



بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

**MALDIVES MONETARY AUTHORITY**

MALE', REPUBLIC OF MALDIVES

Ref No: 98-CBSS/2012/528

2<sup>nd</sup> August 2012



Mr. Hemantha Gunetilleke  
Country Manager  
Hong Kong and Shanghai Banking Corporation Ltd.  
Male', Maldives

Dear Sir,

Please find attached circular no: CN-CBSS/2012/09 on customer charter of licensed banks in Maldives.

Yours sincerely,

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# CUSTOMER CHARTER OF LICENSED BANKS IN MALDIVES

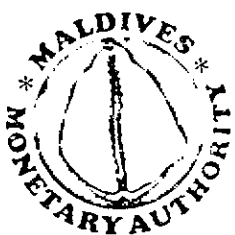
## I. Introduction

This Charter sets key standards of banking practices that can be expected by customers when conducting transactions with banks, and provides guidance to banks for adopting a 'Code of Conduct' for customer service and protection. Finally, this Charter defines a set of customer obligations towards banks.

## II. Banks' Obligations to Customers

### 1. Receiving information and understanding the banking Products/Services

- a) The following information should be conspicuously displayed or made available on demand in the Head Office and all branches and other banking outlets of the banks.
  - i. Current interest rates on all deposit and loan products
  - ii. Buying and selling rates of foreign currencies
  - iii. Financial information as required by MMA Regulation No. 08/2009 Publication and Disclosure
  - iv. Banking hours and holiday notices
  - v. Any other relevant information
  
- b) The customers have the right to receive factual information and understand the financial products/services offered by banks. In this regard, certain good practices of banks would be as follows:
  - i. Banks should provide adequate information to help customers to understand the financial products/services offered, and should explain their financial implications and answer questions so that customers can choose banking products and services that are appropriate for their needs. As necessary, banks, individually or collectively, should conduct financial literacy programs to improve the customer awareness on financial products/services and risks.
  
  - ii. Banks should provide a Key Facts document in the form of a brochure/leaflet written in simple language for explaining products or services, which should be distributed to customers seeking such products/services. The Key Facts document should, at a minimum, contain



the following basic information and be available in both Dhivehi and English.

- Description of products/services.
  - Financial and other benefits to customers including any incentives and promotions.
  - Fees/charges, commission, interest etc., charged from customers.
  - Procedures to be followed to obtain the product/service.
  - Procedures for customers to register complaints, including an expected reasonable time frame for responding to complaints.
- iii. Banks should disclose their policies for the following:
- Withdrawals of cash and transfers from customer accounts.
  - Returned (“bounced”) cheques.
- iv. Advertisements/promotional material containing information on products/services offered by banks should be in a clear, easily understood format and include contact details of the bank.
- v. Banks should provide further information or clarification on products/services (i.e., fees/charges and interest rates etc.) when customers request.
- vi. A periodic statement should be made available to customers either in printed form or electronic form opted by them regarding transactions and balances in their deposit or loan accounts or other services other than fixed deposits and passbook savings accounts of non-dormant category. Statements for credit cards should set out the minimum payment required and the total interest amount charged if only the required minimum payment is made and late payment fee if the minimum payment is not made.
- vii. Banks should adopt a ‘Code of Conduct’ and ensure that staff follows procedures and practices stipulated in the Code and in the policies and procedures of the bank.

## **2. Awareness and understanding the ‘Terms and Conditions’ on Product/Services**

- a) The customers have the right to access to and fully understand the terms and conditions relevant to each and every product or service they obtain from banks. In this regard, banks should ensure that:



- i. the 'Terms and Conditions' associated with each product or service are made available to the prospective customers (in Dhivehi or English, based on the customer's preference); prior to offering or recommending a product or service and that any clarification sought by customers is clearly explained.
  - ii. an officer carrying out the duties of a relationship officer should clearly explain to the customer the terms and conditions and features of the products/services, provide a comparison of alternative products/services within the same bank, provide a comparison of alternative products/services available and give reasonable time for the customer to make a decision.
  - iii. a written confirmation is obtained from the customer that the details of the products or services and their terms and conditions were received, explained and understood.
  - iv. all the documents pertaining to the product or service are duly completed and signed by the customer. (Incomplete documents and obtaining signatures on blank paper/documents to be avoided).
  - v. any changes made by banks to the agreed terms and conditions on products or services should be informed to the customers in writing or through paper notice or any other appropriate way before such changes are made.
- b) The customers have the right to know specifically the following under 'Terms and Conditions'.
- i. The details of the bank's general charges such as interest rates, fees and commissions, if any, required to be paid by the customer including the method of computing interest charges.
  - ii. The course of recovery actions a bank may follow in the event of any default by the customer on his/her obligations and bank's expenses that will be reimbursed from the customer.
  - iii. Any compensation proposed to be paid by the relevant customers in case of pre-mature withdrawal/termination of participation in a product/service by the customers.
  - iv. Any restrictions on opening accounts, closing of accounts, maintenance of accounts (e.g., minimum balance), transfer of funds by customers and policies and procedures on dormant accounts and abandoned property.
  - v. The disclosure of customer information to a party legally authorised to obtain such information.
  - vi. The rules regarding (i) reporting of suspicious transactions and above-the-threshold transactions to the Financial Intelligence Unit (ii) the reporting procedures that the customer should follow in the case of stolen cards/financial instruments and (iii) liability of the bank and the customer.



- vii. The procedures to be employed by the bank to foreclose on property held as collateral for a loan and the consequences thereof to the customer and options available to him/her.

### **3. Compensation from withdrawal/cancellation of products/services by banks**

In the event a bank seeks to withdraw/terminate a product or service already on contract, especially deposit products, customers should be given a reasonable time with an exit compensation scheme disclosed in advance. Closing of customer accounts for cause would not fall within this clause.

### **4. Protection from Agents of banks**

The customers have the right to know the details of the agents appointed for acting on behalf of the banks. The banks must have a 'Code of Conduct' for agents so appointed.

### **5. Complaint measures and relief**

Customers can expect to have their complaints resolved in a timely manner. In this regard, banks should:

- a) implement a quick and effective resolution mechanism on disputes between customers and banks by rectifying disputes quickly, handling complaints within a short period, the period to be specified by banks' policies, directing to take the complaints forward if the customer is still not satisfied and reversing any charges made due to a mistake.
- b) have in place a written procedure for receiving complaints and steps to be taken to resolve such complaints;
- c) acknowledge the receipt of any complaint in writing within a reasonably short period of time and inform the complainants of the procedure that will be followed by the bank for the resolution of the complaint and the contact details of the officer/officers handling the complaint.
- d) establish a management information system regarding complaints and process of resolution as part of the duties of risk management committee relating to operational risks.
- e) assign an officer with the duty of handling the complaints and management information in each branch or office.

### **6. Special attention and Care**

The customers such as elderly, disabled or customers with low financial literacy have the right to receive special attention to facilitate them to have a fair access to banking services.



### III. ~ Customer obligations toward banks

Customers should foster the relationship with banks fulfilling their obligations. In this regard:

- a) Customers should not borrow beyond their affordable repayment capacity limit.
- b) Customers should not allow the repayments or instalments to go into arrears and the prompt repayments will create healthy relationships with the banks.
- c) If a customer wants to settle his/her loan before the end of the loan period, he/she has to pay certain amount of money over the loan amount as agreed at the time of accepting the offer.
- d) If the customer is unable to repay his/her loan outstanding as agreed, the bank will have the right to recover the amount owing to the bank.
- e) If a customer finds himself/herself in financial difficulties, he/she should let the bank know as early as possible. The sooner the bank discusses the customer's problems, the easier it will be for both of the customer and the bank to find a solution.
- f) When a customer account goes into default, the first step the bank takes is to contact the customer. In this regard, it is imperative that the customer should inform the bank at all times of any changes to his/her address and contact details.
- g) Customers should have the full knowledge and understanding of the product/service offered before entering the contract.
- h) Customers should duly fill and submit the required application forms and supporting documents in time.
- i) Customers should exercise due care in all transactions with banks.
- j) Customers should notify the bank promptly of any fraudulent transaction/s or such attempts in their accounts with the banks whenever they become aware of such instances.
- k) Customers should exercise utmost care in using and storing/handling Personal identification Numbers (PIN) and security measures of other electronic cards issued by the bank.
- l) Customers should not treat any operational lapse of a bank on its obligations mentioned in Part II above other than any dispute on the amount payable to the bank as a reason for his/her non settlement or delay in settlement of a debt unless otherwise allowed by a court of law. All such incidents need to be resolved separately or individually.

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#### Disclaimer

*This document does not create legal rights or obligations. It is a statement of our intentions to provide services as above.*

