

## **Briefing Notes for Press Conference**

**The Hon. Anthony Hylton**  
**Minister of Industry, Investment and Commerce**

**Event : World Consumer Rights Day Press  
Conference**

**Date : Friday March 15, 2013**

**Time : 9.00 a.m.**

**Venue: MIIC, Second Floor Conference Room**

Salutations :

- Mrs. Sharon Ffolkes Abrahams – State Minister, MIIC
- Mrs. Lorna Green - Chairman of the Board, Consumer Affairs Commission and members of the Board
- Mrs. Dolcie Allen - CEO of the CAC and members of staff of the CAC
- Members of the media
- Ladies and gentlemen ... Good Morning.

The celebration on World Consumer Rights Day provides a platform for agencies and organizations involved in the promotion and protection of the rights of the consumer, to highlight the importance of consumer rights.

This year's theme '**Consumer Justice Now**' has been specifically selected to coincide with the update of the United Nations Guidelines on Consumer Protection. The new provisions in the revised guidelines seek to strengthen consumer protection in a number of areas, including energy, financial services, and consumer representation.

In today's highly globalized, technology driven world economy, the Jamaican consumer is savvy, well informed and sophisticated, and wields enormous power. Through access to consumer rights information in other domains, and through the advocacy, lobbying and information dissemination by the CAC, the consumer is increasingly enjoying the exercise of his basic rights, and prepared to wield power, to demand that those rights be honoured. No longer are Jamaican consumers prepared to accept bad service from utility companies, faulty products which could cause injury, or irresponsible lending by banks. The CAC will continue to expose the very real damage caused by poor or non-existent consumer protection.

This Ministry places a very high priority on the satisfaction of the Jamaican consumer and has consistently taken steps to improve the experience of local consumers, and global consumers of Jamaican products and services, towards achieving an elevated position on the consumer happiness index. We have, during the past year, embraced a number of global standards, a fact which has served to increase investor confidence and enhance the perception of Jamaica's business environment. Even with that gain however, the consumer needs the assurance that a robust consumer rights legislative framework exists for his protection.

### **THE CONSUMER PROTECTION TRIBUNAL**

It is against this background that the Consumer Protection (Amendment) Act 2012 was recently amended. The Amended Act was gazetted on January 29, and became effective on February 1. The main provisions in the Amended CPA 2012 are :

- The establishment of a Consumer Protection Tribunal to hear disputes falling under the CPA. The composition of the tribunal will be announced in Cabinet on Monday.

The existence of this tribunal is expected to result in a quantum leap in the consumer's confidence in the system of redress. It will also send a clear signal to the providers of goods and services that they must adhere to standards and best practice, as the consumer now has added legislative protection.

Other important provisions in the Act are :

- The power of the CAC to investigate breaches on its own initiative and institute legal action in its own name, on behalf of complainants
- Criminal sanction to be levied for the failure to issue a warranty
- The provision of more detailed information on the computation of prices and all components of goods and services, including GCT
- Prohibition on the imposition of restocking fees when the consumer requests a refund because the provider has failed to meet the advertised delivery date

## **DRAFT CODE OF CONDUCT – BANKING SERVICES**

Ladies and gentlemen it is important that we put in place at every level, the infrastructure to protect the consumer. One of the areas in which consumers have felt that they had insufficient protection and legislative support, is the area of banking services.

In response, the CAC and the National Consumers League had dialogue with the Bankers Association of Jamaica, and created a draft Code of Conduct for the Banking Sector. The Code, which is voluntary, sets standards of good banking practice and should serve as a guide for banks when dealing with actual or potential customers. It is meant to serve as the minimum service standards for banks, so as to encourage higher standards, promote transparency and avoid conflict.

The key commitments under the Draft Code of Conduct for the Banking Sector include :

**Non-Discriminatory Access:** Every consumer has equal right of access to all services provided by banking institutions, providing that he or she meets the bank's requirements of access to the service.

**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:

- Average wait times in banking halls;
- Response times to complaints or queries; and
- Turnaround time for service application.

In addition, banks will ensure that their staff is trained to courteously, competently and efficiently discharge their functions. They will, encourage the use of banking solutions particularly for services which have reduced or no user-associated costs.

**Information:** The characteristics of all products, including all existing charges and those which may come on stream, will be clearly explained to the consumer and provided in writing.

## **CONTRACTS**

As it relates to the very thorny area of contracts, banks are expected to ensure that contracts are fair, and the rights and responsibilities of all parties are set out in plain and simple language. The terms and conditions of the contract will include where applicable:

- The method by which interest, is calculated and the frequency with which it will be credited or debited;
- The number, frequency and amount of installments
- The terms and risks;
- Minimum balance requirement or restriction on deposits and withdrawals

Under the Code, contract terms **cannot be changed unilaterally** by the bank, and if any change is to be introduced, the consumers should be informed at least 30 days in advance.

All existing terms and conditions and contracts will be posted on the banks' websites, and samples made available in branches. Where terms and conditions are tailored to meet a consumer's circumstance, this will be communicated to the consumer.

**Cooling-Off Period:** There will be a “cooling-off” period of up to 3 days, without any disputed penalty, charge, or interest being applied to the consumer, for contracts including, but not limited to : mortgages, personal and commercial loans, and lines of credit. The cooling-off period will commence at the time the consumer's signature is affixed to the contract, and weekends and national holidays will not be counted.

**Credit Information:** Where the bank relies on information provided by a duly licensed credit bureau, the consumer will have the right to know the credit score and how it is utilized, and will have the right to be duly informed by the bank as soon as this has been ascertained. Hidden charges will be considered a breach of responsible lending practices.

**Variation in Fees and Charges :** Under the proposed Code of Conduct banks will provide notification of changes at least 30 days before the effective date. This relates to areas such as

- i. New Fees or Charges;
- ii. Variation of Account Minimum Balance Fees;
- iii. Variation of the Method of Interest Calculation;
- iv. Variation of the Frequency with which Interest is Debited or Credited;

ATM's will also display the transaction fees before the consumer finalizes the transaction, with the option of cancelling the transaction to avoid the displayed fees.

## **Dispute Resolution**

Under the proposed Code of Conduct, banks will have an internal process for handling disputes, at no charge to the customer, who will be notified of the name and contact information of the investigating agent.

Within 21 days of becoming aware of a dispute, banks will complete the investigation and inform the consumer of the outcome, in writing. Except in exceptional circumstances, banks will complete their investigations within 45 days. If the bank is unable to meet that deadline, the consumer will be informed of the reason for the delay, provided with monthly progress updates, and where possible given a time frame for the resolution. Subject to the written consent of the consumer, the bank will undertake to engage the external process, if chosen by the consumer.

If within 90 days of becoming aware of a dispute, the bank fails to provide an adequate response, the consumer will be informed of his or her right to seek alternative redress.

## **Breach of Code of Conduct**

Upon receipt of a complaint relating to a bank's breach of any of the provisions outlined in the Code, the Consumer and/or his authorized representatives (CAC or the NCL) will formally advise the bank of the notification alleging a breach. The bank will thereafter investigate the complaint, and reply to the Consumer and / or his representatives, within 5 business days.

Where the bank or the consumer determines that there is a breach of the Code of Conduct, and the consumer has suffered financial loss as a result, the bank will compensate the consumer accordingly. If the breach results in no financial loss, the bank may offer restitution in keeping with good customer service standards.

Ladies and gentlemen, as I indicated, the proposed Code of Conduct is voluntary, but it behooves the banking sector, to embrace the tenets of the Code as it provides protection for all parties. The voluntary Code of Conduct is being advocated from the perspective of protection of the consumer and the CAC will continue to engage in dialogue with the Jamaica Banker's Association.

We are aware that the Bank of Jamaica is in the process of drafting an omnibus legislation which will include an enforceable Code of Conduct for commercial banks. This proposed enforceable Code will be from the perspective of the Regulator, and as such, both Codes can co-exist. This is the case in a number of other jurisdictions including the USA, Canada , the UK , Australia.

## **CLOSING**

So, Ladies and gentlemen, as you can see, we are committed to implementing programmes and strategies to increase consumer confidence in the business environment, and in the legislative framework to protect consumer rights. As Jamaica moves towards becoming the fourth node in the global logistics network, the country will be servicing the needs of hundreds of thousands of consumers locally, and millions of consumers all across the globe.

A happy consumer fiercely maintains his loyalty to a brand and no amount of advertising can build confidence as quickly as 'word of mouth'



endorsement. We encourage consumers to arm themselves with information, to enable them to exercise their enshrined rights. And this morning, I give you my word, this Ministry will continue to place a high priority on the protection of the Jamaican consumer, and the global consumer of Jamaican products and services. I thank you.