

Introduction

Good customer relations is the heart of banking. Every individual sees their bank as one of their most important service providers, mainly as the relationship involves the management of their hard-earned money. Therefore people will be specially critical when deciding upon a bank or deciding to remain with one. Accordingly, in banking, customer retention is more of a challenge than it is in other industries.

In the present scenario of competitive banking, banks are required to become more and more customer-centric. Excellence in customer service has become the most important tool for sustained business growth as it focuses on building healthy relations between the bank and customers. Along with efficient service, providing customers with accurate and consistent information on the products and services of the bank, apt handling of complaints and providing special attention and care for those with physical and financial limitations will safeguard the interests of the customers and improve the confidence of the customers in the bank.

As a State Bank, People's Bank is determined to set an example to the banking world by adopting the standards of fair banking practices that are expected by customers when they undertake transactions with us. This Customer Charter is a product of the endeavor of People's Bank in adopting the guidelines issued by

the Monetary Board, by its Banking Act Direction No. 8 of 2011 dated 5th October 2011, on “Customer Charter of Licensed Banks”. The successful implementation of the standards set by this Charter along with a joint effort to strive to improve our service and to solicit the support and cooperation of customers will go a long way to reaching the goals of the Bank.

1. Information

People’s Bank offers an extensive range of banking products and services to a wide range of business and individual customers. All customers of our Bank have their own unique needs and expectations when they visit our Bank. The employees, specially the front office staff, should assist the customers to understand the products and services offered by the Bank by providing them with adequate information and assist them in choosing the appropriate product that matches their requirement.

Many individuals will make the decision on whether to do banking with a particular institution based on the personalities and expertise of the front office staff as they are often the first point of contact for customers. Therefore all employees should have adequate knowledge about the services and the variety of banking products offered by the Bank. The employees should always be courteous and friendly when providing the required information to customers.

Customers may also seek information via telephone. Employees should answer the phone as soon as it rings and should not let a telephone

ring more than three times, before it is answered. Employees should always be courteous on the phone and whenever possible should identify themselves with their name and department. The essential information that the customer requires should be provided along with directions on how to obtain further information should the need arise. If the employee is unable to provide the information the caller requires instantly, the caller's contact numbers should be obtained and the required information should be provided within a day. A register should be maintained for this purpose and reviewed at the end of the day to ensure that all customer queries have been answered.

In situations where the customer seeks information via e-mail, care should be taken to respond to the e-mails within a reasonable time period. Relevant links to obtaining further information such as the link to the People's Bank website and/ or the names and contact details of relevant bank officials in the branch/ department should also be provided.

1.1 Brochures/ leaflets

At People's Bank, brochures and leaflets are used to provide information about the bank's products and services and any other special business promotions that are being carried out. Brochures/ leaflets should be available on all products offered by the bank in Sinhala, Tamil and English and displayed in an easily accessible location to customers seeking such information. The following information should be included in the brochure/leaflet;

- Description of the product/ service
- Financial & other benefits to customers including any incentive and promotion.
- Fees/ charges, commission, interest etc charged from customers
- Procedure to be followed to obtain the product/ service.
- Major terms and conditions
- A Complaint procedure for customers

1.2 Advertising

Advertising is another marketing tool used by the Bank for the promotion of its business activities. The Bank uses mainly television, radio and print media for advertising. When advertising using media or other promotional material, only factual information should be included. This information should be provided in a simple and easy to understand manner. Any information that may mislead the public should not be provided when advertising. All advertisements should include contact details of relevant bank officials and also state that People's Bank is a licensed bank supervised by the Central Bank of Sri Lanka. All relevant staff members should be aware of the information provided via an advertisement and be able to assist the customers should any clarifications be required.

1.3 Display of information

Displaying the basic information the customer requires when they visit our bank can save time and energy of both the customer and the staff. The following information should be displayed conspicuously in the Head Office, all Branches and Service Centers, the Corporate Banking Division (CBD), Overseas Customer Services (OCS), Card Center and Off- shore Banking Unit of the Bank.

- i) Current interest rates on all deposits and loan products
- ii) Service Charges, Fees and Commissions
- iii) Buying & selling rates of foreign currencies
- iv) Credit rating of the Bank with underlying specifications
- v) The contact details of the Financial Ombudsman and Credit Counseling centre (Annexures 7 & 8).
- vi) Banking hours and holiday notices
- vii) Any other relevant information (pawning rates.... etc)
- viii) License of the bank
- ix) Name of the branch/ department
- x) Name board of the respective Department/ counter within the branch

The information should be updated on a regular basis or when any changes occur, and a responsible employee should be assigned for this purpose. It is the responsibility of the Branch Manager/ Department Head to ensure that the information displayed is accurate and complies with the stipulated format. The formats to display interest rates, exchange rates, service charges, fees and commissions have been issued with the Deputy General Manager (Operations) Circular Letter No. 7051/2011 dated 18.7.2011 and is also attached herewith marked Annexures 1 to 3.

1.4 Statements

Periodic statements either in printed form or electronic form as opted by the customer should be sent for all accounts other than for savings and dormant accounts. The statements should generally be produced on a monthly basis and mailed directly to the customer's mailing address. All statements should be mailed within one week of generation. In circumstances where the customer has given specific instructions to obtain daily statements or for personal pick-up, these requirements should be entertained. Statements should not be handed over to a third party unless specific authority of the account holder has been obtained. Care should be taken to maintain the confidentiality of the account information. Extra safety measures of disposal such as shredding should be used for undelivered statements.

E-statement facility is also obtainable through the internet banking facility via People's Net. Customers should be encouraged to obtain this facility as it provides safe and efficient access to the customer.

Statements for Credit Cards should include details on;

- The minimum payment required and due date
- Total interest charged if only the minimum payment is made
- Late payment fee if the minimum payment is not made on due date

1.5 Awareness programs

Customers and general public should be made aware of the financial products and services and any risks associated with them, by conducting awareness and financial literacy programs. The Branches/ Departments should conduct community programs aimed at improving the financial literacy of the community, particularly the disadvantaged groups.

1.6 Terms & Conditions

All customers of the Bank have the right to access and gain complete understanding of the terms and conditions relevant to each and every product or service they obtain from the Bank. It is the responsibility of the Bank employees to ensure that the customers have access to this information. The customer has the right to specifically know the following information for any product or service they obtain.

- I. Details of the Bank's general charges such as interest rates, fees and commissions required to be paid by the customer including the method of computing interest charges.

- II. The Bank's procedure for receiving complaints and the resolution mechanism.
- III. The course of recovery actions the Bank may follow in the event of any default by the customer on his/her obligations and Bank's expenses that will be claimed from the customer.
- IV. Any compensation required to be paid by a customer in case of pre-mature withdrawal/termination of participation in a product/service by the customer.
- V. Any restrictions on opening of 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.
- VI. The disclosure of customer information to a party legally authorized to obtain such information.
- VII. 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.

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

The terms and conditions associated with each product offered by People's Bank should be available to the customers in their preferred language (Sinhala, Tamil or English). A copy of the relevant terms and conditions should be offered to the prospective customer seeking the use of a specific product/ service. Employees should ensure that the prospective customer understands the terms and conditions associated with the product/ service being obtained. Information on alternative products/ services should also be provided and thoroughly explained to the customer and reasonable time should be given for the customer to evaluate and make a decision. Any changes in the terms and conditions should be promptly updated in the documents and the customers should be informed in writing or through paper notice or any other appropriate way.

A Written confirmation should be obtained from the customer that they fully understand and accept the terms and conditions relating to the product or service they obtain. These should be filed with the other documents relating to the customer. The employees should ensure that the documents obtained are fully completed and signed by the customer. Obtaining customer signature on blank or incomplete documents should not be done under any circumstance. It is the duty of the relevant officer in charge to ensure that the customer has completed the documents and signed them with due knowledge of the terms and conditions.

1.7 Compensation for withdrawal/ cancellation of products/ services

In the event the Bank seeks to withdraw/terminate a product or service already on contract, especially deposit products, customers have the right to receive a reasonable time with an exit compensation scheme disclosed in advance.

2. Protection from Agents of the Bank

Presently at People's Bank the services of external agents have been obtained to conduct business activities related to following main business purposes.

- Issuance of Credit cards – Marketing, Promoting, Campaigning, new applications processing
- Merchant Acquiring for Credit cards – Acquiring merchants & Point of Sale (POS) installations, breakdown services, resolving merchant inquiries
- Recovery of credit card dues– past due/overdue customer visits, Collecting debts, granting settlements, following-up of the settlements granted

The agents should abide by the procedures set out by the 'Code of Conduct for Third Party Agents' attached herewith as annexure 4. Within it, the following special provisions for the protection of customers have been included;

- Agents should not use any intimidation or violence – verbally or physically against any individual.
- Shall not discuss, promote, print or publish by any means whatsoever any information pertaining to any customer.
- Shall not give false or misleading information about products/services.
- Shall not unduly influence customers or the general public to buy or get involved in the Bank’s products/services.
- Shall not engage in getting any security documents signed outside the Bank.
- Third party details provided by the bank to trace a cardholder should be used for the said purpose only.
- The Agents should not take action against any third party individuals by making pestering phone calls during inconvenient hours, pestering their family members or any other individual related to the customers.

In addition, the agents have been advised to adhere to the Credit Card Guidelines No 01/2010 issued by the Central Bank of Sri Lanka, provided in annexure 5 below and any other guidelines issued by the Central Bank of Sri Lanka.

The customers of the Bank have the right to know the particulars of the agents appointed for customer services by the Bank and the precautions taken by the Bank to protect the customers from any malpractice of the agents.

3. Handling Complaints

Customer complaints are part of the business life of any corporate entity. This is more so for banks because banks are service organizations. As a service organization, customer service and customer satisfaction should be the prime concern of any bank. Proper handling of customer complaints is of paramount importance, since it safeguards the legitimate interests of the customer and as a consequence, the bank's good reputation is protected and the bank can avoid possible civil actions by customers. Having a complaint handling procedure aims at minimizing instances of customer complaints and grievances, and provides an opportunity for the bank to improve its service and strengthen its relationship with the customer.

3.1 Complaints handling procedure

Customers, who believe that the services offered to them are not of sufficient quality or if they are not satisfied with the service offered, may bring the issue to the attention of the relevant Bank staff. Complaints can be made verbally, in writing or over the telephone. The employees shall not insist that the complaint should be in writing. All branches/departments should have a complaints book and/or a complaints box available to the customers to record their complaints.

When a complaint is received, the employee;

- who receives the complaint should acknowledge the complaint promptly and thank the customer for bringing it to our notice

- Should apologize for the mistake if a mistake has been made or for any inconvenience caused , bearing in mind that it is our duty to treat the customer as if he or she is always right
- All complaints must be dealt with in a courteous manner, avoiding arguments. The employee should assure and ensure that the customer's needs and wants are attended to promptly.
- If the complaint cannot be attended to promptly, details should be obtained and realistic time frame needed should be communicated to the customer.
- The complaint must be recorded and be informed to the responsible officer
- A response should be given/ sent without delay, without waiting for reminders
- All efforts must be taken to settle/ rectify the complaint quickly and efficiently if the complaint is justified.

The Staff is encouraged to deal with a verbal complaint as soon as a customer mentions his dissatisfaction, and must try to resolve the complaint immediately.

In cases when the complaint is received by a letter or via e-mail, an acknowledgement should be sent to the complainant not later than the next working day mentioning the date on which the complaint has been received, the actions being taken, the time needed by the

Bank to provide the customer with a solution as well as the name and the contact details of the Bank Employee with whom the customer can liaise with regarding any enquiries about the complaint.

When a complaint is received via telephone the identity of the customer must be verified along with the relevant contact details.

Anonymous complaints must be viewed with discretion but must be investigated regardless of the fact. If the complaint is justified the proper complaints handling procedure must be followed.

Each Branch/Department should record all complaints addressed to them in a Complaint Record Book, which should include;

- Date when the complaint has been received,
- Name/account number of the complainant,
- Substance of the complaint,
- Name and service number of the officer responsible for complaint handling,
- The Bank's response- How the complaint was resolved, any reimbursement offered by the Bank, how it has been calculated and the response of the complainant to this offer,
- Date of the Bank's response,
- Lessons learned and procedures changed to avoid such tribulations in the future.

The format of the Complaint Record Book is given in Annexure 6.

All Branches/ Departments should assign an **officer** who is responsible for handling complaints and providing relevant information to the management regarding complaints. Customer complaints must be investigated thoroughly and promptly by the officer, as they might indicate service/procedural deficiencies or ineffectiveness which might lead to serious irregularities or fraud.

An employee must never handle a complaint made against him/her. Any complaint against the Branch Manager should be directed to the Assistant Regional Manager and if a complaint is made against the officer who is handling complaints, it should be handled by the Branch Manager or Operations Manager. Strict confidentiality must be maintained in situations where a serious complaint is made against an officer or staff member. Where litigation is threatened or instigated, the Chief Law Officer should be informed as early as possible and advice sought.

The officer responsible for complaints handling must:

- make a record of the complaint in the record book,
- try to resolve the complaint by directing it to the relevant officer/ department and arrange the response to the customer as soon as possible,
- Make all efforts to resolve the complaint within 10 working days from the date of the receipt.

- Periodically update customers on the status of the complaint.

Customer Complaints Record Book must be reviewed by the Assistant Regional Manager on a monthly basis, on a quarterly basis by the Internal Audit and on a random basis by the Compliance Officer to ensure that all customer complaints have been resolved and/or outstanding complaints are being dealt with.

The Branch Manager is ultimately responsible for the resolution of complaints in respect of customer service by the branch. He/she would be responsible for ensuring closure to all complaints received at the branch. It is his/ her duty to ensure that complaints are dealt in a prompt manner with transparency, impartially and in confidence. It is the Managers' foremost duty to see that the complaints are resolved completely to the satisfaction of the customer and if the customer is not satisfied, then he or she should be provided with alternate avenues to express the issue. If the Branch Manager feels that it is not possible at his/her level to resolve the problem the matter should be directed to an appropriate higher authority. The customer should be provided with the details of the relevant officials at the Regional Head Office and the Head office. If the customer's complaint is not resolved within a reasonable time or if he is not satisfied with the solution provided by the Bank, the customer has the right to approach the Financial Ombudsman. The contact details of the Financial Ombudsman are given in Annexure 7 and should also be provided to the complainant.

4. Special attention and care

People's Bank being the 'Pulse of the People' has always been renowned for the humanity it shows to the people with special needs. The employees at all times should ensure that the elderly, disabled and customers with low financial literacy receive special attention to ensure that they have fair and equal access to the services offered by the Bank. In doing so the employees should ensure that they have easy access to the premises and to other banking facilities such as ATM Facilities. Treating people who need special care courteously and kindly and explaining until they understand the information required relating to the product or service that they obtain can go a long way in winning the hearts and consequently the loyalty of the customers.

All customers of People's Bank should be treated fairly and equally irrespective of their race, nationality, social status, occupation, age and gender. The bank is striving for zero gender discrimination and zero racial discrimination in all areas of banking. The employees should always maintain the principles of integrity and transparency and ensure that the products and services offered comply with the relevant laws and regulations.

5. Customer obligations towards the Bank

Customers should foster the relationship with the Bank 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 installments to go into arrears as prompt repayments will create a healthy relationship with the Bank.
- c) If a customer wants to settle his/her loan before the end of the loan period, he/she has to pay a 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 including the Bank's expenses specified in the 'Terms & Conditions'.
- 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 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 into the contract.
- h) Customers should duly fill and submit the required application forms and supporting documents on time.
- i) Customers should exercise due care in all transactions with the Bank. The customer should take special care to read and understand before signing any document with the Bank. Placing their signature on blank/ incomplete documents should be avoided.
- j) Customers should notify the Bank promptly of any fraudulent transaction/s or such attempts in their accounts with the bank 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, 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.
- m) Customers should make arrangements to apprise any adverse situations in the market related to their business activities.

Interest rates

Description	Mini. Rate as at	Max. rate as at
Interest Rates on Deposits		
Savings Deposits		
Minor Savings Deposits		
Call Deposits		
Time Deposits - 1 Year		
* Interest payable monthly		
* Interest payable at maturity		
NRFC Savings Deposits		
* US Dollars		
* Sterling Pound		
* Euro		
* Any other Currencies		
Interest Rates on Advances		
Export Bill Finance – Rupee Facilities		
Import Bill Finance - Rupee Facilities		
Lease Finance		
Lending to Small & Medium Scale Industries (SMEs)		
Residential Housing		
Pawning		
US Dollar Loans to Exporters		
Overdrafts		

Description	Mini. Rate as at	Max. rate as at
* Permanent		
* Temporary		
Personal Loans		
Vehicle Loans		
Credit Cards		
Agricultural Lending		
Refinance Schemes		
i. Agriculture & Animal Husbandry		
* Tea Development Project (Revolving fund) (TDPFR)		
* Agro-Livestock Development Project		
* Any other		
ii. Small & Medium Enterprises Sector		
* Sushana Loan Scheme		
* Self- Employment Initiative Loan Scheme		
* Any other		
iii. Micro Finance Sector		
* Poverty Alleviation Microfinance Project (Revolving Fund) PAMP Scheme		
* Small Farmers & Landless Credit Project Revolving Fund		
* Any other		

Foreign Exchange Rates

Exchange Rates	Rate : Rupees per unit of foreign currency as at					
	Currency notes		Travellers Cheque/ draft		Telegraphic Transfers	
	Buying Rate	Selling Rate	Buying Rate	Selling Rate	Buying Rate	Selling Rate
Australian Dollar						
Canadian Dollar						
Danish Kroner						
Euro						
Hong Kong Dollar						
Japanese Yen						
New Zealand Dollar						
Norwegian Kroner						
Pound Sterling						
Singapore Dollar						
Swedish Kroner						
Swiss Franc						
United States Dollar						

Service Charges, Fees & Commissions

	Description	Rs. As at
	SERVICE CHARGES	
	Savings Accounts	
	Charges for non-maintenance of minimum account balance as stipulated etc	
	Current Accounts	
	Current Account monthly service charge	
	Charges for account statements	
	Cheque issuing cost	
	Stop payment order	
	Return cheques due to insufficient funds etc.	
	Remittances	
	Inward credit to Sri Lanka rupee account	
	Inward remittance to Foreign currency account	
	Issue of foreign currency demand draft, pay order etc.	
	Travelers Cheques	
	Encashment of Traveller's cheques	
	Sale of Traveler's Cheques etc.	
	ATMs	
	Issuing Fee	
	ATM cash withdrawal - Own Bank	
	ATM cash withdrawal - Other Bank etc	
	Credit Cards - Main cardholder	
	Annual Fee	
	Late Payment charges	
	Interest charges, etc.	
	FEES & COMMISSIONS	
	SLIPS Payment Charges	
	RTGS Payment Charges	
	Facility Arrangement Fees- Overdrafts	
	* Security Backed	
	* Clean Basis	
	Early Settlement Fees	
	* Residential Housing	
	* Vehicle Loans	
	Cheque Purchase Commissions	
	LC Commission	
	*LC Opening Fee & Commission	
	Shipping Guarantees	
	Bank Guarantees	
	Acceptance	

Code of Conduct for Third Party Agents

1. Introduction

The main objective of recruiting an external institution to act as an Agent of the Bank is, to assist, strengthen and to carry out business processes in a profitable manner.

2 Objective

Objective of this documentation is to introduce a necessary Code of Conduct for the External Company and to its Agents to follow while exercising their assigned duties.

Initiating and following such conduct will result in obtaining a quality output while maintaining professionalism, integrity & goodwill.

3. Definitions

The Bank

People's Bank which was incorporated by the People's Bank Act No 29 of 1961 as amended (hereinafter referred as the "Bank") is the Institution which employs services of an External Agency to assist in carrying out an assigned duty of the Bank.

The Agency

A company duly registered under the Companies Act No 7 of 2007 of Sri Lanka or a partnership , sole proprietorship duly registered in the relevant authorities and approved for its services rendered by the bank, may carry out external activities.

Assigned Duties of Agent(s)

Any business activity stipulated under the agreement with approval granted to engage in business activities related to main business purposes.

4. Conduct and Disciplinary Controls of an External Agency/Agent

The Bank should be informed immediately about all arrangements that are made directly between the Client and the Agency or its representative(s), as well as all the events which are of importance for the proceedings.

As an Agent he/she should always be aware of the relevant rules, regulations and guidelines issued by the Central Bank of Sri Lanka or any other authority which are applicable and should not violate these conditions under any circumstances.

Should always demonstrate a high degree of honesty, integrity and professionalism during his/her visits to bank clients.

Should have a broad and sound knowledge of the activities which are carried out individually.

Should be equipped with successful negotiation and convincing skills with an attractive personality.

As an Agent he/she should always use a formal dress code during all customer visits.

The Formal dress code should include the following.

- ◆ An employee identity card issued by the Agency indicating the Name and the designation.
- ◆ A visiting card with contact details of the Agent issued by the Agency.

An Agent should not introduce him/her self as an employee of the bank or any subsidiary company which belongs to the Bank without the written approval or amendment documentation given from the Bank.

If the Agent is appointed to recover monies due to the Bank from customers, an Agent should take the full responsibility while handling and **accepting money** and should always issue an official receipt endorsed by the Bank and also to take necessary precautions to safeguard the same.

An Agent must not take gifts, money, commission or any other benefits from customers of the Bank and/or any other individual.

Agents should always follow and act according to the law, and avoid taking any action prejudicial to the business, integrity, reputation or goodwill of the Bank. Agents should strictly abide to the following conditions/ requirements while carrying out their assigned duties.

- ◆ Agents should not make any intimidations or violence – verbally/ physically against any individual.
- ◆ Third party details (referee details) provided by the Bank should be used for the stated purpose only.
- ◆ Agents should not take action against any third party individuals by making pestering phone calls during inconvenient hours, pestering their family members or any other individual related to the customers.
- ◆ Shall not give false or misleading information about products/ services.
- ◆ Shall not unduly influence customers or the general public to buy or get involved in the Bank’s products/services.
- ◆ Shall not engage in getting any security documents signed outside the Bank.

5. Secrecy of information

The agency is hereby bound and obliged to safeguard any information deemed sensitive in the process of issuing, acquiring merchants or at debt recovery to the best of the conduct and knowledge of the Agents deployed to attempt such duties.

In conjunction of the above an Agent shall abide by the following aspects pertaining to the process.

- ◆ Shall not discuss, promote, print or publish by any means what so ever any information pertaining to any customer details.

Any information not included in this documentation and any adherence to be complied with relation to the Code of Conduct should be simultaneously referred along with the initial Agreement signed and verified by the Agency with the Bank.

6. Rules, Regulations and Guidelines issued by the Central Bank of Sri Lanka and any other Authority

The company shall adhere to any other rule, regulation or guideline issued by the Central Bank of Sri Lanka or any other relevant authority from time to time.

Credit Card Guidelines No: 01/2010

Credit Card Operational Guidelines

1. Introduction to the Guidelines

Over the past few years, the usage of Cards as a payment instrument for purchasing goods and services and/or cash withdrawals has increased significantly mainly due to the growing preference of the general public to use Credit Cards for their day to day transactions. The increase has been driven by customer convenience and transaction security. This is further evidenced by high increase in the volume of electronic Point Of Sales outlets (POS), and reward schemes and incentives offered by Credit Card issuers, to promote Credit Card usage. Central Bank of Sri Lanka (CBSL) through the Payment and Settlement Systems Act No. 28 of 2005 is entrusted with a legislative mandate to implement the national payment system policy and oversee the payment and settlement systems in the country to ensure safety, efficiency, competitiveness and stability. Having considered the timely requirement of improving the electronic payment mechanisms and at the same time ensuring customer protection, the CBSL took steps to execute the Service Providers of Payment Cards Regulations No. 1 of 2009 on 31 July, 2009. Following guidelines on operations of Credit Cards are issued by the CBSL, in order to ensure safe, secure and efficient operations when Credit Cards

are used as a payment instrument. These operational guidelines for Credit Cards which are based on the above mentioned Regulations shall apply to all Service Providers engaged in Credit Card business and shall come into force with effect from **01 March, 2010**. In these guidelines words denoting or importing the singular number shall include the plural number and vice versa and words denoting or importing the masculine gender shall include the feminine.

2. Marketing of Credit Cards

Any institution (hereinafter referred to as “Card Issuer”) enters into a contractual relationship with a Cardholder (hereinafter referred to as “the Customer”) through the issue of a Credit Card shall ensure that marketing strategies of the Credit Card operations are designed and undertaken in accordance with the following guidelines.

2.1. Marketing staff shall disclose their official identity at promotional campaigns before or during the meeting with prospective and/or existing Customer.

2.2. Benefits, incentives, rewards or reduction of any charges / fees which are offered by the Card Issuers in any promotional campaign or any event with regard to Credit Card operations shall be clearly communicated to the Customers in legible writing (electronically or document form).

2.3. The terms and conditions relating to the Credit Card shall be clearly communicated to the Customers and the same shall be provided in writing in the preferred language of communication, on request. The terms and conditions shall be displayed in the Card Issuers web sites.

2.4. Card Issuers shall disclose their Code of Conduct/Institutional Policy on Credit Card operations to the Customers throughout the marketing process and the same shall be published in Card Issuers official websites.

2.5. Marketing personnel of Card Issuers shall provide complete information on features, benefits and drawbacks to the Customers and shall not make false claims on any features / benefits which Card Issuers do not offer.

2.6. Misleading and unethical information/advertisements shall not be conveyed/ published by Card Issuers.

2.7. Card Issuers shall not engage in aggressive and hard selling marketing practices during working/office hours or inconvenient hours for the Customers, except with prior appointments.

2.8. Regular training and awareness sessions shall be conducted by Card Issuers for their marketing staff covering all aspects of Credit Card operations including charges to be paid by the Customers, safety measures, complaint/dispute resolution mechanisms etc.

3. Issue of Credit Cards

(a) Issue of Principal Credit Cards

3.1. Credit Card shall be issued only to an individual who has following eligibilities –

- a citizen or a resident of Sri Lanka who is above 18 years of age on the date of the application and has independent financial means;

- a non-resident provided that he has a Non Resident Foreign Currency Account/Resident Foreign Currency Account/Resident Non National Foreign Currency Account or Off Shore Banking Unit Account and all dues of the Credit Card are settled in foreign currency through such accounts.

3.2. Card Issuers shall be solely responsible for fulfillment of all “Know Your Customer” (KYC) requirements and such documents shall be maintained under safe custody.

3.3. Card Issuers shall not accept funds as deposits from the Customers at any time, in any way that contravene the provisions of the Banking Act and the Finance Companies Act.

3.4. Credit Card shall be issued by a Card Issuer on receipt of duly filled and signed application form from a prospective Customer, supported with necessary documents. Pre-approved cards shall be activated only after receiving of Customer’s signed acceptance. Unsolicited cards shall not be issued.

3.5. Card Issuer shall take utmost care in ascertaining credit worthiness of Customers. Credit risks shall be assessed independently, before issuing a Credit Card, taking all reasonable steps and using reliable modes to assess the creditworthiness of the Customer. Card Issuer shall obtain information available at the Credit Information Bureau (CRIB) to ascertain the creditworthiness of the Customer.

3.6. Card Issuer shall not issue a Credit Card to any Customer who has already obtained a Credit Card from same/any other Card Issuer by providing the same income particulars, without obtaining the aggregate credit outstanding liabilities of the Customer.

3.7. Card Issuer shall determine the credit limit for the Customer considering the cumulative limits enjoyed by the Customer from other Credit Cards on the basis of Customers self declaration and credit information obtained from the CRIB.

3.8. The prevailing credit limit may be increased temporarily subject to a maximum time limit of 6 months on the request of the Customer, based on the nature of the requirement. However, Card Issuer should be satisfied with the Customer's ability to settle all the liabilities incurred on such extended facility.

3.9. Card Issuer shall not unilaterally upgrade or/and enhance Credit Card type/limit without informing the Customer in writing.

3.10. At the time of issuing a Credit Card to a Customer, applicable terms and conditions relating to the Credit Card shall be clearly communicated and same shall be provided in legible font size to the Customer in the preferred language of the Customer, even though such details have already been provided during the marketing campaign.

3.11. Any stipulation, caveat, clause or provision in terms and condition of the agreement/contract, which may result in an unreasonable curtailment of rights of the Customers, shall not be included.

3.12. Card Issuer shall notify the following details in simple language to Customers, in writing (electronically or in document form) and same shall be published in the web sites maintained by Card Issuer:

- i. Benefits / services provided to the Customers;
- ii. Terms and conditions as well as important information that the Customers shall be aware of in using the card and the consequences and risks;
- iii. Rights, liabilities and obligations of the Principal Customers and Supplementary Customers;
- iv. Joining fees, annual fees, administrative and handling fees or any other fees which the Customers are required to pay;

- v. Cash advance limit and fee as appropriate;
- vi. Interest free (grace) period;
- vii. Calculation method of minimum payment;
- viii. Calculation methods of overdue interest regarding both revolving credit (amount outstanding after paying the minimum payment) and cash advance, applicable annualized interest rates and penalties/fees which have to be borne by the Customers. The calculation method of overdue interest shall be expressed clearly using examples;
- ix. The late payment charges and the method of calculation of such charges with examples;
- x. Method of computation of interest when partial payments exceeding the minimum payment due is paid by the Customer, with examples;
- xi. The procedure for handling lost, stolen or destroyed Credit Cards and other complaints, and the time period required for dealing with such complaints;
- xii. Contact numbers of dedicated telephone lines for handling complaints;
- xiii. The rights and liabilities arising out of unauthorized third party use of a Credit Card ;

- xiv. The procedure to be followed in the event of a discrepancy/ dispute regarding a Credit Card transaction;
- xv. Disadvantages for the Customers if they default i.e. Reporting procedures to CRIB etc.;
- xvi. Procedure for cancellation of the Credit Card.

3.13. Card Issuers shall not encourage/ induce the Customers to use Credit Cards to acquire land or any other property, payment of monthly installments of any property acquired by the Customers or any third party, and/or any capital account transaction specified in the Exchange Control Act, Regulations, Directions or Guidelines issued by the relevant authorities.

3.14. Card Issuer shall state in the terms and conditions that Credit Cards are not to be used for any unlawful activity deemed as an offence under Sri Lankan Law. If any Customer is found to have used the Credit Card for such unlawful activity, Card Issuer shall immediately terminate the card facility and inform details of such transaction to the CBSL.

(b) Issue of Supplementary Credit Cards

3.15. Card Issuers shall give clear instructions to Principal/ Supplementary/Add-on Customers on their responsibilities for liabilities incurred on the cards issued. The Principal Customer shall also be informed that they are ultimately liable for all the liabilities incurred by the Supplementary/Add on Customer.

3.16. Card Issuer shall not issue a supplementary, add-on or subsidiary card to any individual who is below eighteen (18) years of age except to students who are between 16 - 18 years of age and for educational purposes. Such exceptions shall be granted only for students who are direct dependents of the Principal Customer.

4. Interest Rates and Other Charges

4.1. Card Issuer shall quote interest rates and service charges separately on an annual basis, for purchase of goods or services and cash advance.

4.2. Card Issuer shall not charge any amount that was not explicitly indicated to the Customers at the time of issue of the Credit Card without prior notice to the Customer. However, this consideration will not apply for charges such as taxes, levied by the government or any other statutory authority, from time to time.

4.3. Prior notice shall be given to the Customers before offering any new charged service.

4.4. Any revisions in the schedule of charges/fees, interest rates, or terms and conditions and revision of any incentives, shall be communicated to all active Customers in legible writing/electronic means, at least ten (10) days before the effective date of the revision, if it was not communicated at the time of issue.

5. Billing Process

5.1. Card Issuer shall dispatch a billing statement on Credit Card transactions to each active Customer in writing or through electronic means at the end of each billing cycle (period). The billing statements shall fully disclose the following details:

- i. Transaction date, merchant name, type of currency and amount billed;
- ii. Date from which interest accrues;
- iii. The calculation method regarding charges to be borne by the Customer;
- iv. Amount of minimum payment to be made by the Customer;
- v. Due date of minimum payment;
- vi. Annualized percentage rate of interest for purchase of goods/ services and cash advances. (The said charges shall be included separately);
- vii. Amount of penalty and interest charges for late payments;
- viii. Acceptable modes of payment (i.e. through cash, direct debit, cheques, account transfer facility);
- ix. Expected number of days a particular mode of payment may take for clearing and handling charges if any;

- x. In the case of foreign currency transactions, foreign currency amount and billed amount in LKR.

Format of the billing statement shall be published in the Card Issuers web site in all three languages.

5.2. Card Issuers are required to dispatch the billing statement at the end of each billing period to all active Customers at least fourteen (14) days before the payment due date.

5.3. If the Customer lodges a complaint regarding non-receipt of current billing statement of account, a copy of the statement shall be dispatched to the Customer free of charge, within ten (10) calendar days from the date of complaint.

5.4. Card Issuer shall make comprehensive and convenient arrangements in line with the business plan and requirements of the Customers for the collection of bill payments through designated branches, collection centers, cheque collecting boxes or other electronic channels provided by the Card Issuer.

5.5. Card Issuer shall inform the Customers about the status of the unrealized cheques within seven (7) working days from the date of receipt of unpaid cheques. Customer shall not be penalized for cheques submitted within the time prescribed by the Card Issuer but cleared after due date.

5.6. Card Issuer shall ensure that “due date” for payment does not fall on Saturday, Sunday or any other public/bank holiday(s) published/ gazetted by the CBSL/Government at the beginning of each year. However, if a Card Issuer is unable to adhere to this condition, the date payable has to be clearly mentioned in the statement, when the due date falls on a holiday.

6. Collection /Recovery Mechanism

6.1. Card Issuer shall ensure that collection of any dues against Credit Card transactions by Card Issuer are conducted prudently. Card Issuer shall not engage in any activity which is against the public interest in handling collections and shall exercise its rights using the principles of honesty and good faith.

6.2. Card Issuer shall ensure that recovery letters are issued to the last known address of the Customer and such letters should bear the designation, contact number(s) and office address of the concerned official.

6.3. Card Issuer shall ensure that the recovery process shall not resort to any verbal or physical harassment or threats to the Customers, their family members, referees or friends.

6.4. Card Issuer shall respond to the queries arising out of the recovery letters within a reasonable time period. The time period must be specifically defined in their Code of Conduct and shall be communicated properly to the Customers.

6.5. Procedure followed by the Card Issuer when recovering default payments shall be properly communicated to Customers, at the time of issuance of Credit Card. Card Issuers shall not divulge information regarding Credit Card defaults to third parties.

7. Confidentiality and Protection of Customer Rights

7.1. Card Issuer shall maintain the confidentiality of Customer information and shall be responsible for all such information used by marketing personnel, debt recovery agents or any other third party in the business process.

7.2. Card Issuer shall not reveal any information/contact details relating to Customers, obtained at the time of opening/issuing the Credit Card to any other person or organization without obtaining prior consent of the Customer. Card Issuer should satisfy themselves, based on specific legal advice, that the information being sought from third parties will not violate the provisions of the laws relating to secrecy in the transactions.

7.3. Unsolicited loans or other credit facilities shall not be offered to the Customers based on the Credit Card.

8. Dispute Resolution

8.1. Card Issuer shall have an appropriate dispute resolution mechanism and service procedures in place, commensurate with the volume of complaints and shall resolve the same within a minimum period.

8.2. Credit Card dispute resolution mechanism shall be disclosed on the official website of the Card Issuer. Card Issuer may also arrange online complaint registration procedure. Card Issuers shall develop a mechanism for tracing a complaint and same shall be communicated to the Customer.

8.3. Card Issuer shall resolve the disputed transactions of the Customer promptly and as per the franchise rules of VISA, MasterCard, AMEX or any other international card company/ association, taking into account the nature of the transaction, distances, time zones, etc.

8.4. Card Issuer shall clearly communicate to the Customers, whether they would be allowed to use the Credit Card during the investigation period in the event of a dispute.

8.5. Card Issuer shall reverse interest and other charges on disputed transactions if the dispute is settled in favour of the Customer and accumulated interest shall be recovered only when the dispute is settled in favour of the Card Issuer.

8.6. Card Issuer shall provide related evidence regarding disputed transactions to the Customer without any charges, if complaint is settled in favor of the Customer.

9. Outsourcing of marketing/recovery functions and other operations

9.1 Card issuer may outsource marketing, recovery, and other operations such as card embossing, processing of applications and courier service to third party service providers.

9.2 Card Issuer shall clearly define the responsibilities and liabilities of the outsourced service providers.

9.3 Card issuer shall ensure the maintenance of confidentiality and secrecy of the customer information by outsourced service providers.

9.4 Card issuer shall ensure that the outsourced service providers adhere to the guidelines given in Section 2 and 6 above with regard to marketing and collection/recovery mechanisms respectively.

9.5. Card Issuer shall ensure that employees of outsourced service providers are properly educated and trained on their responsibilities such as soliciting customers, convenient hours for calling, conveying the correct terms and conditions applicable to Credit Card operations.

9.6 Card issuer shall have an exit mechanism for outsourced activities, if it is observed that an outsourced service provider is unable to continue the service.

10. Rights to impose non-compliance charges

Under the provisions of the Payment Card Service Providers Regulations No. 1 of 2009, CBSL reserves the right to impose non-compliance charges on Card Issuers on any violation of these guidelines.

11. Legal Provisions

11.1. Card Issuer shall have sound legal basis for Credit Card operations together with appropriate rules and procedures.

11.2. Appropriate processes shall be in place to ensure that rules and procedures as well as the contractual relationships with relevant parties (e.g. financial acquirers and card issuers, merchants and cardholders) shall be valid and enforceable. Where applicable, this shall be consisted of clear rules and procedures to regulate authorization and clearing and settlement of both domestic and cross-border transactions.

12. Business Continuity, Internal Control and Compliance

12.1 Card Issuer shall have sound and prudent management, administrative, accounting and control procedures to minimize financial and non-financial risks to which the Card Issuer may be exposed.

12.2 Card Issuer shall conduct risk analysis and feasibility study on new products/services. In addition, when there is a change of relevant circumstances, Card Issuer shall perform a review on the risk profile of existing products/services to assess risks relating to security and continuity of the product/service.

12.3 Card Issuer shall ensure to have an adequate number of properly trained and competent personnel to operate systems at an appropriate level.

12.4 Card Issuer shall provide Customers and relevant merchants with information the Card Issuer reasonably considers relevant to fraud awareness in the context of Credit Card operations and proper use or processing of cards to reduce the risk of fraud.

12.5 Card Issuer shall have comprehensive, rigorous and well-documented operational and technical procedures to address reasonable operational reliability, integrity of network and timeliness of transactions in case of malfunctions, system interruption and transmission failures or delays. Card Issuer shall also have in place a reasonable, effective, well-documented and regularly-tested business contingency plan to be used in the event of unforeseen interruption.

12.6 Card Issuer shall have a thorough due diligence and oversight process for managing outsourced relationships, if the Card Issuer considers that it may affect the operation of the Credit Card system.

12.7 Card Issuer shall design technical systems for Credit Card processing with sufficient capacity to continue ongoing operations, which shall be monitored periodically and upgraded when the Card Issuer considers reasonably necessary.

12.8 Card Issuer shall have sufficient clearing and settlement arrangements to enable efficient, reliable and secured operation of the Credit Card system.

12.9 Card Issuer shall review the security objectives, policies and operational services periodically.

12.10 Card Issuer shall ensure to perform an annual self-assessment of the Card Issuers compliance with the Regulations, Guidelines and Code of Conduct. Internal auditors, internal compliance officer or appointed independent assessor shall perform this self-assessment as part of their on-going functions.

12.11 Card Issuer shall have clearly defined and documented organizational arrangements, such as ownership and management structure and shall operate as the Card Issuer deems fit, with appropriate segregation of duties and internal control arrangements so as to reduce the likelihood of mismanagement and frauds.

12.12 Card Issuer shall have reasonably effective measures and controls to ensure compliance with these guidelines and their Code of Conduct.

13. General Conditions

13.1 The clearing of International Credit Cards issued and used in Sri Lanka shall be made in Sri Lankan rupees. The clearing of International Credit Cards issued in Sri Lanka and used in foreign countries or issued in foreign countries and used in Sri Lanka shall be made in the relevant foreign currency authorized by the respective principles.

Appendix: Most Important Terms (MITs)

- a. “Cardholder” means any person authorized to use a Credit Card issued by a Card Issuer;
- b. “Card Issuer” means an institution which issues a Credit Card and thereby enters into a contractual relationship with a Cardholder;
- c. “Central Bank of Sri Lanka (CBSL)” means the Central Bank of Sri Lanka established under the Monetary Law Act. , No. 58 of 1949 (Chapter 422);
- d. “Credit Card” means a payment card which indicates a line of credit granted by the Issuer to the Cardholder and where the Cardholder may settle the credit utilized in full or in part, before a specified date. Any amount of the credit utilized by the Card holder and not settled in full on or before the specified date, may be subject to interest, profit or other charges;

- e. “Day” means a calendar day;
- f. “Direct Dependent” is a child of a Principal Cardholder or a child whose guardian is the Principal Cardholder;
- g. “Licensed Commercial Bank (LCB)” means a company or a body corporate licensed under the provisions of the Banking Act, No. 30 of 1988 to carry on banking business in Sri Lanka;
- h. “Licensed Specialized Bank (LSB)” means any company or a body corporate which has been issued with license under the provisions of the Banking Act, No. 30 of 1988 to carry on the business of accepting deposit money and investing and lending such money;
- i. “Principal” is a person, who is the sole owner of brand rights of the Credit Card;
- j. “Unsolicited cards” means a Credit Card issued without obtaining signed acceptance from the Cardholder;
- k. “Unsolicited Loans” means loans granted without obtaining signed acceptance from the Customer.

Annexure 6

Complaint Record Book

Date	Name/ Account No of complainant	Substance of complaint	Responsible officer's name and service number	The nature of bank's response	Date of bank's response	Lessons learned & procedures changed

The Financial Ombudsman, Sri Lanka

The Financial Ombudsman has the power to inquire into and settle any complaints and disputes between individual customers and the financial institutions covered by the Ombudsman Scheme.

The present holder of this office is Dr. R. B Ranaraja.

The financial Ombudsman can be contacted via the following.

Address: No 143A, Vajira Road,
Colombo 5.

Telephone: +94 11 259 5624

Telefax: +94 11 259 5625

Email: fosril@sltnet.lk

Website: www.financialombudsman.lk

Credit Counseling Centre

The Credit Counseling Centre established by The Sri Lanka Banks' Association (SLBA) as a social initiative, is aimed at assisting individuals and companies to manage their debt.

Address: UPADESHANA Credit Counseling Centre
 Center for Banking Studies,
 No 58, Sri Jayawardhanapura Mw,
 Rajagiriya

Telephone: +94 11 2887 006-7

Fax: +94 11 2873 247

Email: upadeshana@gmail.com

Website: www.slba.lk

ACKNOWLEDGEMENT OF THE CUSTOMER CHARTER

I

.....
.....

(Name)

of

(Address)

being an employee of the People's Bank do hereby acknowledge receipt of a copy of the Code. I further agree that I have understood the provisions contained herein and agree to abide by this Code at all times.

Declared on this day of 20.....

at

(Place)

.....
(Signature of Declarant)

.....
(Service No.)

**Original to be retained in the personal file of the employee with a copy to be retained in the Branch/Department.*