

**CODE OF BEST PRACTICE  
FOR FINANCIAL INSTITUTIONS  
LICENSED UNDER THE BANKING ACT**



**EASTERN CARIBBEAN CENTRAL BANK  
SEPTEMBER 2007**

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## **1.0 SCOPE**

This Code of Best Practice proposes basic guiding principles of good banking practice for all licensed financial institutions operating in the Eastern Caribbean Currency Union (ECCU). The Code seeks to facilitate and strengthen the development and maintenance of mutually beneficial relationships between licensed financial institutions and their customers.

The observance of the Code of Best Practice is contingent on full disclosure by both financial institutions and their customers.

**The document is not legally binding. However, financial institutions may adopt the Code of Best Practice, in whole or in part, so far as it is relevant to the type of services that are offered and which are covered under this Code.**

## **2.0 OBJECTIVES**

The Code of Best Practice is intended to:

- 2.1 ensure a fair and consistent approach in customer relations and provide minimum standards for customer care;
- 2.2 promote full disclosure of information;
- 2.4 increase customer awareness of their rights and obligations;
- 2.5 provide for the establishment of complaint resolution procedures, as required under the ECCB Corporate Governance guidelines; and
- 2.6 promote integrity and confidence in the ECCU financial system.

## **3.0 APPLICATION**

This Code applies to all banking services which are provided by financial institutions in the ECCU. The Code applies to all personal customers, including sole traders, partnerships, clubs and other non-profit organisations. The Code does not apply to corporate customers. However, financial institutions have the right to expand the application as they see fit.

#### **4.0 BASIC PRINCIPLES OF GOOD BANKING PRACTICE**

Financial institutions in the ECCU will:

##### **4.1 Act fairly and reasonably in their dealings with customers by:**

- 4.1.1 meeting all the standards in this code in the provision of financial products and services;
- 4.1.2 ensuring that products and services provided adhere to relevant laws and regulations;
- 4.1.3 ensuring secure and reliable banking and payment systems; and
- 4.1.4 considering cases of financial difficulty rationally.

##### **4.2 Assist customers in understanding how their financial products and services work by:**

- 4.2.1 providing information legibly and in plain English;
- 4.2.2 explaining the financial implications and possible risks of acquiring the product; and
- 4.2.3 helping customers to choose the most appropriate product for their needs.

##### **4.3 Be sympathetic when things go wrong and deal expeditiously with errors by:**

- 4.3.1 correcting mistakes quickly;
- 4.3.2 handling complaints within a reasonable period of time;
- 4.3.3 cancelling any bank charges that were applied as a result of the bank's error.

#### **5.0 DISCLOSURES**

Financial institutions in the ECCU will:

##### **5.1 *Bank Fees and Charges***

**Provide customers with details of any charges for the day-to-day operations of their accounts.**

- 5.1.1 Customers will be given, at the start of the business relationship and upon request, details of the day-to-day charges which apply to their particular account.
- 5.1.2 An up-to-date list of all fees and charges should be publicly displayed<sup>1</sup> in the banking hall and/or on the bank's website for all customers and prospective customers of a financial institution.
- 5.1.3 If charges are increased or new charges introduced, customers will be personally informed at least 30 days prior to the change being implemented, for example on monthly/quarterly account statements or otherwise.
- 5.1.4 Customers will be provided with details of any charges for using automated teller machines (ATM) whenever an ATM card is issued or re-issued.
- 5.1.5 Information on all ATM transaction charges will be made available to customers either on-screen before they proceed with a transaction or by displays in the ATM. The customer will also be informed of possible transaction charges by the card issuer<sup>2</sup>.
- 5.1.6 Charges levied for the use of ATMs will be clearly shown on the customer's account statement.

## **5.2 *Operating an Account***

- 5.2.1 Customers will be informed of the current interest rates and the method of calculating interest on their account before the account is opened. Where applicable, any changes will be disclosed at least 30 days in advance to allow the customer sufficient time to make alternative arrangements, if necessary before the introduction of the change.

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<sup>1</sup> This could be in the form of wall displays, electronic displays, flyers, brochures and/or any other appropriate media, as long as the information is readily available in the banking hall.

<sup>2</sup> This applies to cases where cards issued other financial institutions are used.

- 5.2.2 For term deposit accounts, customers will be provided with complete deposit agreements which should, at a minimum, provide details of the method of payment of interest, the treatment of the account at maturity and penalties.
- 5.2.3 Where appropriate for the type of account, customers will be provided with regular (monthly/quarterly) account statements to assist with the management of their accounts and the review of entries made to the accounts.
- 5.2.4 Where relevant, all account statements will include, at a minimum:
- a) the current interest rate;
  - b) the varying rates charged on an outstanding balance, a transferred balance, new borrowings and cash advances;
  - c) minimum monthly payment and payment due date;
  - d) transaction details, including cash advance.
- 5.2.5 Customers will be informed of the clearing cycle including when funds can be withdrawn after being deposited to an account.
- 5.2.6 Financial institutions will keep original cheques or copies of transactions on customer accounts, in accordance with the requirements of the anti-money laundering legislation and/or the Evidence Act for the respective territory.
- 5.2.7 When a customer informs a commercial bank that a cheque book, passbook, ATM card, debit or credit card has been lost or stolen, or that the security of an account may have been compromised in any way, the bank will take immediate steps to prevent illegal usage.

### ***5.3 Terms and Conditions of Products and Services***

- 5.3.1 Customers who accept a product or service for the first time will be provided with details of all the relevant terms and conditions of the product or service requested. Customers should be required to sign at least one document, which

comprehensively outlines all the terms and conditions relating to the product or service of his/her choice, in agreement or acceptance of these terms and conditions.

5.3.2 The written terms and conditions will clearly state the customer's rights and responsibilities in relation to the product or service selected.

5.3.3 Financial institutions will, where necessary, inform customers that they may seek independent legal advice with regard to the terms and conditions being committed to.

5.3.4 Financial institutions reserve the right to change the terms and conditions, where applicable and inform customers accordingly.

#### ***5.4 Foreign Exchange Services***

Financial institutions will:

5.4.1 Provide customers with a full description of the service, as well as explanations of all foreign exchange transactions charges and publicly display details of exchange rates;

5.4.2 Inform customers of the expected timeframe for the delivery of funds to the beneficiary; and

5.4.3 Inform customers of the original amount received and any charges applied whenever funds are transferred to customers' accounts from abroad.

#### ***5.5 Lending***

5.5.1 Financial institutions will adequately assess customers' ability to repay before increasing overdraft, credit card limits or other borrowings so as not to financially overburden a customer. This assessment will include a review of the customer's income, financial commitments and creditworthiness.

5.5.2 Financial institutions will provide timely and accurate disclosure of terms, costs, rights and liabilities with regard to loan transactions. Each facility provided will specify at a minimum the repayment terms, total amount of the loan, loan fees, interest rate, collateral, conditions of early repayment and procedures if the customer fails or repeatedly fails to meet his/her obligations under the agreement.

## **5.6 *Advertising and Marketing***

5.6.1 In accordance with Section 25 (1) of the Banking Act, financial institutions will ensure that all advertising and promotional material is not misleading.

## **6.0 PROTECTING CUSTOMER INFORMATION**

6.1 Financial institutions will treat customer information as private and confidential (even when they are no longer customers of the bank).

6.2 Financial institutions will not reveal the name, address or details about customer accounts to any third party, except where the information is required by law and/or the customer requests this, in writing.

## **7.0 COMPLIANT HANDLING PROCEDURES**

7.1 Financial institutions will inform prospective customers of the availability of procedures for handling complaints.

7.2 If a customer wishes to make a complaint, the financial institution will provide information on how this can be done and the means of recourse if the customer is not pleased with the outcome.

7.3 Financial institutions will:

7.3.1 send a written acknowledgement, within five (5) working days of receiving a complaint;



7.3.2 write to the customer again, within four (4) weeks, with a final response or to explain the reasons for not providing a response, if more time is required;

7.3.3 send a final response within eight (8) weeks and advise the customer of the procedures for taking the complaint further if he/she is not satisfied with the outcome.

## **8.0 IMPLEMENTATION OF THE CODE OF BEST PRACTICE**

8.1 Financial institutions agree to adopt the Code of Best Practice and will inform their customers accordingly through publication on the institution's website, the use of brochures, flyers and/or any other appropriate media.

8.2 Financial institutions will provide a copy of the standard Code of Best Practice to all bank staff and provide the necessary training to facilitate the implementation of the principles of the Code.

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