans/financing transactions he received from the above-mentioned parties and which are standing at the time of requesting a new loan/financing.
- 2) Give customers of loans/consumer& installment financing transactions a (Reflection Period) of two business days at least (excluding the review period for loans/financing transactions given for medical treatment purposes). Customers should be provided with a copy – unsigned and not final – of the loan/financing contract when they apply for a loan/financing request. Customers must provide a written acknowledgment of receipt of a copy of the loan/financing contract for review purposes, without there being any commitment on part of the customer during the reflection period, and the contract will be signed after the period ends in the event that both parties agree.

The customer should be informed of all the financial effects resulting from the loan/financing that will be given to him and the contractual terms and its resulting commitments per the contract to be concluded for the loan/financing. The bank shall maintain the documents stating it and present to the customer – at the beginning of the reflection period – a clear and simplified statistical table showing the following:

- Value and number of the loan's instalments.
- Components of each loan in terms of interest and the paid amount of the principal on the assumption of regular payments.

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- Total value of interest and amounts which will be paid until the end of the loan's period.
  - Statement with possible changes in financing burdens for instalment loans on the assumption that the interest rate increases by the maximum specified limit of (2%) every five years.
- 3) No customer is obligated to purchase another service or product as a condition for offering a related service or product, such as insurance being contingent to obtaining a loan/financing, since borrowers must have the freedom to select the other service or product and agree to it.
  - 4) For loan accounts/financing transactions received by the customer, the monthly statement must show the paid installments or amounts during the period covered by the statement, and the standing balance in the loan/financing account distributed between the loan principal/financing and interest/return, and the paid amounts from loans/financing transactions distributed over the principal and interest/return.
  - 5) Loan contracts/consumer and instalment financing transactions must contain – as a minimum limit – the following items:
    - a. Client's basic information (address for correspondence, profession and place of employment, telephone numbers, etc.)
    - b. Type of loan (consumer/instalment-housing)
    - c. Value of loan
    - d. Purpose of loan and method of verifying its use in this purpose, the documents required from the client which support the use of the loan for the purpose it was given, and its date of presentation.
    - e. Period of loan, number of monthly instalments, and payment dates, in addition to the value of the monthly instalment and its percentage to the net monthly salary (after deductions) or the client's continuous monthly income.
    - f. Account from which the value of the monthly instalment will be deducted.

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- g. Interest rate on the loan and its collection method, in accordance with CBK's instructions in this regard, and the total cost of financing (interest) should be clear to the client before granting the loan, while maintaining evidence of the client's having viewed it.
  - h. Client should obtain a copy of the contract and sign an acknowledgment of it.
- 6) Provide all required information for loans/consumer and instalment financing transactions on electronic accounts of customers subscribed to (online banking). Statements of loan accounts and financing transactions should contain detailed information related to the number and value of paid instalments and remaining instalments until the due date, detailed according to interest/return and principal.

## **Fourteenth: Credit Cards:**

- 1) Banks must disclose all requirements related to issuing credit cards, such as issuance fees and expenses including those related to financing, credit limits, exchange rates, applied interest/return rates, calculation method, minimum limit of monthly instalment, etc., before contracting with customers.
- 2) Banks must inform its customers in writing, or through email or SMS, in the event of imposing new fees, or changing any fee or expenses on credit cards previously issued to customers, and to heed CBK's instructions on the specified period between announcement and actual implementation.
- 3) Banks must inform its credit cards customers of the minimum amount to be paid monthly, and clarify any costs of interest/return rates that will ensue if the customer pays only the minimum limit. The statement of credit card transactions should contain a clarification of the minimum limit to be paid and total cost of interest/return (percentage and amount) – if any – that will be calculated on the standing balance if the card holder pays only the minimum limit/monthly instalment.

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### **Fifteenth: Banking Services via the Internet and Phone Services:**

- 1) Banks which provide banking services to its customers through the internet or phone service must use protection programs which ensure it can verify the following:
  - a. Maintain the privacy and confidentiality of customer information and prevent it from being hacked.
  - b. Authenticate the transaction, possibility of specifying counter parties, and control over access to the systems in use.
  - c. Accept and execute transactions performed by customers on their accounts through the systems available to the bank in this regard.
  - d. A business continuity plan should exist.
  - e. Notify customers at a sufficient time beforehand if banks are forced to or will cease some services for maintenance purposes or other reasons.
- 2) Banks must impose a type of control and follow-up for the performance of other parties when using them to provide banking services via the internet or phone systems.
- 3) Banks must inform customers wishing to use the internet or phone service to perform their transactions of the fees and expenses – if any – related to the services offered via these two methods and its amount.
- 4) Banks must establish clear and specific rules to treat any cases of error or fraud if it occurs.
- 5) Banks must perform the procedures which aim at raising the level of understanding and dealing with the internet and banking phone service of its customers, establish continuous awareness programs, and inform customers of any changes or development in the systems it uses and to ensure their protection. Banks shall inform customers of the risks associated with electronic transactions and provide guidelines that enhance its safe use and protection.

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### **Sixteenth: Remittances and Electronic Money Transfers:**

- 1) Banks must provide sufficient information to its customers, who use remittance services and electronic transfer of funds, on the rates and benefits of those services and the method of obtaining in an easy and comprehensible manner as much as possible. This information includes the fees borne by the customer or the beneficiary from the service (remittance or draft) and the foreign currency exchange rates and expenses, time required to perform the remittance or draft until the funds reach the beneficiary, and other terms and conditions related to electronic transfer of funds including rights, responsibilities, and obligations.
- 2) In the event that the bank is unsure of the cost related to the remittance or electronic transfer due to the different circumstances of each case, the bank must disclose this to his client beforehand and without imposing certain conditions on the client and the client's prior approval must be obtained for this.
- 3) Banks which receive, send, or perform electronic money transfers must document all the basic information related to those transactions, and inform their customers of the details of those transactions as soon as it's done and without imposing any fees on it.
- 4) Banks must provide to their customers in an easy and clear manner all information on the procedures taken in the event of an error or the customer being a victim of fraud during the performance of remittances or electronic money transfer.
- 5) Banks must inform their customers who use credit cards/pre-paid cards/ATM cards outside the country of the terms and conditions including the fees for external transactions and foreign currency exchange rates that may be implemented in such cases.

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### **Seventeenth: Demand to Customers to Pay Their Debts to the Bank:**

- 1) Banks must not use any unprofessional practices or methods, including incorrect information and reasons or unfair practices, when demanding that customers pay for customers who obtained loans or have debts.
- 2) In the event of payment by offsetting between the customer's accounts, banks must include this text in the contracts done with customers. Banks must notify their customers of this after the payment process.

### **Eighteenth: Enhancement of Client Complaints Unit's Tasks:**

Banks must adhere to the following in this regard:

- 1) Adhere to instructions issued by CBK on protecting the bank's customers and the board of directors of each bank must ensure this.
- 2) Place in a prominent location a written summary of the steps and procedures to be followed by customers if they have a complaint related to their transactions with the bank. These procedures should include specifying the steps to be taken in a gradual manner until the customer's complaint is considered in a final manner including presenting a complaint to CBK.
- 3) The Client Complaint Units in banks are responsible for verifying the degree of compliance of each bank to the Customer Protection Guide and other related regulations.
- 4) The board of directors of each bank is responsible for placing policies and procedures that ensure the CCU is able to effectively perform its tasks and its reports should be presented to the board to take whatever decisions it sees fit. These units should prepare an annual report on compliance to the Customer Protection Guide to be presented to each bank's board of directors containing its suggestions and recommendations. This report should be presented to CBK upon request.

## **Translation**

- 5) In the event that the customer can't remove the reasons for his complaint through the CCU at banks, then the customer should present his complaint to the Customer Protection Unit at CBK.
- 6) The CCU at banks should verify the customer has viewed all the documents given to him by the bank when obtaining any service or product, and the client had received a copy of the documents through obtaining the customer's signature upon receipt.

## **Nineteenth: Customer's Responsibilities & Obligations:**

Within the framework of specifying the customer's responsibilities and obligations, he should perform the following:

- 1) Be truthful in all information he provides to the bank that he deals with.
- 2) Carefully view all documents presented to him by the bank upon obtaining any service or product and it's important to identify any fees, commissions, commitments, or responsibilities that may ensue. The customer must maintain a copy of the documents before any financial or banking obligation arises for him.
- 3) In the event that the customer doesn't understand any of the terms or procedures related to the service or product he wishes to obtain, he must present his inquiries to the concerned employees at the bank in order to take his decisions based on a clear and full view.
- 4) Adhere to the procedures for presenting a complaint, including presenting a complaint to the Customer Protection Unit at CBK.
- 5) Identify the risks that might result from using a service or product offered by the bank, through inquiries addressed to the specialists on the effects of those risks and he must avoid it whenever possible.
- 6) Select from among the products and services offered to him the one that is most suited to his circumstances and actual abilities and to fulfill his actual needs.

## **Translation**

- 7) Inform the bank he deals with as soon as he knows there are some banking transactions made on his accounts which he doesn't know of or its reasons or those without an authorization from him.
- 8) Practice care and caution in maintaining the secrecy of his information in his dealings with the bank and not disclose it to any other party in order to maintain his funds.
- 9) Use advice from the specialist employees at the bank if he faces any financial difficulties which prevent him from adhering to his contract's terms or use of the services and products given to him.
- 10) Update his personal and banking information at the bank whenever the bank requests it or if there is a change.
- 11) As affirmation of maintaining banking confidentiality, and if the customer needs to correspond with the bank he deals with by normal mail or electronic mail, he must use his personal postal address to avoid others viewing his personal and banking information if he uses an address that doesn't belong to him.
- 12) In the event that the customer needs to give an authorization or agency to others to handle his accounts or funds at the bank, he must be cautious about the authorizations and information he gives to them, and to do what is necessary as soon as he wishes to cancel or agency and notify the bank.
- 13) Refuse to sign any financial documents and empty or incomplete contracts, and review all documents presented to him by the bank before he signs them.
- 14) The necessity of the customer maintaining copies of the documents of his dealings with the bank in a safe place and in a manner that is easy to refer to when needed.

## **Translation**

### **Central Bank of Kuwait**

Customers may communicate with the Customer Protection Unit at CBK by calling the phone number: 1864444, or visiting CBK's website: [www.cbk.gov.kw](http://www.cbk.gov.kw)

TRANSLATION