

DRAFT CODE OF CONDUCT – BANKING SERVICES

Prepared by the **CONSUMER AFFAIRS COMMISSION** and the **NATIONAL CONSUMERS LEAGUE**

The following recommended best practice principles have been drawn up by consumer stakeholders including the Consumer Affairs Commission (CAC) and the National Consumers League (NCL). This document is a draft Code of Conduct for consideration by stakeholders of the banking sector in Jamaica.

This draft Code is put forward for consideration as a voluntary code of conduct which sets standards of good banking practice and should serve as a guide for the banks to follow when dealing with persons who are or may become its customers, in order to promote transparency and avoid conflict.

The commitments listed below shall serve as the minimum standards by which banks may execute their practices, so as to encourage higher standards for the benefit of its customers

KEY COMMITMENTS

1. **Non-Discriminatory Access:** All consumers have equal right of access to all services provided by banking institutions, providing the consumer meets the institution's requirements of access to the service being applied for. In keeping with this commitment the banks will ensure accessibility to all services in a reasonable, consistent, ethical, non-discriminatory and fair manner.
2. **Service Standards:** Banks will display service standards at their branches and on their websites, and make copies available on request, which will include, but are not limited to, the following areas:
 - i. Average wait times in banking halls
 - ii. Response times to complaints or queries
 - iii. Turnaround time for service application

Banks will ensure that staffs (and authorized representatives) are trained so that they can courteously, competently and efficiently discharge their functions and provide the banking services they are authorized to provide. They will also have adequate knowledge of the provisions of this Code. They will encourage the use of Electronic banking solutions, in particular, for services which have reduced or no user-associated costs. Also, banks will at all times have regard to the level of internet penetration in Jamaica and the consumer's access to internet banking.

3. **Product Information:** Characteristics of all products will be clearly explained to the consumer by the banks' representatives, including all related charges that currently exist or may be

expected to arise. Banks are to be committed to providing a clear explanation of their products to the consumers in writing.

4. **Terms & Conditions and Contract Format:**

- a. Contracts will be fair and set out both parties' rights and responsibilities in plain and simple language. Legal and technical terms will only be used if necessary, and explained accordingly
- b. The consumer will be provided with a copy of the terms and conditions and/or the contract relating to the service being enquired into, and will be given the option to retain a copy for review. Where terms and conditions/contracts are typed, they will be in prints that are easily legible and visible.
- c. The following, where applicable, will be included in **terms and conditions** which the consumer will have the right to review in detail before engaging any service of the banks.
 - i. Applicable ongoing **fees and charges**;
 - ii. Additional fees and charges that may arise;
 - iii. The method by which interest, if any, is calculated and the frequency with which it will be credited or debited;
 - iv. The number of installments that the consumer must pay, their frequency and the amount due;
 - v. The manner in which the consumer will be notified of changes to:
 - a. the **terms and conditions**
 - b. interest rates
 - c. other fees and charges
 - vi. Whether more than one interest rate may apply;
 - vii. Any minimum balance requirement or restriction on depositing or withdrawing from an account.
- d. All existing terms and conditions/contracts will be posted on the website of the banks, and samples made available in branches.
- e. Contract terms cannot be changed unilaterally by the Bank, and if any change is to be introduced, the consumers/customers should be informed at least 60 days before the changes are to take effect.

5. **Cooling Off Period:** - There will be a "cooling-off" period of 72 hours for all contracts without any disputed penalties, charges or interests being applied to the consumer. The 72 hour period will commence from the time of the customer's signature. Weekends and national holidays will not be counted in the 72 hour cooling off period. The banks will design a specific procedure for consumers to contact the bank and effect an end to contracts during the cooling off period. The procedure will be published and available to the consumer at the time of the signing of contract.

6. **Credit Information:** The consumer will have the right to know his/her credit score and recorded history, and will have the right to be duly informed by the bank representative as soon as this has been ascertained. Credit agreements can be deemed non-enforceable if it is ascertained that the lender has not carried out due process in terms of responsible lending. Responsible lending principles are deemed to be breached if a bank fails to properly explain the product/service being offered to the client. Any hidden charges will be considered to constitute a breach of responsible lending principles. The client must be made fully aware of the costs and risks which are involved in taking out the loan, and all terms of the transaction

7. Variation in Fees and Charges

- a. Banks will provide notification of changes at least 60 days before the change are to take effect as it relates to any and/or all of the following:
- i. **New Fees or Charges;**
 - ii. Variation of Account Minimum Balance Fees;
 - iii. Variation of the Method of Interest Calculation;
 - iv. Variation of the balance ranges within which interest rates apply to a deposit account; or
 - v. Variation of the Frequency with which Interest is Debited or Credited
 - vi. Or any other such variations.
- b. Banks will ensure ongoing consumer awareness in relation to **Existing Fees or Charges.**
- c. Notification relating to variations as set out above will be provided through the following channels:
- i. Account Statement Notices (where applicable);
 - ii. In-branch Notices and Advisories;
 - iii. Website Advisories;
 - iv. Display Fee Schedule on institutions' website and in branches; or
 - v. Any other reasonably appropriate channel.
- d. ATM's will display ALL fees associated with each transaction prior to the completion of the transaction. The consumer will be given the option of discontinuing the transaction if he/she does not wish to bear the costs of the transaction.
8. **Elderly, Disabled and Pregnant Consumers**— Banks will **recognise** the needs of elderly customers, pregnant women and customers with disabilities to have access to transaction services, and **will** take reasonable measures to enhance their access to those services.

9. Dispute Resolution

- a. Banks will have an internal process for handling disputes with consumers which will be free of charge.
 - b. Banks will notify consumers of the name and contact number of the person who is investigating the dispute
 - c. Banks will commit to an external process of resolving disputes with the Consumer , Consumer Agencies, and other external parties where appropriate
 - d. Banks will provide the consumer with information about:
 - i. the procedure at (a) at the time the dispute arises;
 - ii. the external process, at the same time he is told about the procedure at (a), and at the time he is informed of the outcome of the internal process. The bank will undertake to cooperate with that external process if the consumer is not wholly satisfied with the outcome of the internal one.
 - e. Within 21 days of becoming aware of a dispute, banks will:
 - i. complete the investigation and inform the consumer of the outcome of the investigation; or
 - ii. inform the consumer in the event of the need for more time to complete its investigation.
- a. Unless there are exceptional circumstances, banks will complete their investigations within 45 days of receipt of the dispute.
 - b. If any bank is unable to resolve a dispute within 45 days using its internal processes, it will:
 - i. inform the consumer of the reasons for the delay;
 - ii. provide the consumer with monthly updates on progress with the dispute; and
 - iii. specify a date when a decision can reasonably be expected, unless it is waiting for a response from the consumer which it has indicated to the consumer that it required.
 - iv. Undertake to cooperate with the external process should the consumer choose to take that route
 - v. If the bank fails to give an adequate answer in 90 days, then it will be accepted that the consumer was right.

10. Breach of Code of Conduct

- a. **Upon receipt of a complaint relating to a bank's breach of** any of the provisions outlined in this Code, the following procedure will be observed:
 - i. The Consumers and or its representatives, CAC or the NCL will formally advise the bank of the notification alleging a breach;
 - ii. The bank will investigate the complaint, and will reply to the Consumer and or its representatives, CAC or the NCL within 5 business days from its receipt of complaint;
- b. In the event that the consumer has suffered financially from the breach, the offending member will compensate the consumer accordingly.
- c. In the event that the breach is not rectified satisfactorily, within a 14 day period, the CAC or the NCL may publish the circumstances of the complaint together with the names of the offending member(s)

11. The banking sector commits to a three year review of the Code. The review will consist of an independent survey of consumers and consumer agencies regarding the effectiveness of the code. The Review will result in the addition of clauses as needed and agreed.