



**FINANCIAL CONSUMER PROTECTION POLICY**  
**Version 1.1**

**Compliance Department**  
**2025**

## **1. INTRODUCTION**

People's Bank is a banking corporation established under the People's Bank Act No 29 of 1961 as amended and govern under the provisions of Banking Act of Sri Lanka No. 30 of 1988 as amended and having a wide branch network in Sri Lanka.

As a State Bank, People's Bank (hereinafter referred to as "Bank") is obligated to adhere to the Rules and Regulations set forth by the Governing Board. Also, compliance is essential for adopting the standards of fair banking practices that are expected by the customers of the Bank and to ensure the protection of their rights and interests. Also, in order to ensure financial system stability, it is essential that the Bank operate in compliance with all legal and regulatory requirements thereby enabling the financial consumers of the Bank to receive a competitive service in a just and equitable manner. As such all employees of the Bank are expected and directed to comply with the legislative/ regulatory requirements.

To comply with the regulatory directions and to mitigate the risk, The Bank is committed to upholding the highest standards of integrity and protecting the interest of valued customers. This "Financial Consumer Protection Policy" is established to ensure compliance with Financial Consumer Protection Regulations, No. 01 of 2023 issued in terms of Section 10(c) of the Monetary Law Act, No. 58 of 1949 and published in the Government Extraordinary Gazette Number 2344/7 dated 09.08.2023.

## **2. OBJECTIVE**

This Policy contains the "Financial Consumer Protection Regulations which are issued to safeguard the interests of the customers of the Bank. It aims to promote fair and transparent financial business practices of the Bank and strengthen the customer confidence to ensure the stability and soundness of the financial system in Sri Lanka.

## **3. CITATION**

In the event of any inconsistency between the provisions of Financial Consumer Protection Regulations and any other subsidiary legislation issued by the Central Bank in connection with financial consumer protection, Financial Consumer Protection Regulations shall prevail.

## **4. AUTHORITY OF THE CENTRAL BANK**

- 4.1. The Central Bank shall have the power to monitor, evaluate, and examine the Bank on the implementation of Financial Consumer Protection Regulations and perform activities connected with maintaining public trust and confidence in the financial system of Sri Lanka.

- 4.2.** Any officer or any other person authorized by the Central Bank in writing, may at any time examine the books, records, accounts, documents, information and other activities of the Bank. The Central Bank, if deemed necessary, may seek the assistance of relevant regulatory authorities for any investigation to be carried out against the Bank.
- 4.3.** Any officer or any other person authorized by the Central Bank, in writing, may do one or more of the following to ensure compliance of the Bank with relation to Financial Consumer Protection Regulations.
- i. Require the Bank to furnish information considered to be necessary within the time period specified by them;
  - ii. Require to produce books, records, files, registers, and such other documents of the Bank, maintained in print, electronic or any other form, and to provide authenticated copies of such books, records, files, registers and such other documents in any form as required;
  - iii. Enter the premises or storage area of the Bank and examine books, records, files, registers, and such other documents of the Bank, maintained in print, electronic or any other form, and obtain copies, authenticated or otherwise, of such books, records, files, registers and such other documents in any form;
  - iv. Call for information by notice in writing from any person who may be acquainted with or is aware of or is in possession of or appears to have information regarding the conduct of business of the Bank and, if required, call such person for an interview.

## **5. KEY FEATURES OF THE FINANCIAL CONSUMER PROTECTION REGULATIONS**

The Financial Consumer Protection Regulations create a framework that provides for:

- I. The Supervision of the market conduct
- II. The governance
- III. Fair treatment and responsible business conduct
- IV. Transparency and disclosure in the financial service sector
- V. Complaint handling and redress mechanisms
- VI. The protection of consumer assets and information.

This Policy adheres to the key features outlined in the regulatory framework.

## **6. SUPERVISION**

- 6.1.** To safeguard the rights and interests of the customers, any officer or person authorized by the Central Bank shall carry out or cause examinations pertaining to the market conduct of the Bank. This shall be done after considering the business, market and the nature, scale and complexity of the matter under consideration.

- 6.2.** Any officer or any person authorized by the Central Bank shall submit a report on market conduct to the Governing Board, after the completion of each examination, and such report shall contain an analysis of any material violations of Financial Consumer Protection Regulations or any other circulars, guidelines, or codes of conduct issued hereunder or any unfair, unsound or improper business practices and provide recommendations to prevent such violations or practices.
- 6.3.** The Central Bank as and when deemed necessary shall;
- i. Instructs the Bank to adhere to the provisions of the Regulations, circulars or guidelines or codes of conduct issued by the Central Bank in cases where the Bank has contravened or failed to comply with, immediately or within such time period as may be specified therein;
  - ii. take necessary action to correct the conditions resulting from such practice or contravention;
  - iii. issue a show cause letter or warning letter to the Bank on the possible regulatory action under the Financial Consumer Protection Regulations; and
  - iv. refer any violation or concerned matter to the relevant regulatory department/s of the Central Bank for further investigations or regulatory actions.
- 6.4.** It shall be the duty of every person of the Bank to comply with any requirement imposed on him/ her under Financial Consumer Protection Regulations.
- 6.5.** No person shall –
- i. Fail to provide any information or produce any book, record, file, register or such other document, material or object required under the Financial Consumer Protection Regulations;
  - ii. Fail to attend in person when called for an interview;
  - iii. Provide false, incomplete, incorrect or misleading information, book, record, file, register or such other document, material or object; or
  - iv. Obstruct the officer or any other person authorized by the Central Bank in performing his/her duties under the Financial Consumer Protection Regulations.
- 6.6.** Based on a report made to the Governing Board, if it is of the opinion that the Bank;

- I. is currently engaged in or is likely to engage on its business, following unfair, unsound or improper practices, which are detrimental to the interests of its financial consumers; or
- II. has contravened or failed to comply with any provisions of Financial Consumer Protection Regulations herein mentioned, or any, circulars, guidelines, codes of conduct issued hereunder; the Governing Board may do one or more of the following;
  - i. Direct the Bank to cease any such practice;
  - ii. Direct the Bank to take necessary action to correct the conditions resulting from such practice or contravention;
  - iii. Direct the Bank to revise the features, terms or conditions of any financial product or service;
  - iv. Direct the Bank to remove any financial product or service from the market;
  - v. Direct the Bank to remove any advertising material from the market or media;
  - vi. Direct the Bank to compensate or refund financial consumers;
  - vii. Publish the name of the Bank as a Bank on which the Governing Board has serious supervisory concerns; and
  - viii. Direct relevant regulatory department/s to initiate regulatory actions against the Bank.

## **7. GOVERNANCE BY THE BANK**

### **7.1. Responsibility of the Board of Directors**

The Board of Directors of the Bank through the Board Integrated Risk Management Committee shall be responsible to strengthen its financial consumer protection framework by

- i. approving and adopting financial consumer protection Policies and Procedures appropriate to the Bank and overseeing and reviewing such Policies and Procedures in compliance with the provisions of Financial Consumer Protection Regulations, or circulars, guidelines, codes of conduct issued hereunder;
- ii. ensuring that an appropriate structure with procedures, systems and resources are in place for effective implementation of financial consumer protection policies, including internal controls and codes of conduct for employees and agents/ third parties appointed by the Bank;
- iii. appointing an officer from Key Management Personnel to oversee the financial consumer protection function and report to the Board periodically.
- iv. ensuring that the Key Management Personnel monitors, evaluates the financial consumer protection activities, reports to the Board semi-annually and corresponds with the Central Bank; and

- v. Ensuring that all employees and agents/ third parties appointed by the Bank are adhering to the financial consumer protection requirements set out in Financial Consumer Protection Regulations. For this purpose, the Board shall ensure that an appropriate monitoring mechanism is in place to assure compliance with Financial Consumer Protection Regulations

## **7.2. Responsibility of the Key Management Personnel**

The responsibility of the Key Management Personnel of the Bank appointed by the Board shall include but not limited to:

- i. implementation of suitable mechanisms to coordinate and collaborate among other internal business units to ensure that the financial consumer protection Policies and Procedures are in compliance with the Financial Consumer Protection Regulations and circulars, guidelines, codes of conduct issued hereunder;
- ii. monitoring, evaluating and reporting on financial consumer protection activities, including complaint data and operational reports;
- iii. overseeing and supervising the operations of any agent and/or third party who is providing financial products and/ or services to ensure financial consumer protection;
- iv. identification of financial products and services that carry compliance risks on financial consumer protection and initiate actions to manage such risks
- v. ensuring deployment of staff who have sufficient knowledge and expertise in carrying out financial consumer protection activities; and
- vi. ensuring the provision of relevant training for employees, agents and third parties appointed by the Bank, engaged with financial consumers on matters related to Financial Consumer Protection Regulations, such as policies, procedures, systems, etc.

## **7.3. Responsibility of the Operational Management Personnel**

The responsibilities of the Operational Management Personnel of the Bank shall include but not limited to:

- i. implementation of policies, procedures and systems relating to financial consumer protection adopted by the Bank in compliance with Financial Consumer Protection Regulations and circulars, guidelines, codes of conduct issued hereunder;
- ii. maintenance of records and information on activities related to financial consumer protection; and
- iii. submission of periodic reports on activities related to financial consumer protection required by the Key Management Personnel or the Board

#### **7.4. Responsibility of all Employees engaged in Financial Consumer Protection Activities.**

All employees of the Bank who interact with financial consumers or are involved in financial consumer protection activities shall:

- Act in compliance with the Financial Consumer Protection Regulations, internal policies, and procedures at all times.
- Treat financial consumers fairly, respectfully, and without discrimination.
- Provide accurate, clear, and timely information to financial consumers regarding products, services, and complaint handling procedures.
- Assist financial consumers in understanding the terms and conditions of the products and services they use.
- Immediately escalate any potential consumer protection issues or complaints to the designated officers according to the Bank's complaint handling procedures.
- Maintain the confidentiality, integrity, and security of customer information.
- Avoid conflicts of interest and report any actual or perceived conflicts to the relevant authority.
- Undertake training programs as required to enhance knowledge and awareness on financial consumer protection matters.
- Maintain records accurately and transparently where their duties impact financial consumer interests.
- Adhere to the all rules and regulations mentioned herein as and when necessary.

#### **7.5. Internal Controls**

- i. The Bank shall have effective internal controls to ensure that its financial consumer protection policies, procedures and systems are implemented throughout the business in compliance with Financial Consumer Protection Regulations, and circulars, guidelines, codes of conduct issued hereunder and consistent with business strategy, including the risk profile and structures.
- ii. The Bank shall have proper mechanisms for identifying, recording, monitoring, controlling and reporting issues relating to financial consumer protection.

- iii. The Bank shall have a proper mechanism to comply with the requirements of complaint handling procedure stipulated under Financial Consumer Protection Regulations.
- iv. The Bank shall ensure that comprehensive periodic audits are conducted at pre-determined intervals in accordance with the annual audit plan of the Internal Audit Department and at annual audits of the External Auditors. These audits shall cover the evaluation of internal control systems, identification of breaches and lapses in the internal controls and verification of data security measures, The audit findings shall be reported to the Board of Directors through the Board Audit Committee. Corrective and preventive measures shall be initiated promptly based on the audit observations to mitigate potential risks to financial consumer protection.

#### **7.6. Policies and Procedures**

The Bank shall have appropriate financial consumer protection Policies and Procedures which include, but not limited to the following:

- i. Description of roles and responsibilities of employees engaged in financial consumer protection activities, at all levels;
- ii. Identification, measurement, monitoring and control of risks relating to compliance with applicable Regulations, circulars, guidelines, codes of conduct and internal procedures on financial consumer protection;
- iii. Sharing relevant critical information of financial consumers with internal and external parties;
- iv. Disclosure of information including the complaint handling process and other alternative dispute resolution mechanisms;
- v. Evaluation of financial products and services to identify, measure, monitor and control risks related to financial consumer protection;
- vi. Data security and privacy;
- vii. Complaint handling procedure;
- viii. Internal controls to safeguard financial consumers' assets against incidents of fraud, theft, misappropriation and misuse and procedures to resolve such cases; and
- ix. Periodic auditing practices covering areas such as internal control systems, control system breaches and lapses, risk management practices, data security, information management systems, etc. to ascertain adequacy of the financial consumer protection framework.



## **8. FAIR TREATMENT AND RESPONSIBLE BUSINESS CONDUCT**

### **8.1. Formulation of Accessibility Policy**

- i. The Bank shall formulate and implement an accessibility policy with a view to enhance fair and equal access to financial products and services, irrespective of the social status, physical ability, marital status, race, caste, gender, age, religion and financial literacy of the financial consumer.
- ii. The accessibility policy shall include but not limited to:
  - a) documents, communication and information accessibility.
  - b) websites and mobile applications accessibility.
  - c) infrastructure accessibility.
  - d) cards, Automated Teller Machines (ATMs) and other similar services accessibility.
- iii. The Bank shall not issue any policies or circulars which may encourage discrimination or inaccessibility.
- iv. The Accessibility policy shall be available to the general public.

### **8.2. Non-discrimination**

- i. The Bank shall not discriminate against financial consumers on grounds not relevant to provision of financial services applied for, such as social status, physical ability, marital status, race, caste, gender, age, religion, financial literacy, etc. However, shall provide exclusive financial products and services.
- ii. The Bank shall provide special attention to financial consumers such as elderly, physically disabled, low income and low financial literate to ensure fair access to all financial products and services.

### **8.3. Infrastructure**

- i. The Bank shall comply with general laws regarding accessibility, such as facilitating differently abled and elderly financial consumers, when constructing new buildings and physical infrastructure.
- ii. The Bank shall take necessary actions to improve accessibility in installing and processing ATMs and other automated equipment by enabling screen readers and other accessibility features.

- iii. The Bank shall provide cards (Debit and Credit) with accessibility features at the request of the financial consumer.

#### **8.4. Signature Verification**

The Bank shall ensure that the signature of the financial consumer including electronic means of signature is unambiguous and acceptable for verification purposes. Thumbprint shall be treated equally to the conventional signature.

#### **8.5. Web Accessibility & Mobile Application**

The Bank shall ensure that

- i. All web contents shall be perceivable, operable, understandable and robust.
- ii. Web accessibility shall include but not limited to:
  - a) Font size, colour and colour contrast adjustability.
  - b) Full navigability and ability to function with the keyboard.
  - c) Full readability with screen readers
  - d) All web elements shall be appropriately labeled or alternative text shall be used.
  - e) All security, protection or safety features shall be provided in text and audio options.
  - f) Adequate time shall be provided to perform all functions.

#### **8.6. Information Accessibility**

- i. The Bank shall provide all necessary documents in accessible formats at the request of the financial consumer.
- ii. The Bank shall grant permission to the financial consumer to have assistance from a person who has been authorized by the financial consumer by way of a letter of authority.
- iii. The Bank shall provide adequate facilities to use assistive technology and equipment.

#### **8.7. Unfair Business Practices**

- i. The Bank, its agent or a third party appointed by the Bank shall not employ or engage in unfair business practices to the detriment of financial consumers.
- ii. The Bank shall not act in bad faith or negligently in providing financial products and services to financial consumers.
- iii. For the purposes of "unfair business practices" shall include, but not limited to the following practices involving, unfair, deceptive or abusive acts:
  - a) Abusive debt recovery practices;

- b) Requiring payment of un-accrued (future) interest/ early settlement fees on credit facilities, exceeding the levels permitted by the Central Bank, if any;
- c) Automatically increasing credit limits without prior consent of the financial consumer;
- d) Imposing excessive fees, penalties, future interest, and charges compared to the cost involved;
- e) Imposing fees and charges without prior written notice;
- f) Changing the agreed terms and conditions on financial products and services without written consent of the other party;
- g) Deducting payments and fees automatically for credit facilities that are tied to deposit account(s) without written consent of the financial consumer, using clauses imposing an obligation on the financial consumer;
- h) Bundling and tying practices on financial products or services unduly limiting financial consumers' choices;
- i) Unduly delaying processing of requests of financial consumers;
- j) Imposing any unfair terms and conditions at any time with respect to the rights and obligations of financial consumers; and
- k) Preventing financial consumers from termination of contracts, change of the Bank or financial product/ service

## **8.8. Sales Practices**

The Bank shall:

- i. Formulate unambiguous and adequate sales Policies and Procedures for the sale of financial products and services;
- ii. Ensure persons engaged in activities related to sales/ marketing/ promoting products and services are trained and knowledgeable in key features, risks, important terms and conditions and act fairly and reasonably adhering to its procedures, practices and codes of conduct;
- iii. Avoid aggressive sales practices and reckless or negligent sale of unsuitable financial products or services to financial consumers, during the sales process;
- iv. Not understate or dismiss warnings or cautionary statements in any form of sales, including written sales materials;
- v. Take all appropriate/ reasonable steps to identify and prevent or manage conflicts of interest between the Bank and the financial consumer to prevent the adverse impact of such conflicts on financial consumers; and
- vi. Disclose actual and potential conflict of interest to financial consumers, in the case of advisory services and third party products.

### **8.9. Unfair Contract Terms**

The contract terms shall be considered unfair if there is an imbalance in rights and obligations to the detriment of the financial consumer, including but not limited to:

- i. termination of contracts or alteration of clauses by the Bank without prior notice to the financial consumer in writing or through newspaper notice or any other appropriate way within a reasonable time before such changes are made;
- ii. Making unilateral changes to a contract without stating the circumstances under which the change could be made;
- iii. Limiting the liability of the Bank unfairly and disproportionately in the event of total or partial non-performance of contractual obligations;
- iv. Binding the financial consumer while the corresponding obligation on the Bank is disproportionate;
- v. Excluding or limiting the liability of the Bank to losses caused to the financial consumer by misrepresentation, negligence or misleading information on its products or services;
- vi. excluding or limiting the liability of the Bank with respect to actions or commitments undertaken by their employees, agents or third parties appointed by the Bank;
- vii. giving the Bank the ability to transfer its rights and obligations under the contract, without the consent of the financial consumer, where such action may reduce the rights of the financial consumer;
- viii. Excluding or limiting the rights of the financial consumer to take legal action in the event of a breach of contract; and
- ix. Implying clauses to waive any protection to the financial consumer provided by Acts, directions, Regulations, circulars, guidelines or codes of conduct.

The Bank shall provide all the contractual documents to the financial consumer within a reasonable time before signing the contract.

### **8.10. Timely Response and Contacting a Financial Consumer**

- i. The Bank shall respond to a financial consumer's request for information clearly, timely and in writing or electronically, through the preferred communication channels and either in Sinhala, Tamil or English, as preferred by the financial consumer, within a reasonable time period.
- ii. The Bank shall maintain a record of the financial consumer site visits for recovery purposes, including date and time of the visit, names of the officers who visited and the financial consumer's response in brief.
- iii. When making telephone contact with a financial consumer, the Bank officer shall introduce himself or herself, also stating the name of the Bank and on whose behalf the financial consumer is contacted and the purpose of contacting.

- iv. The Bank shall maintain call recordings and a call register of call centers and shall retain such records considering the data retention requirements.
- v. When obtaining a physical signature, Bank shall obtain a signature for security/contractual documents outside the premises of the place of business only if a reasonable circumstance arises upon a request of a financial consumer and in the presence of an authorized officer of the Bank.

#### **8.11. Advertisement and Sales Promotion**

The Bank shall:

- i. advertise/ promote suitable financial products or services based on financial consumers' needs and capabilities;
- ii. avoid misuse of footnotes, disclaimers, or fine prints to prevent a financial consumer from reading relevant information fairly. Such items shall be of sufficient size and of sufficient duration to enable an average viewer to comprehend;
- iii. ensure that advertisement and sales materials do not contain misleading or false information or omit information that is important for the financial consumer to make a decision;
- iv. be liable for the statements made in advertising and sales materials;
- v. not use marketing strategies which may harm financial consumers by taking advantage of the financial consumers' condition;
- vi. provide financial consumers with actively opt-in to receiving marketing materials, and easy means to opt-out from receiving marketing materials at a later point in time; and
- vii. include the contact details of the Bank and credit rating (if available) and state that the Bank is supervised by the Central Bank, in all advertisements and marketing materials.

The remuneration of employees and agents attached to marketing/ sales shall not be solely based on the sales volume/ target but also give consideration to encourage responsible business conduct, interests and circumstances of the financial consumer.

#### **8.12. Product Suitability and Design**

a) The Bank shall:

- i. gather and record information of the financial consumer to determine the suitability of the financial product(s) or service(s) to be offered or recommended to the financial consumer;

- ii. assess the financial consumer's ability to fulfil terms and conditions associated with the financial product or service;
  - iii. identify a maximum debt service/ income ratio (percentage of financial consumer's disposable income that can be allocated to service debt) to assess the risk of over-indebtedness of a financial consumer by using sources such as the Credit Information Bureau (CRIB); and
  - iv. based on the aforementioned information and criteria, determine that a financial product or service is suitable for the particular financial consumer before entering into a contract.
- b) The Bank shall:
- i. offer financial products or services that are suitable for the varying needs, risk profiles and interests of the types of financial consumers for whom they are intended (the target market), having regard to the characteristics of that target market;
  - ii. not alter, bundle, or modify financial products to distort the features of the product which can place the financial consumer in a disadvantageous position; and
  - iii. offer rates/ fees/ prices commensurate with the market-related rates/ fees/ prices, cost structure of the Bank, regulatory requirements, etc.
- c) The Bank shall recognize its primary target markets and offer diversified products suitable to such targeted markets. Assets and Liabilities Committee (ALCO) established at the Bank is empowered as per the Terms of Reference of ALCO to decide on rates applicable to such products and markets in line with prevailing rules and regulations.

Through this customized approach, People's Bank ensures a proactive, fair, transparent, and inclusive consumer protection environment fully aligned with its operational realities and social responsibilities.

### **8.13. Sale or Transfer of Debt or Any Other Product or Service**

The Bank shall take following actions, where the sale or transfer of debt or any other financial product or service without borrowers' consent is permitted by law or the Bank intends to cease operating, merge with, or transfer all or part of its operations to another party:

- i. notify the affected financial consumer of a sale or transfer within a reasonable number of days and the remaining debt obligation or outstanding position of the product/ service;
- ii. provide the financial consumer with information as to where to make payments; and

- iii. Provide the financial consumer with the acquirer's or purchaser's, or transferee's contact information.

#### **8.14. Conduct of an Agent or Third Party Appointed by the Bank**

- i. When the Bank appoints an Agent/ third party, it shall enter into a formal agency or third-party contract and comply with Financial Consumer Protection Regulations, as applicable.
- ii. The Bank shall be legally liable for the actions and omissions of their Agents and third parties.
- iii. The Bank shall perform due diligence before contracting any Agent or third party.
- iv. The Bank shall continuously monitor the performance of their Agents and third parties.
- v. The Bank shall enter into a Non-Disclosure Agreement with the Agents/ third parties deployed in its businesses to preserve the secrecy of the information of financial consumers.
- vi. The Bank shall provide a financial consumer upon request with details of Agents and third parties appointed for financial consumer services and the code of conduct issued to them requiring them to refrain from doing any of the following but not limited to:
  - a) harassing financial consumers;
  - b) disclosing financial consumer information to unauthorized parties;
  - c) giving false or misleading information about products/ services; and
  - d) undue influence on financial consumers or the general public to buy or get involved in the products/services of the Bank.

#### **8.15. Debt Recovery**

- I. The Bank shall ensure that the debt recovery processes are transparent, courteous and fair, devoid of undue pressure, intimidation, harassment, humiliation or threat on the financial consumer.
- II. The Bank shall take all necessary steps to safeguard the rights of financial consumers during foreclosure and ensure compliance with applicable laws and regulations governing consumer asset protection
- III. The Bank shall ensure that sales proceeds from foreclosure assets are immediately applied on recovery of the credit facility, and the financial consumers shall be informed and refunded with the balance, if any subject to other provisions in applicable laws. Further, the Bank shall provide a report on the sale of collateral, which includes but not limited to the process involved, total sales proceeds, all incidental expenses/ costs and the net proceeds, to the financial consumer within reasonable time period from date of sale/ transfer of title of the asset.

IV. The Bank shall **not** engage in any of the following:

- a. Contacting friends, employer, relatives or neighbors of a financial consumer for any information other than information or verification of employment status, telephone numbers or address, except where:
  - a) The person has guaranteed the loan; or
  - b) The person has been nominated to be contacted by the financial consumer.
- b. Requiring any persons listed above to offset the debt, except where the person has acted as a guarantor.
- c. Unnecessary or excessive contact or communication with a person, beyond what is reasonable in the circumstances.
- d. Disclosing the existence of a debt to a third party (including friends, family, etc.).
- e. Making any misrepresentation in connection with a debt, such as its characteristics, the amount owed, the Bank's legal rights or the potential legal consequences for any person if the debt is not paid.
- f. Public shaming.
- g. Calling or visiting the workplace of the financial consumer to seek repayment, except with the prior consent of the financial consumer.
- h. Threatening to harm or harming any person.
- i. Threatening to seize, or seizing, property which has not been provided as collateral.
- j. Threatening to damage, or damaging property.
- k. Making contact with financial consumers in person or by other means such as telephone between the hours of 9.00 pm and 6.00 am, for the purpose of debt recovery.

**8.16. Free Market**

I. The Bank shall:

- a) not engage in exclusive arrangements with Agents or merchants hindering market access to other Banks; and
- b) operate systems which are open and interoperable.

II. The Bank shall:

- a) display the business license, issued by the Governing Board of Sri Lanka, latest audited financial statements, credit rating with underlying specifications, key contact details of the person handling complaints, business hours and holiday notices, in a prominently visible position at the public places of business, including outlets of the Bank; and



- b) Publish the latest annual effective and nominal interest rates of deposits and lending products, foreign currency exchange rates, details of fees, commissions and any other charge with the effective date as applicable on the official website of the Bank and display the same in a prominently visible position at the public place of business, including outlets of the Bank.

#### **8.17. Financial Consumer Education and Awareness**

- I. The Bank shall implement sufficient number of financial education and awareness programs, either on its own or in partnership with industry associations or in collaboration with the Central Bank/ agencies promoting financial literacy.
- II. Financial education tools may include but not limited to printed brochures, flyers, booklets, posters, videos, presentations, interactive loan calculators, key messages, etc.
- III. The Bank shall educate financial consumers on legal provisions related to its financial products/ services.
- IV. The Bank shall provide financial consumers with specific warnings related to over indebtedness, such as consequences of multiple borrowing and late repayments with a special attention on vulnerable groups through financial education and awareness programs.

### **9. DISCLOSURE AND TRANSPARENCY**

- 9.1. The Bank shall maintain an official website and update its contents in a timely manner ensuring adequate disclosure and transparency of its business activities, products and services.
- 9.2. The Bank shall disclose or provide all relevant information and documents at any stage of a contract, in a complete, clear, concise, accurate, not misleading and timely manner in the language preferred by the financial consumer either in Sinhala, Tamil or English and explain salient features of such information to the financial consumer.
- 9.3. The Bank shall provide copies of the offer letter, agreement and other relevant legal documents to the financial consumer at the time of execution of such documents or within a reasonable time period giving due attention to perfection requirements provided by the law.

#### **9.4. Information on Financial Products and Services**

- I. The Bank shall provide accurate and not misleading information (whether written, oral or visual) in advertisements, marketing material or any material related to financial products or services.
- II. the information provided shall be in plain and comprehensible language in either Sinhala, Tamil or English, as preferred by the financial consumer.
- III. any written communication provided by the Bank shall:
  - i. be in a font, size, spacing and placement of content that makes communication easy to read for the financial consumer; and
  - ii. contain and highlight key features of the given financial product or service such as Annual Effective Rate of Interest, tenor of the facility, fees charges and main risks.
- IV. The Bank shall provide a financial consumer with documents, including Key Fact Documents, applications, offer letters, agreements, forms, receipts and statements relating to the financial product or service in writing, including electronic means.
- V. The Bank shall provide clarifications if financial consumers have any query regarding the information provided or disclosed.
- VI. The Bank shall obtain a written confirmation from the financial consumer that the details of the products or services and their terms and conditions were received, explained and understood prior to accepting the offer.
- VII. The Bank shall notify affected financial consumers at least thirty (30) calendar days in advance of the amendments or alterations being made to the range of services it provides.
- VIII. The Bank shall convey information in a clear and transparent manner via digital channels and Bank shall be required to;
  - i. make available the key information prominent in digital channels, with secondary layers of information provided for further details;
  - ii. make available the offline channels to obtain further information and assistance;
  - iii. keep the order and flow of information provided via mobile channels to enhance transparency and comprehension;
  - iv. disclose pricing and key terms and conditions before the transaction is completed in digital transaction process; and
  - v. make available user interfaces via mobile apps/ channels that are user-friendly and easy to navigate with adequate security features.

#### **9.5. Key Facts Document**

- I. The Bank shall have a standardized document in the form of a "Key Facts Document" in either printed or electronic form for its products/ services written in simple language in Sinhala, Tamil and English, which shall be

made available to the prospective financial consumers and displayed on the corporate website.

- II. Key Facts Documents shall contain the following basic information with regard to loan products:
  - a) Key features of the product/ service, including the nature of the product, annual effective rate of interest, penalties, other charges and fees and commissions.
  - b) Procedures to be followed to obtain the product/ service.
  - c) Main terms and conditions.
  - d) Complaint handling procedure.
- III. This document shall contain following basic information with regard to deposit products:
  - i. Key features of the financial product/ service, including the nature of the product, annual effective interest rate, financial and other benefits to financial consumers, including incentives and promotions.
  - ii. Minimum balance requirements, account opening fees, account maintenance fees, account closure fees and the availability and coverage of the deposit insurance.
  - iii. Any restrictions on opening accounts, closing accounts, premature withdrawals, transferring funds by financial consumers, and Policies and Procedures on dormant accounts and abandoned properties.
  - iv. Complaint handling procedure.
  - v. Procedures for unauthorized or mistaken transactions.

#### **9.6. Disclosure of Terms and Conditions**

The Bank shall disclose all terms and conditions of financial products and services relevant to the financial consumer in the contractual documents, which includes but not limited to:

- i. rights and responsibilities of the financial consumer;
- ii. rights and responsibilities of the Bank
- iii. key risks to the financial consumer;
- iv. interest rates, costs, commissions, fees and charges relevant to the product or service;
- v. method of computing interest charges;
- vi. notification to financial consumers on changes to the contract;
- vii. penalties and other remedies in the event of a breach of contract;
- viii. contact information of the Bank's financial consumer service;
- ix. terms and conditions that may lead to termination of the contract;
- x. cancellation/ termination and portability procedures of financial products and services ;

- xi. any compensation/ charges/ penalty applicable in case of pre-mature withdrawal/ termination/ early settlement/switching of a product or service by the financial consumer;
- xii. procedure and latest contact details of the Bank on handling complaints and alternate dispute resolution mechanisms such as Financial Ombudsman in Sri Lanka and the Central Bank;
- xiii. the rules regarding:
  - a) reporting of suspicious transactions and above-the-threshold transactions to the Financial Intelligence Unit;
  - b) the reporting procedures that the financial consumer should follow in case of stolen cards/ financial instruments and the manner in which such liability to be accepted by the Bank and by the financial consumer; and
- xiv. the disclosure of financial consumer information to a party legally authorized to obtain such information.

#### **9.7. Information on Credit Facilities and Credit Instruments**

The Bank shall provide an Application/ Offer Letter/ Agreement to the financial consumer and the Application/ Offer Letter/ Agreement, at minimum, must contain following basic information, as applicable, in addition to the information required under "Information on Financial Products and Services"

- i. Name of the borrower
- ii. Contract Number (Loan Reference Number)
- iii. amount granted
- iv. date granted and the credit repayment period
- v. annual effective Rate of interest and basis (Fixed or Floating)
- vi. If floating, benchmark rate and frequency of rate revision
- vii. Repayment schedule and frequency of installments (daily, weekly, monthly or any other basis)
- viii. details of security/ collateral offered
- ix. Breakdown of additional charges, commissions and other costs payable by the financial consumer such as insurance, valuation, documentation, registration, etc.
- x. Penal interest rate (per annum) in the event of delayed payment
- xi. The recovery procedure in the event of default of payments by the financial consumer, including the timing and the types of costs involved in repossession of assets, the procedure to be followed by the financial consumer after repossession, any other types of charges as applicable, etc.
- xii. Procedures to revoke or stop payment on a credit instrument by the financial consumer
- xiii. Liability of parties in the event of unauthorized transactions on their accounts or fraud involving a credit instrument
- xiv. Consequences and costs to the financial consumer on using credit instrument to the account with insufficient funds
- xv. Terms and conditions of all tied or bundled financial products or services sold together with the credit facility

xvi. The conditions applicable for early settlement by financial consumer

“Credit instrument” includes a document except paper money that serves as evidence of a debt, including cheques, letters of credit, promissory notes, etc.

#### **9.8. Provision of Account Statements**

- I. The Bank shall provide a financial consumer with:
  - a) a periodic statement of every account the Financial Service Provider operates for the financial consumer, free of charge, either in writing or in electronic form or according to the manner as agreed by the financial consumer when entering into the principal contract with the Bank;
  - b) a closing statement when terminating or concluding a contract; and
  - c) information on account balances upon request by the financial consumer.
- II. The frequency in which statements are provided shall commensurate with the type of financial product or service, its term and the type of clientele.
- III. the statement referred herein shall contain the following information, as applicable:
  - a) all transactions (date, type and amount);
  - b) opening and closing balances;
  - c) due date;
  - d) amount due/ payable;
  - e) annual effective rate of interest; and
  - f) fees and penalty charged (rate or percentage).

#### **9.9. Settlement of Obligation**

- i. The Bank shall provide a financial consumer who has fully settled the financial obligations with a written declaration indicating the full settlement of the obligation.
- ii. The Bank shall take measures to release the documents related to the property that is subject to collateral of a credit facility to the financial consumer within seven (07) working days from the date of full settlement of the obligation.

#### **9.10. Information on Deposit Accounts**

The Bank in addition to the information required under “Information on Financial Products and Services” shall disclose the following information to the financial consumer in the application/ mandate/ certificate/ pass book/ renewal notice;

- i. balance of the account in an appropriate mode and frequency, as applicable;
- ii. applicable annual effective interest rate/ yield rate/ profit sharing ratio;
- iii. charges or fees for account opening and minimum balances;
- iv. account maintenance fees;
- v. responsibility of the financial consumer to keep the account access information confidential, including personal Identification Numbers and passwords linked to the account;
- vi. Limitations on the account functionality such as the number of withdrawals and transactions allowed free of charge;
- vii. in the case of term deposits, a notice of renewal prior to the maturity date;
- viii. availability and coverage of the deposit insurance;
- ix. procedures and costs for the financial consumer to close the account; and
- x. Conditions to be classified as an inactive or dormant account and the consequences of an account becoming inactive or dormant.

#### **9.11. Notification of Changes in Terms and Conditions**

- i. The Bank shall notify a financial consumer in writing, within a reasonable time, prior to making changes to the agreed terms and conditions related to:
  - a) the annual effective rate of interest to be paid or charged on any account of the financial consumer;
  - b) any non-interest charge on any account of the financial consumer; and
  - c) any other key product/ service feature or previously agreed on terms or conditions such as procedure for cancellation, prepayment of loans and transfer of loan servicing.
- ii. The Bank shall notify the financial consumer when his/ her accounts become inactive or dormant.

### **10. COMPLAINT HANDLING AND REDRESS MECHANISM**

#### **10.1. Policy and Procedures**

- i. The Bank shall have a clear written policy and procedures ensuring appropriate mechanisms are in place to receive, resolve with fair redress, compensation and respond to individual grievances and complaints of financial consumers, including retention of such records.
- ii. The Bank shall have a complaint handling mechanism or unit independent from business units and supervised by a Key Management Personnel.
- iii. The Bank shall conduct root cause analysis on complaint data and use such analysis to improve their financial products and services, as a part of the duties of the Operational Risk Management Committee.

#### **10.2. Complaint Handling Procedure of the Bank**

- i. the mechanism for receiving complaints shall have multiple channels with clear procedures, including help desk assistance, telephone numbers, dedicated email/ postal addresses and online web forms.
- ii. the mechanism shall be free of charge, fair, accessible, transparent and independent from business operations.
- iii. The Bank shall acknowledge the complainant in writing, with contact details of the officer/officers handling the complaint, within a reasonable time (preferably within five (05) working days.)
- iv. The Bank shall assign an officer to coordinate complaints in each Branch/ Department
- v. The Bank shall maintain records of all complaints for future reference.

#### **10.3. Transparency of Complaint Handling Procedure of the Bank**

- i. The Bank shall provide financial consumers with information on the latest mechanisms for handling complaints in the contractual documents. Further, the Bank shall publish the complaint handling procedure and other relevant information on handling complaints, indicating the latest modification date to the complaint handling procedure, if any, on the official website of the Bank and by way of pamphlets, posters, etc.
- ii. the information referred above shall include:
  - a) available channels for submitting complaints, including contact details;
  - b) timeline for complaint resolution;
  - c) responsibility of the complainant at each stage of the process;
  - d) obligations of the Bank;
  - e) process of escalation to various levels, if not satisfied; and
  - f) details of alternative dispute resolution mechanisms (Financial Ombudsman of Sri Lanka/ Central Bank, as applicable).

#### **10.4. Conflict of Interests**

- i. The Bank shall avoid conflicts of interest when handling complaints of financial consumers.

- ii. An officer shall not be involved in the processing of a complaint if such Officer is a party to or a direct supervisor to the relevant officer or has an interest in the complaint or complainant.

#### **10.5. Timeframe for Resolving Financial Consumer Complaints by the Bank**

- i. The Bank shall, upon receipt of a complaint from the financial consumer, resolve such complaint within 21 calendar days. However, if the Bank is unable to resolve a complaint within 21 calendar days, shall notify the complainant before the expiration of 21 calendar days, giving reasons for the extension (maximum of three (03) months) and measures taken to resolve the matter so far.
- ii. However, the Bank shall make all necessary arrangements to resolve complaints which require urgent action within the earliest possible time, considering the impact, urgency and risk of both Bank and the financial consumer.
- iii. In the event the Bank is unable to provide redress for the complaint, the Bank's position shall be clarified to the complainant within the timelines stipulated as above.

### **11. PROTECTION OF FINANCIAL CONSUMERS' ASSETS AND INFORMATION**

#### **11.1. Safeguarding Financial Consumer Assets**

The Bank shall:

- i. be liable for the financial consumer's loss due to fraud, misappropriation and misuse of the financial consumer's assets, unless proved that the loss occurred due to financial consumer's negligence or fraudulent behaviour;
- ii. take disciplinary action against employee(s) involved in a fraud, misappropriation and misuse of financial consumer's assets and report to the respective regulatory department/s of the Central Bank;
- iii. continuously create awareness on fraudulent practices and financial consumers' responsibility and measures to be taken to safeguard against such threats;
- iv. require financial consumers to update their records regularly and as and when the need arises to ensure data accuracy and ultimately to enhance protection; and
- v. create a convenient avenue through which financial consumers can make the required updates.



## **11.2. Confidentiality, Security and Integrity of Personal Information**

- i. Bank shall formulate and implement Policies and Procedures to ensure confidentiality, security, and integrity of the personal information of financial consumers.
- ii. Bank shall not misuse and ensure that any of its employees or any other party acting on its behalf does not misuse personal information of financial consumers.
- iii. Bank shall have appropriate Policies and Procedures, data protection measures and staff training programs to prevent unauthorized access, alteration, disclosure, accidental loss or destruction of financial consumer data.

## **11.3. Protection of Financial Consumer Personal Information**

The Bank shall be required:

- i. to have appropriate security and control measures to protect financial consumers' personal information and retain it for a minimum period of six years from the termination/ expiration of contract, unless otherwise required by any other law;
- ii. not to share financial consumer's personal information with a third party except with the financial consumer's consent or as required by the law;
- iii. to retain key information, contractual documents and history of all the transactions for a minimum of six years from the termination/ expiration of contract, unless otherwise required by any other law; and
- iv. to retain all the source documents for a minimum of six years from the transaction date unless otherwise required by any other law.

## **11.4. Collection and use of Data**

- i. The Bank shall collect financial consumer's personal information within the limits of any law, direction, or guideline, only using lawful and fair means; and only for specified, explicit and legitimate purposes.
- ii. The Bank shall have a policy and procedures for collecting and using personal information, including means, purposes, and types of data that may be collected and retained, consistent with Financial Consumer Protection Regulations and other applicable laws.
- iii. Personal information shall be collected, retained, and used in compliance with, in addition to Financial Consumer Protection Regulations, any other applicable laws, including Prevention of Money Laundering and Countering the Financing of Terrorism in Sri Lanka and Data Protection.
- iv. The Bank shall comply with data privacy and confidentiality requirements that limit the use of financial consumer data exclusively for the purpose for which data is collected.

- v. The Bank may only use financial consumer's personal information:
  - a) for purposes that are consistent with the original purpose for which they were collected, provided that it was reasonably apparent to, or would be reasonably expected by, the financial consumer; or
  - b) with the informed consent of the financial consumer; or
  - c) as otherwise required or
  - d) permitted by Financial Consumer Protection Regulations or any other law.
- vi. Financial consumers shall have a right to maintain his/ her privacy on disability (special needs).
- vii. The Bank shall not use information related to any disability (special needs) of the financial consumer for any purpose other than facilitating the financial consumer or protecting financial consumer's rights.
- viii. The Bank shall not reveal information on financial consumer's disability (special needs) or health status to any other party without prior consent of the financial consumer.

#### **11.5. Sharing of Financial Consumer Information**

The Bank shall not share financial consumers' information with a third party for any purpose, including marketing, promotion and advertisement, unless:

- i. the information is being disclosed for the purpose for which it was originally collected, provided that it was reasonably apparent to, or would be reasonably expected by, the financial consumer; or
- ii. with the informed consent of the financial consumer; or
- iii. as otherwise required or permitted by Financial Consumer Protection Regulations, a court of law or any other written law.

#### **11.6. Financial Consumers' Right to Access and Rectify their Personal Information**

- i. Upon request from a financial consumer, the Bank shall provide them, except to any extent prohibited by law, with access to any personal information about the financial consumer that is held by the Bank such access must be provided:
  - a) in a form that is likely to be understandable to the financial consumer;
  - b) within a reasonable time; and
  - c) at minimal or no cost to the financial consumer.
- ii. In the event where a financial consumer claims that any personal data held by the Bank is inaccurate or incomplete, the Bank shall take appropriate steps within a reasonable time, to review the claim, rectify it and inform any third party with whom the information had been shared previously.

## 12. INTERPRETATIONS

"Abusive debt recovery" includes-

- (a) Unlawful collection of amounts due from borrowers;
- (b) The use of any false statement; and
- (c) Intimidation, harassment and coercion.

"accessible format" means electronic/ word format, and for Sinhala and Tamil, electronic/ word format with Unicode fonts or any other mechanism facilitating elderly, disabled or financial consumers with low financial literacy.

"Accessibility" means providing equal and fair access to all financial services provided by the Bank

"Assistive technology and equipment" means any item, piece of equipment, software program or product system that is used to increase, maintain or improve the functional capabilities of persons with disabilities.

"Books, records, accounts, documents, and information" means books, records, accounts, documents or information recorded or stored in any media, including paper and data stored in electronic, optical, magnetic or any information system.

"Bundling of product" means the sale of two or more financial products or services as one combined product or service where the Bank shall consider product suitability.

"Central Bank" means the Central Bank of Sri Lanka established under Monetary Law act, No. 58 of 1949 (Chapter 422).

"Complaint" means dissatisfaction expressed by a financial consumer on a financial product or service and its related aspects provided by the Bank.

"Credit Facility" means an arrangement between the Bank and a financial consumer to allow borrowing of a particular amount of money for different purposes for a particular period of time, either on-balance sheet or off-balance sheet credit facility.

"Financial Consumer" means a person or entity or legal body or where the context so permits a legal representative of such consumer that uses, has used or potential user of any financial product or service provided by the Bank and does not include financial service Providers.

"Financial Consumer Protection" means laws, Regulations, circulars, directions, guidelines, policies and institutions to safeguard consumer rights, enable consumers to make informed financial decisions and ensure fairness in the provision of products and services by the Bank.

“Financial service Provider” means a Licensed Commercial Bank, a Licensed specialized Bank, a Licensed Finance Company, a specialized Leasing Company, an authorized Primary dealer, an authorized Money Broker, a Licensed Microfinance Company, a Participant of the Payment and Settlement System or any other financial institution approved by the Governing Board.

“Key Management Personnel” means those persons having authority and responsibility for planning, directing and controlling the activities of the Financial service Provider, directly or indirectly, including any executive director of the Bank.

“Operational Management Personnel” means officers who participate in day-to-day decision-making, including a manager of a branch office of the Bank or a person acting on behalf of the manager.

“Personal Information” means any information about an identified or reasonably identifiable financial consumer, including personal identifiers and financial information.

“Products or Services” means any financial instrument/ activity/ transaction provided or offered by the Bank to the financial consumer.

“Regulations” means any regulation enacted by Financial Consumer Protection Regulations, No. 01 of 2023 in terms of Section 10 (c) of the Monetary Law Act, No. 58 of 1949 and published the same in the Government Extraordinary Gazette Number 2344/7 dated 09.08.2023.

“Tying of Products or Services” means the sale of two or more financial products and/ or services together without the option of distinguishing them upon sale.

### **13. EFFECTIVE IMPLEMENTATION DATE**

This Policy shall come into force and effect from the date on which it is approved by the Board Integrated Risk Management Committee and shall apply to all employees of the Bank.

### **14. POLICY REVIEW**

The Bank shall review its financial consumer protection Policies and Procedures at least once in every two years and obtain the approval of the Board Integrated Risk Management Committee for any changes.