

CENTRAL BANK OF KUWAIT

**MANUAL OF
PROTECTION TO BANKS' CUSTOMERS**

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Introduction:

Reinforcing the confidence of customers in a financial services market which is working efficiently and is distinguished by good performance and transparency which are offered by the banks for different customers in all sectors, is one of the main factors for achieving the financial stability, evolution and development of these markets, and encouraging them to invest, reinforcing the integration of these markets with real economy.

In the framework of approach followed by the Central Bank of Kuwait, concerning its control role, in the field of protection for the rights of customers, it had issued throughout the last years several instructions and directions to the banking sector, which are aiming at reinforcing the concept of transparency and disclosure in the financial and banking transactions which are offered by the banks to all customers and in all sectors, and working on providing a suitable environment for keeping the rights of customers in a framework of balance relationship that provides the protection to the banking sector, with non-exposing it to the risks of reputation which is arisen in case of non-compliance of the banks with the controls of banking occupational behavior, affecting passively on the dealing of customers with these banks, and one of the instructions issued by the Central Bank of Kuwait in this field, for instance, is the controls related to the contracts concluded with the customers, so as to their legality and formation in a clear way, transparency in determining the interest rates, fees and commissions, providing the customers with copies of the contracts and their statements of accounts, and absolute transparency in what is submitted by the banks of services to all customers.

Also, the Central Bank of Kuwait issued a group of instructions concerning the rights of individual customers, including the instructions concerning the bases and principles of the granting of bank of consumer loans and other installment loan, and on November 2013, he issued instructions concerning the controls of financing granted to the individual customers for purpose of purchasing and/or developing the real estates located at the areas of private housing and model housing, and these controls had taken into consideration what is included in this financing of risks faced by the individual customers and the banking sector units alike, which can have economical and social effects, such matter with which these controls came in the framework of a precaution policy that aims at limiting the systematic risks. There are other instructions issued with regard to the controls related to the issuance of credit cards and other controls directed directly for protection of the rights of those customers, including, in particular, the last instructions issued by the Central Bank of Kuwait, at March 2013, concerning establishing a unit for the protection of customers in the Central Bank of Kuwait, aiming at spreading the banking and financial awareness with the customers and receiving their complaints, that the tasks of this unit included providing the telephone service for reply to the inquiries of customers, and explaining the mechanism of applying the instructions issued by the Central Bank of Kuwait, and what is included therein of conditions and provisions relating to the rights of those customers and their obligations.

Thus, the international interest had increased, during the last years, in the subject of Consumers Protection in the Field of Financial Services, as a result of the consequences of international financial crisis, and what was witnessed by the markets of development in these services and financial

instruments, including expansion in the electronic services, and increase of the opportunities of transferring the risks to the customers in all sectors, in particular, in case of the weakness of financial knowledge and awareness with those customers. In this regard, the financial crisis revealed that one of the reasons of this crisis is what is attributed to offering several innovated or structured financial products which imply high risks that the customers couldn't perceive them with the amount that enables them to take their decisions as per corrected and studied principles. Therefore, the attention was given to the necessity that the financial and banking products would be designed as per the needs of customers, and in a clear framework for what is implied therein of risks. These development had affirmed on the necessity of financial consumer protection, and merging that in the financial inclusion and the policies of financial enlightenment and awareness, and within the legal frames which provide those customers with protection to their rights, so as to the fair dealing, suitable disclosure, and enhancing their financial culture and providing them with objective advices, with offering financial services to them within competitive business frameworks, and in an occupational behavioral framework, with observing the protection of assets and details of those customers from any infringement to their confidentiality, falsification or fraudulence.

In the framework of continuation of the Central Bank of Kuwait of its efforts aiming at reinforcing the protection to the banking sector customers through a balanced relationship between the banks and their customers, and by taking guidance of the best international practices in this field, and within the framework of the principles of financial consumer protection, approved by finance ministers and governors of

Central Bank for the countries of the twentieth group on October 2011, the Central Bank of Kuwait issues this manual for protection of banks customers in all sectors. This manual includes a group of principles which are considered complementary not alternative to what was previously issued by the Central Bank of Kuwait of different instructions in the field of protection of customers in their dealings with the banks.

First: Protection to customers – importance and concept:

The banks' customers protection means what is applied of procedures that aim at limiting the risks may be faced by those customers in the field of their dealings with banks through placing the organizational frameworks, of policies and procedures, which ensure their obtaining the different financial services in an integrated framework of transparency and disclosure in the financial dealing, ensuring the obtaining of those customers of their rights without reduction, and non-damaging their interests, and questioning persons who exceed these organizational frameworks.

The process of protection of customers depends on three dimensions that are represented in the following:

- Organizational and Control Dimension: includes a group of methods, applications and practices which are practiced by the concerned control authorities for purpose of reinforcing the customers protection.
- Legislative Dimension: includes a group of legislations and controls organizing the rights and duties of customers, which constitute the obligatory framework through which work shall be

done, in order that the bank breaching these legislations would be liable to affliction of suitable penalties.

- Enlightenment and awareness dimension: includes a group of activities and practices that aim at raising the level of financial knowledge and culture of those customers, raising their ability to take the suitable decision which reinforce their methods of protection and obtaining their rights.

Second: Organizational and Control Framework:

The interest of the Central Bank of Kuwait in the customers protection in banks comes in the framework of what is included in the law No. 32 for year 1968, concerning the cash, Central Bank of Kuwait, and organizing the banking profession, and its amendments of different provisions in this field, in harmony with what is adjudicated by the main practices of effective banking control, from extension of control role to making sure that the banks has suitable policies and procedures that include strict rules relating to the due care to the customers protection, reinforcing the application of high level occupational criteria in the banking sector.

Therefore, this manual contains the principles and rules with which the banks shall comply and observe on their offering banking products or services to their customers, and on offering the financial advice and information to them, and on announcing and advertising for these products or services, in addition to treating the cases of complaints and settling the disputes and differences.

Third: Objectives of issuing a manual of customers protection:

Issuing this manual aims at achieving a group of objectives, the most important of which are:

- 1) Making sure what is given by the Central Bank of Kuwait of interest in the field of customers rights protection, ensuring their obtaining the banking and financial services in an integrated framework of transparency and disclosure, enabling the customers to take their decisions on sound bases, with making sure of the importance of keeping up of the banks with the banking developments relating to the present and future needs of customers, and enlightening them of the extent of their suitability, achieving their ambitions.
- 2) Finding a group of criteria and practices relating the banks customers protection, in order that these criteria and practices would represent a basis for evaluating the performance of banks in the field of customers protection and the applications of governance in this field.
- 3) Crystallizing a general framework of the concept of customers protection, with reinforcing on the banks sector, contributing to reinforcing the control objectives supporting the financial stability through reinforcing the occupational practices in the field of offering the financial services to the customers, preventing any problems at the national level as a result of any unsound practices on the dealing of banks with the customers.
- 4) The presence of a written manual that contains important principles in the customers protection affirms on integration and honesty, that is expected to leave a good effect on the banking and financial business, from the point that it represents a support for the efforts of applying such principles.

- 5) The manual represents an enlightening and awareness tool for banks customers, with what is included therein of presentation to the rights and duties for the principles which enhance the level of familiarity of the nature of relationship with the banks, contributing to promotion of enlightening process financially and legally for the customers in their banking dealings. The presence of customers who has banking and financial culture and understanding will lead to a rationalization of their financial acts and decisions, reducing the opportunities of their participations in causing crises as a result of low awareness with them.
- 6) Root-deepening the fair practices which shall be adopted on offering the banking and financial services and products through the banks, which represent low limits of policies and procedures being followed by the banks with their dealings with their customers, in particular, in the field of focusing on transparency and disclosure for helping the customers to take the decisions in the light of their real positions.
- 7) Reinforcing the corners and props of confidence in the banking system units, considering that this confidence is one of the most important factors of success, growth and development of relations with customers, in particular, in the light of presence of effective mechanisms and clear frameworks for dealing with complaints of customers and any practices that are not characterized by fairness or clarity.

Forth: Scope of Application:

- 1) This manual shall be applied to the banks operating in the State of Kuwait, and it includes the Kuwaiti banks and the branches of foreign banks.
- 2) The customers, for purpose of applying the instructions mentioned in this manual, means those customer who are of the natural individuals who are dealing with the above said banks, and other legal customers, in particular, the small and medium companies, with the amount which applied to them in these instructions, and in the light of the nature of their operations and dealings with banks.
- 3) The principles mentioned in this manual are considered complementary not alternative to what was previously issued by the Central Bank of Kuwait of different instructions to the banks in the field of customers protection.

Fifth: General Principles of Customers Protection in the banks:

The general principles of customers protection mentioned below represent the minimum limit of rules which the banks shall be obliged to apply and observe on their dealings with the customers.

First Principle: Dealing Fairly and Equally:

The banks, throughout all stages of their dealing with customers, shall observe that their dealings will be distinguished by fairness, equality, equity and honest, and that they will be keen on making this approach a part of the rules of governance with them. Also, they shall give a more interest, attention and special care to the customers with limited income

and education, of old ages, and persons with special needs, without distinction between the two sexes.

Second Principle: Disclosure and Transparency:

The banks shall provide to their customer all information relating to the services and products offered by them, in order that this information shall be characterized by clarity and easy understanding, simplicity and accuracy, ensuring the knowing of customer of the merits and risks, with transparency and clarity, in order that the customers will not assume suffering for purpose of obtaining this information, and the banks shall observe that this information offered to the customers would include a clarification to the rights and liabilities of those customers, details of prices, commissions and fees received by each bank against every service or product, as well as a clarification of merits and risks connected with them, and the mechanism of finalizing the relation and what is resulting thereof, facilitating the customers to take their decisions. The advices offered to the customers shall be compliant with his abilities, capabilities and financial objectives, in the light of what is possessed by it concerning these products and services, and observing instigating the customers to provide accurate and comprehensive information about their positions and needs, with what can be given by the banks of providing proper services and advices.

Third Principle: Financial Enlightenment and Awareness:

The banks shall place the plans, programs and mechanisms suitable for developing and spreading the financial and banking knowledge for their present and potential customers, and seeking for increasing the level of awareness and enlightenment with them, enabling them to identify all

related aspects, with what is offered to them of banking services or products, accordingly, assisting in taking studied decisions, and directing them to the suitable authority through which they can obtain additional information, if they have need thereto; and the banks shall clarify to the customers their rights and liabilities, in particular, the individual customers with limited income and education.

Fourth Principle: Occupational Behavior:

The banks shall be keen on practicing and performing their work with a responsible, occupational method, taking into consideration achieving the best interest to customers in all stages of their dealing with the bank, considering that it is responsible for protecting the customer, in what is offered to him of banking services and products. At the top of these behaviors, come the integration, credibility and verification of suitability of services and products offered to the customer for his capabilities, abilities and needs, with making sure of the provision of sufficient training to the employees of bank who contact with the customers and offer the banking services to them.

Fifth Principle: Protection of customers against financial fraudulence:

The banks shall protect the deposits and savings of customers and other financial assets which are falling in the circle of their dealings with the bank, through placing the effective internal control systems which are characterized by efficiency and high level of accurate control with aim of limiting the processes of fraudulence and embezzlement or misusing the financial services, and continuously making sure of the efficiency of the used systems for keeping up with the changes in the fraudulent ways.

Sixth Principle: Privacy Protection and Information Confidentiality:

The banks shall place the control systems, mechanisms and policies which ensure the protection of financial and personal information of their customers, that all dealings with the banks have secrecy and it is not permitted to review or disclose the same, except as organized by law and current legislations, and the banks shall provide the safe systems of electronic dealings.

Seventh Principle: Treating complaints of customers:

The banks shall give sufficient care to treating the customers' complaints with a fast, fair and independent way, and to make sure that the customers' complaints unit with it perform its responsibilities effectively, in the light of presence of clear and defined mechanisms for following up and treating these complaints without delay, and the customers' complaints units shall be given the suitable care and supervisor by the Boards of Directors of the banks, and that the banks shall have an internal mechanism for solving the disputes with customers.

Eighth Principle: Competitiveness:

The required information shall be provided for performing comparisons among the best banking and financial services and products available to the banks from the banks, and it includes the easy transfer and movement among the banks and among the different services and products, without suffering or complications, and that it would be with a reasonable cost, taking into consideration that it would lead to raise the level of quality of what is offered by the banks of services to their customers.

Ninth Principle: Protection to customers from risks of outsourcing operations:

In case of taking assistance of the banks of operational services from external authorities, the outsourcing operations, the compliance of outsourcing authorities with principles included in this manual shall be verified, and they shall work for the interest of banks' customers, and that they assume the responsibility of protecting them, including keeping on the banking secrecy of their information, taking into consideration the continuation of responsibility of the banking products and services providers of the banks for the actions taken by these external authorities, and that the banks shall obtain what is reinforcing the obligation of these authorities with applications of customers' protection, and the customers' complaints unit in the banks shall undertake the responsibility of making sure of that.

Tenth Principle: Conflict of Interests:

Every bank shall have a clear, written policy approved by its board of directors with regard to the conflict of interests, which shall make sure, on a continuous basis, of the sufficiency of followed procedures and applicable policy in detecting the probable cases of interest conflict, and that they are applied in an effective way. And making sure that any cases of interest conflict would be disclosed as per what is determined by this policy, as well as what is imposed by the rules and systems of governance issued by the Central Bank of Kuwait in this regard.

Sixth: Practices of the disclosure and the provision of banking products and services:

The banks, in this regard, shall comply with the following:

- 1) That they would collect sufficient information about the customer before recommendation on what is offered to him of specified products or services, for making sure that the product or service meets his needs and being suited to his capabilities.
- 2) That they would provide to their customers a written copy of general and special conditions and provisions connected with each product or service before their obtaining this product or service.
- 3) Using transparent and fair means in marketing their banking products and services.
- 4) Providing qualified employee for direct dealing with the customers, in compliance with the degree of complication in the products or services offered by them, and those employees shall obtain the sufficient training for reply to all inquiries of customers with correct information.
- 5) Observing to apply all requirements of disclosure of products and services which shall be disclosed.
- 6) That all rules and provisions related to all banking services offered by the banks are available at the website of bank in a way that facilitates reviewing them.

Seventh: Dealing with the customers' accounts in the banks:

The banks, in this regard, shall comply with the following:

- 1) That they shall offer to their customers, on a periodical basis, details pertaining to the main particulars of financial transactions and transfers and their accounts' balances.

- 2) That they shall notify their customers, within a sufficient time, in writing or via electronic means, before performing any changes in the interest/ revenue rates, fees, or commissions, or imposing new fees, or other conditions of products and services they obtain or contract with regard thereto.
- 3) Keeping historical records for the transactions of customers, and that these records are easily accessible, without consideration or with a consideration of reasonable fees.
- 4) Observing that the actions followed in the clearing and settlement of payables of the customers shall be clear and known with them, including determining the terms throughout which the amounts of cheques deposited in their accounts are determined, as well as all conditions and provisions relating to the collection of cheques and other payment instruments, with defining the sources upon which these actions are based.
- 5) Introducing to the customers the legal actions which they can face in case of issuing cheques without sufficient balance, before they issue such cheques and the consequences resulting on this act.
- 6) Introducing the customers the actions required to be taken in case of becoming compelled to release the cheques issued by the customer, in the light of what is newly developed of circumstances that require notifying the bank thereof.
- 7) That they shall illustrate to the customers any expenses or fees related to the products and services they offer, including the service of cheques, either in relation to obtaining cheques' books or they approve or settle these cheques or other related actions.

- 8) In case there are no instructions by the customer, stipulating contrary thereto, the banks shall provide their customers with a free monthly statement of account, illustrating all transactions of the customer which were done throughout the month, and what was registered of interests/ revenues or fees on these accounts, and in case the customers select to obtain their statements of accounts through the electronic means or telephone service as an alternative for the monthly paper statements, the form through which the information is obtained shall be suitable and easily readable, and includes the suitable details.
- 9) That they shall notify in writing their customers whose accounts passed long periods, without they are moved by them, and place these accounts under care and place control adjustments for reaching them and protecting the same.
- 10) That the attestations and details which are sent to the customers for signing them, shall be easily readable and understood, in conformity with all types and categories of customers.

Eighth: Protection of Banking Secrecy and Information Privacy:

The banks, in this regard, shall comply with the following:

- 1) Protecting the customers through placing control systems at a high level, being include suitable mechanisms that determine the purposes for which the data and information are collected and processed.
- 2) The bank's responsibility for protecting the data and information of customer and keeping on its confidentiality, shall extend to this data kept with them or those which are provided with third parties,

from whom the banks takes assistance in performing their activities related to the customers.

- 3) Providing the internal environment that ensure achieving the security and secrecy for all information and data available with them about their customers and transactions, and the banks shall, on a continuous basis, test this environment and make sure of its validity.
- 4) Disclosure to their customers with a proper form, about the cases in which the base of keeping on the conditionality of information and data of the customers, are excluded, which are:
 - a) The cases in which the information is disclosed with the written consent of customer.
 - b) The cases in which the disclosure of information is obligatory by virtue of applicable laws and legislations.
- 5) The necessity of fulfilling, when the banks appoint their employees or takes assistance with services of other parties, the forms which affirm their compliance with the confidentiality of data and information of the customers.

Ninth: Banking and Financial Awareness:

- 1) The banks shall design and place suitable mechanisms for developing the knowledge and skills of the present and future customers and raising the level of awareness and guidance, and enabling them to understand the main risks of transactions they perform with the banks, enabling them to take suitable decisions

for them, and directing them to the proper authority to obtain the information in case of their need thereto.

- 2) As a type of banking and financial cultivation, the bank website shall include a webpage for banking and financial awareness, in order that it shall include this manual, in addition to the rights and responsibilities of customers, and how to submit complaints and repeated questions that are expected to be arisen by many customers and the replies of the bank thereto.

In this framework, the following shall be done:

- a) Every bank shall place an annual plan that includes specified programs for supporting spreading the banking and financial information, with the aim of increasing the banking and financial awareness.
- b) Participation of banks with the civil community authorities and institutions and the occupational and scientific institutions that seek to reinforce the banking and financial awareness, and raising the level of knowledge as well as cooperation in placing and executing the programs of banking and financial awareness.
- c) Participation of banks, from time to time, in carrying out studies for measuring the financial awareness and the effect of remedies taken in this regard on the increase of this financial enlightenment and awareness, in the framework of evaluating the results of policies applicable in the banks and considering their development.

Tenth: Banking and Financial Inclusion Programs:

The banking and financial inclusion means the group of actions and policies that aim at providing the banking and financial services for all categories of society, including these categories of special needs, persons of limited or weak income, owners of simple trade and service works and jobs, and owners of minute, small and medium works, with observing that they would be according to what is required to their needs and circumstances, and being distinguished by fairness and transparency. In this regard, the banks shall do the following:

- Placing annual programs for achieving the objectives of banking and financial inclusion, with presence of mechanisms that allow following up the execution of these programs, and limiting the beneficiaries thereof and varying them to include several categories of potential customers, achieving expanding the circle of dealers with the banking apparatus units.
- Exerting more efforts in studying the needs of categories who don't deal with the banks, and taking serious steps towards obtaining their needs as per safe methods and being facilitated to them.
- When the banks plan their activities and programs of banking and financial inclusion, suitable methods shall be approached for attracting the categories not used to deal with them (such as, persons with special needs, and persons with weak income), with providing positive procedures towards these categories and encouraging to raise the level of dealings and getting benefit from the developments in several fields, in particular, technological one.

Eleventh: Advertising and Propaganda Materials:

The banks, in this regard, shall comply with the following:

- 1) That they shall make sure that their advertisements and all propaganda materials used by them in offering their products and services, don't include unreal or inaccurate information that leads to a unsound understanding with the present or potential customers, resulting in taking wrong decisions.
- 2) That they shall be keen that all advertising and propaganda materials for their products and services shall be easily readable and understood by the public in general.
- 3) That they shall take into consideration, on issuing any advertisements or propaganda materials, the legal liability that may be resulted thereof as a result of presence of incorrect data or information in these advertisements or propaganda materials used for selling their products and services to the customers.
- 4) Observing non-advertising the products or services that contain risks being only perceived by specialists, as well as non-encouraging the customers to take benefit from these services and products without a suitable clarification about the related risks.
- 5) That they shall put a policy for propaganda and advertisement, being approved by their boards of directors, observing that they include the legally and professional accepted principles, bases and practices, in what is issued by the banks of advertisements or propaganda materials.

- 6) The customers' complaints in the banks shall make sure that the policy of advertising and propaganda materials is in conformity with the rules and practices mentioned in the manual of customers protection, as minimum, and that they are free from any messages that can be understood with a wrongful or erroneous form. In case these units receive inquiries or clarifications aroused by these propaganda materials, the suitable immediate actions shall be taken for removing any confusion or ambiguity in them.
- 7) When the banks announce that they obtained prizes or certificates of distinction or preference, they shall disclose the same with offering sufficient information about the donor authority, mechanism and approach upon which the certificate was granted, and the standards on which this authority depended.

Twelfth: Employees of customer service, marketers of services and products of the bank:

- 1) The employees of customer service and the marketers of services and products of the bank shall be well aware of legislative and organizational rules for protection to customers, and what is included in this manual of provisions and controls related to their practicing their works in the customer service, in addition to familiarity with all technical aspects relating to the service or product offered to the customer.
- 2) The banks, on selecting the employees of customer service and the marketers of their services and products, shall observe a group of standards placed by them, and it is conditional that they shall be available with those employees, either for the term of service in the

similar works, as well as the extent of familiarity with the banking services and products, in consistency with the degree of complication therein, with provision of communication skills and other proper personal specifications for the nature of tasks entrusted to them, as well as their obtaining the certificates and necessary training.

Thirteenth: Loans/ consumer and installment financing operations:

The banks, in this regard, shall comply with the following:

- 1) obtaining an authorization from the customer, to be enclosed with the loan contract, for inquiry about the details of credit cards and the details of loans/ consumer and installment financing operations, he obtained from the banks, investment companies, financing companies and other authorities. Also, the matter requires obtaining a statement signed by the customers with the balance of loans/ financing operations he obtained from the above said authorities, existing at the time of requesting the new loan/ financing.
- 2) That they shall give the customers of loans/ consumer and installment financing operations a reflection period, and its term to be at least for two working days (the reflection period excludes the loans/ financing operations offered for purpose of treatment), in order that they will be provided with a copy – non-signed and non-final – of the contract of the loan/ financing, when they submit their request for loan/ financing, in order that the customers would submit a written declaration of receiving a copy of the loan/ financing contract for purpose of reflection, without any liabilities

would be resulted on the customers during the reflection period, in order that the contract would be signed after the expiration of this period in case of the consent of two parties.

It shall be observed to inform the customer about all financial consequences resulting on the loan/ financing which will be offered to him, and the contractual conditions and obligations resulting thereon, as per the contract which will be entered into with regard to the loan/ financing, and the bank would keep the documents indicating thereof, with handing over the customer – in the beginning of reflection period – a clear and simplified statistical schedule that illustrates the following:

- Value and number of installments of loan/ financing.
- Components of each installment of the interest/ revenue and the amount paid of the principal of loan/ financing, with an assumption of regularity in paying.
- Total value of interest/ revenues and the amounts which will be paid till the end of period of loan/ financing.
- Statement of potential changes in the burdens of financing for the loans by installment, with an assumption of increase of the interest rate with the prescribed maximum limit of (2%) each five years.

3) Non-obligating any one of their customers to purchase another service or product as a condition for offering a connected service or product, such as the condition of deposit for obtaining a loan/ financing, that the borrowers should be free to select the other service or product and approve on it.

- 4) For the accounts of loans/ financing operations obtained by the customer, it shall clarify the monthly statement of installments or amounts paid during the period covered by the statement, and the existing balance in the account of loans/ financing, distributed between the principal of loan/ financing and the interest/ revenue, as well as the amounts paid of the loans/ financing operations, distributed on the principal and the interests/ revenues.
- 5) The contracts of loans/ consumer and installment financing operations – as minimum – should include the following:
 - a) The basic details of customer (address of correspondences – profession/ job and place of work – telephone numbers - ... etc).
 - b) Type of loan/ financing (consumer – installment (residential)).
 - c) Value of loan/ financing.
 - d) Purpose of the loan/ financing and the method by which its use in this purpose is verified, and the documents required by the customer, which support the use of this loan/ financing in the purpose for which it is granted and the date of offering them.
 - e) The period of loan/ financing and the number of monthly installments, and their dates of payment, and the value of monthly installment, and its ratio to the net monthly salary (after deductions) or the continuous monthly income of customer.

- f) The account on which the deduction would be done with the value of monthly installments.
 - g) The interest rate on the loan (value of the revenue on the financing) and the method of fulfilling it, in conformity with what is adjudicated by the instructions of the Central Bank of Kuwait in this respect, in order that the total cost of financing (interest/ value of revenue) shall be clear to the customer before granting the financing, with keeping on what is proving the reviewing of customer thereto.
 - h) Obtaining of the customer of a copy of the contract, and his signing for stating the same.
- 6) Providing all necessary information about the loans/ consumer and installment financing on the online accounts of customers subscribing in the online banking services. In this regard, it is observed that the accounts of loans/ financing operations shall include the detailed information relating the number and value of paid and remained installments till the date of maturity, detailed as per the interest/ revenue and the principal of amount.

Fourteenth: Credit Cards:

- 1) The banks shall disclose all requirements related to the credit cards, such as fees of issuance and charges related to the financing, credit limits, exchange rates and applicable interest/ revenue rates, method of accounting, the minimum of monthly installment and other, before contracting with the customers.
- 2) The banks should notify their customers in writing, or through sending emails or SMS, in case of imposing new fees, change of

any fee or expenses on the credit cards which were previously issued to the customers, with observing the directions of the Central Bank of Kuwait with regard to the specified period between the announcement and actual application.

- 3) The banks shall notify the customers of credit cards with them of the minimum limit of amount required to be monthly paid, with clarifying any costs of the interest/ revenue rates which will be resulted on the payment of customer of the minimum limit only, and it is observed that the statement of credit cards operations shall include a clarification for the minimum limit required to be paid and the total cost of interest/ revenue (percentage and amount) – if any – which will be calculated on the existing balance in case the card holder pays the minimum limit/ monthly installment.

Fifteenth: Banking Services via internet and telephone services:

- 1) The banks offering their banking services to their customers through using the internet or banking telephone, shall use the protection programs which ensure to them making sure of the following:
 - a) Keeping on the privacy and confidentiality of the details of customers and protecting them from penetration.
 - b) Documenting the transactions and the possibility of determining the counterparties, and control on the used systems.
 - c) Accepting and executing the operations carried out by the customers on their accounts through the available systems by the bank in this regard.

- d) Presence of the plan of continuation of the businesses.
 - e) Notifying the customers, with a sufficient time, in case the banks are compelled or proceed to stopping some of their services for purposes of maintenance or other reasons.
- 2) The banks shall impose a type of control and following up for the performance of other parties on taking assistance from them in offering the banking services via internet or telephone sets.
 - 3) The banks shall notify the customers who are willing to use the internet or telephone in performing their transactions, of the fees and expenses (if any) relating to the services offered with those two services and their amount.
 - 4) The banks shall place clear and defined rules for treating any cases of error or fraudulence, if happened.
 - 5) The banks shall take the actions which aim at raising the level of understanding and dealing with the internet and banking telephone with their customers, and that they shall take continuous awareness programs, and notify the customers of any changes or developments in the applicable systems, ensuring protection to them, and the banks shall be obliged to introduce to the customers the risks accompanying the electronic transactions, and provide guidelines which reinforce the safe use thereof and protect the same.

Sixteenth: Drafts and electronic transfer of moneys:

- 1) The banks shall provide sufficient information to their customers who use the services of drafts and electronic transfer of moneys,

about the prices and merits of these services and how they obtain the same easily and with understood forms as possible. This information shall include, in particular, the fees borne by the customer, or the beneficiary party of the service which requested by the customer (draft or transfer), foreign currency exchange rates and the charges, and the time which will be taken by performing the draft or transfer till the moneys arrive at the beneficiary, and other conditions and provisions relating to the transfer of moneys electronically, including the responsibilities, rights and obligations.

- 2) In case the bank doesn't make sure of the cost related to the draft or electronic transfer, due to the difference of the circumstances of each case, the bank shall disclose to his customer in advance about that, without giving certain conditions on the customer, in order that the prior consent of customer shall be obtained on that.
- 3) The banks which receive or send drafts or perform electronic transfers of moneys shall document all basis information related to these operations, in order that they shall notify their customers of the details of operations immediately after they are completed, without imposing any fees on that.
- 4) The banks shall afford the customers, in an easy and clear form, all information about the actions which are taken in case of error or exposure of the customer to fraudulence during carrying out drafts or electronic transfer of moneys.
- 5) The banks shall notify their customers who use, outside the country, credit/ prepaid/ auto teller cards, of the conditions and

provisions, including the fees of external transactions and the foreign currency exchange rates applicable in these cases.

Seventeenth: Claiming the customers to pay their debts to the banks:

- 1) The banks, in claiming their customer who are obtaining loans or debts, shall not use non-professional methods or practices, including incorrect reasons and details or unfair practices.
- 2) In case of payment through clearing among the accounts of customer, the banks shall incorporate this provision in the contracts concluded with the customers, also, the banks shall notify their customers of that after the process of payment.

Eighteenth: Reinforcing the tasks of customers' complaints unit:

The banks, in this regard, shall comply with the following:

- 1) Compliance with the instructions issued by the Central Bank of Kuwait concerning protection of the bank customers, and the board of directors of each bank shall make sure of that.
- 2) That it shall put in a clear place a written summary of the actions and steps which are followed by the customers in case they have a complaint pertaining to their transactions with the bank, in order that these actions shall include determining the steps which are taken in case there is a complaint of the customer, in order that these steps would include what may be taken gradually till the decisive determination is done to the complaint of customer, including submitting a complaint to the Central Bank of Kuwait.
- 3) The customers' complaints unit in the banks shall assume the responsibility of verifying the extent of compliance of each bank

with the manual of protection of customers and the other related instructions and controls.

- 4) The Board of Directors of each bank shall assume the responsibility of placing the policies and procedures which ensure the customers' complaints unit would perform its tasks effectively, in order that it would present its reports in this regard to the Board of Directors to take necessary actions as deemed fit by it. These units shall prepare an annual report about the compliance with the manual of protection to the customers, to be presented to the Board of Directors of each bank, including its suggestions and recommendations, in order that this report would be presented to the Central Bank of Kuwait upon request.
- 5) In case the customer, through the customers' complaint unit in the banks, can not reach removing the reasons of his complaint, the customer shall be directed to the customers protection unit with the Central Bank of Kuwait.
- 6) The customers protection unit in the banks shall verify of the viewing of the customer on all documents which were offered to him by the bank, on obtaining any service or product, and that the customer had received a copy of these documents, through fulfillment of the signature of customer on receiving.

Nineteenth: Customer's Responsibilities and Obligations:

In the framework of determining the responsibilities and liabilities of customer, he shall:

- 1) That he shall be honest in all information which he submits to the bank dealt with.

- 2) That he shall review carefully all documents which are offered to him by the bank, on obtaining any service or product, with the importance of knowing any fees, commissions, or any obligations or liabilities, and the customer shall keep a copy of these documents, before any banking or financial liability arises on him.
- 3) In case the customer doesn't understand any one of the conditions and procedures connected with the service or product which he desires to obtain, he shall submit his inquiries to the concerned employees of the bank, till it could take its decisions based upon a clear and complete vision.
- 4) That he shall be obliged to submit the complaints, including the procedures of complaint, to the customers protection unit with the Central Bank of Kuwait.
- 5) That he shall be aware of the risks which might be resulted from his using a service or product offered by the bank, through the inquiries directed to the concerned about the effects resulting on these risks, and he shall avoid them as long as it is possible.
- 6) That he shall select among the products and services offered to him, the most suitable for his real and actual circumstances and abilities, meeting his actual needs.
- 7) That he shall notify the bank dealt therewith, immediately after he becomes aware thereof, that there are some banking operations which were done on his accounts which are not known by him, and their reasons, or those for which no authorization was issued by him for completing them.

- 8) That he shall be cautious and careful in keeping on the secrecy of his information relating to his dealings with the bank, and not disclose them to any other party, for keeping on his moneys.
- 9) That he shall take advice and consultation from the concerned employees of the bank in case he faces any financial difficulties that impede him from compliance with the conditions of contract with him or using the services and products offered to him.
- 10) That he shall update his banking and personal details with the bank as long as it was requested by the bank to do so or as long as a change happened therein.
- 11) In affirmation on keeping on the banking confidentiality, and in case the customer needs to correspond the bank dealt with, via ordinary mailing or email, he shall use his mailing address, for avoiding the viewing of third parties on his banking and personal information, if he resorts to use an address not oneself.
- 12) In case the customer needs granting an authorization or delegation of third parties to deal on his accounts or moneys with the bank, he shall be careful with regard to the powers and information which are granted to them, and take necessary action, immediately in case of cancellation of these powers of attorney and notify the bank.
- 13) Non-signing in any financial documents, blank contracts or of incomplete details, and he shall review all documents which he offers to the bank before signing them.
- 14) The necessity of keeping of the customer of copies of the documents of the dealings with the bank in a safe place, with the form by which it is easy to review them if necessary.

CENTRAL BANK OF KUWAIT

The customers can communicate with the customers protection unit with the Central Bank of Kuwait, through contact on Tel. No.: 1864444, or through visiting the website of the Central Bank of Kuwait: www.cbk.gov.com .