

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

- A. Circular concerning the criteria regulating banks relationship with their customers.
- B. Instructions concerning the actions to be taken by Islamic banks in relation to fees and commissions.
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- D. Circular requiring banks to comply with the procedures established for opening accounts for non-Kuwaiti employees working for non-government bodies.
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- I. Circular on the determination of the time limit for submission of monthly consolidated statistical statements including the number of complaints raised by customers and the procedures taken thereto.
- J. A letter to the Kuwait Banking Association concerning the measures to be taken in relation to the monthly minimum balance fee charged by local banks on customers' accounts with low balances.
- K. Circular concerning the discontinuation of providing the CBK with monthly statistical data related to complaints against investment funds.

- L. Instructions No. (2/BS,IBS/278/2012) to local banks on the confidentiality of customers' data and information.
- M. Circular to inform all local banks, branches of foreign banks operating in the State of Kuwait, investment and finance companies that CBK is about to finalize updates of an automated system to enter the data of customers' complaints, and to provide CBK with the names of complaints unit's staff who will be working on the said system.
- N. Circular No. (2/BS/IBS/285/2012) concerning banks' marketing of insurance services supplied by insurance companies.
- O. Circular concerning CBK's monitoring the developments of banking services and products of both Retail and Corporate Banking sectors.
- P. Circular concerning adopting civil identity cards (smart cards) of the GCC citizens.
- Q. Circular prohibiting the opening of bank accounts for government institutions before obtaining a written approval from the Ministry of Finance.
- R. Circular regarding CBK developing and implementing of an automated system to enter customer complaints' data submitted electronically to Kuwaiti banks, branches of foreign banks operating in the State of Kuwait, investment and finance companies through the new automated Complaint Register System (CRS).
- S. Circular to all local banks concerning the acceptance of valid health insurance cards bearing a civil number for those not registered with the Central Agency for Illegal Residents Affairs.
- T. Circular No. (2/BS/IBS/349/2015) concerning Bank Customers' Protection Manual.
- U. Circular No. (2/BS/IBS/350/2015) concerning banking services provided to customers with special needs.
- V. Circular to all Kuwaiti banks to include their requests for opening, closing, or extending of initial approval of a branch, a clarification whether the mentioned branch provides banking services to customers with special needs or not.

THE GOVERNOR

*15 Ramadhan 1424 H
10 November 2003*

**INSTRUCTIONS NO.(2/IBS/132/2003)
TO ALL ISLAMIC BANKS**

The Chairman of the Board of Directors,

**CRITERIA REGULATING BANKS
RELATIONSHIP WITH THEIR CUSTOMERS**

We would like to underline the importance of the relationship between local banks and their customers, which must be based on maximum credibility and transparency. Such relationship also requires proper attention to customers' needs, leading to their satisfaction with the banks they deal with.

To this effect, the following set of criteria has been established as a minimum for banks to comply with in their relations with their customers:

- 1) The rights and obligations of both the bank and the customer must be specified under clearly worded and easily understood contracts, consistently with the applicable laws and regulations, Central Bank of Kuwait instructions and commonly accepted banking practices.
- 2) The contract signed between the bank and the customer must clearly specify the return and / or the basis for its calculation, depending on the nature of the transactions, the interest rate and all relevant fees and commissions associated with the contract.
- 3) The customer must be provided with a copy of the contract signed with the bank, whether at the time of signing, renewal or amendment⁽¹⁾.

(1) Circular issued on 26/09/2006 under Item (E) of this Chapter stressing the need to include banks' work procedures manual a paragraph which obliges banks to provide their customers with a copy of the contract signed with the bank, whether at the start of dealing with the bank, or in cases of contract renewal, rescheduling or contract amendment, in addition to a proof evidencing that the customer received his copy.

- 4) In addition to the statements of account the bank periodically provides the customer with, as per common practice, the bank must also provide the customer, upon his request, with a copy of any statement of account and for any periods he desires, as well as with any certificate or statement pertinent to him, without any exaggerated fees for such service.
- 5) The application form signed by the customer, or the agreement he signs with the bank in relation to any of the banking services such as credit cards, electronic transfers, safe deposit lockers or other services, must include clearly worded and understood provisions, and must expressly define the rights and obligations of the customer, as well as any relevant fees or commissions, including those to be imposed on the customer in case of his breaching any of the subject service terms.
- 6) The advertisements of the bank's products and services through the press, magazines, radio, T.V, sign boards or any other means, must reflect the real service and benefits the customer will obtain, as well as the obligations that he may bear.
- 7) The bank must pay sufficient attention and must comply with absolute transparency when offering and explaining its various services to customers, while insuring accurate replies to customers inquiries .
- 8) The bank must attentively and professionally review customers complaints, and must reply thereto at the earliest possible.
- 9) The bank must assign customer service to qualified and well trained staff who can efficiently render the bank's services to customers and reply to their inquiries.
- 10) The bank must maintain a professional code of conduct , which stipulates specific rules and criteria that the staff have to follow, including those governing the bank's relationship with its customers.

With my best wishes,

The Governor
Salem Abdul Aziz Al-Sabah

THE GOVERNOR

15 Ramadhan 1424 H
10 November 2003

**INSTRUCTIONS NO.(2/IBS/134/2003)
TO ALL ISLAMIC BANKS**

The Chairman of the Board of Directors,

**THE PROCEDURES ISLAMIC BANKS MUST COMPLY
WITH IN RELATION TO FEES AND COMMISSIONS**

Islamic banks must ensure that the fees and commissions they collect for banking services are commensurate with the cost of extending these services. In this regard, we would like to note that the following rules must be observed:

- 1) The bank must announce the prices of banking services to the public on a special signboard designed for this purpose and fixed in your head office and all of your branches operating in the State of Kuwait. Customers must also be provided with a signed copy of a receipt showing all the prices which will be collected from them against each service rendered to them.
- 2) A copy of the mentioned price list and any subsequent amendments thereto must be supplied to us.
- 3) In terms of principle, the bank may not collect any amounts from customers, under any names, without being in consideration for actual services rendered to customers, or without supporting documents evidencing that banks are incurring such amounts on behalf of their customers and justifying the collection of these amounts.
- 4) In relation to finance transactions, the following rules must be observed:
 - A- No insurance fees may be collected against any type of finance transactions, unless there is a contract and an agreement with a specialized insurance company stipulating the payment of insurance premiums to such company, and provided that the insurance fees collected from the customers are restricted to the amount paid to the subject insurance company in respect to the finance extended to those customers.

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

B) Instructions concerning the actions to be taken by Islamic banks in relation to fees and commissions.

- B- With regard to the evaluation fees for real estate properties or assets related to finance transactions extended to customers, and which require an evaluation by specialized firms, the evaluation fees collected from the customer may not exceed the amount paid to the specialized firm.
For banks which have specialized units for the evaluation of real estate properties/ assets, the fees collected from customers must be consistent with the prices prevailing in the market. Noteworthy in this regard is that the Central bank's prior written approval must be obtained.
- C- Except for the insurance and evaluation fees provided for under items (a) and (b) above, banks may not collect any fees or commissions, under any names, in respect of finance transactions unless the Central bank is advised of the nature of those fees and commissions and their actual cost for the bank, supported by evidencing documents. These fees and commissions may not be implemented before obtaining the Central bank's approval.
- 5) Banks may not collect any other fees or commissions related to all areas of banking business under any names, except after obtaining the Central bank's prior written approval of those fees and commissions. The relevant application submitted to the Central bank in this respect must include the following:
- The name of the product against which the fees or commissions are to be collected.
 - The maximum amount of the fees or commissions.
 - The justifications for collecting the fees and commissions.
 - The references by which the bank was guided in determining the amount of fees or commissions, if available.

We stress that if any bank collects any fees or commissions without obtaining the Central Bank's prior written approval, such bank will be obliged to refund the amounts of such fees and commissions to the customers from whom they were collected.

- 6) Banks must avoid any prior arrangements among them on determining the amounts of fees and commissions.

With my best wishes,

The Governor
Salem Abdul Aziz Al-Sabah

THE GOVERNOR

15 Ramadhan 1424 H
10 November 2003

**INSTRUCTIONS NO.(2/IBS/119/2003)
TO ALL ISLAMIC BANKS**

The Chairman of the Board of Directors,

**INSTRUCTIONS CONCERNING BANKS
PRESERVATION OF THE CONFIDENTIALITY
OF THEIR CUSTOMERS INFORMATION AND DATA⁽¹⁾**

As you are aware, banks preservation of the confidentiality of information and data they hold on their customers, is considered one of the primary basics of banking business in all the countries of the world, including the State of Kuwait.

In Kuwait, provisions in some legislations emphasize commitment to preserve the confidentiality of bank customers information and data, and impose punishment on any one who discloses such data and information without being so required by Law, such as provided for in Article (28) of Law No.(32) of the year 1968 Concerning Currency, Central Bank of Kuwait & Organization of Banking Business, and Article (43) of Decree law No.(39) of the year 1980 concerning proof in civil and commercial procedures. We also refer in this respect to Article No.(30) of the Constitution of the State of Kuwait, which provides that “personal freedom is secured”, and personal freedom means any matter related to the human being in terms of himself or his money.

It is worth mentioning that banks commitment to preservation of the confidentiality of each customer’s data and information, is intended to achieve a public interest, namely, to create confidence in the country’s banking system and to provide comfort for people that their transactions with banks will not be exposed to the public or disclosed, except in cases where so permitted by Law.

(1) These instructions have been canceled according to Instructions No. (2/BS,IBS/278/2012) dated 09/02/2012 under Item (K) of this Chapter.

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

- C) Instructions for preserving the confidentiality of customers information and data.

In addition to the punishment which will be imposed on any one who discloses information on the bank's customers, the respective bank will also be subject to legal accountability and to ensuing financial compensations.

Based on all of the above, and in order to maintain confidence in the Kuwaiti banks, kindly emphasize to your board members and all bank staff the need to maintain the confidentiality of the data and information of your bank's customers, as well as the data and information of other banks customers, which they might have accessed by reason of their jobs.

With my best wishes,

The Governor

Salem Abdul Aziz Al-Sabah

THE GOVERNOR

*21 Ramadhan 1424 H
16 November 2003*

The Chairman of the Board of Directors,

CIRCULAR TO ALL ISLAMIC BANKS

With reference to the Council of Ministers Resolution No.(1045/2002) regarding the procedures established for opening accounts for non-Kuwaiti employees working for non-government bodies, and in the light of our review of policies and conditions adopted by banks for the implementation of the rules of the above-mentioned cabinet resolution No.(1045/2002), the Central Bank stresses the need for your bank's compliance, immediately upon receiving this letter, with the following procedures in opening accounts for non-Kuwaiti employees working for non-government bodies:

- 1) Banks may not stipulate a minimum salary for the employee.
- 2) Banks may not stipulate the deposit of a certain amount by the employer, whether in the form of a direct deposit, or against each employee, or in any other form.
- 3) Banks may not stipulate the lapse of a certain time period after opening the employer's account with the bank.
- 4) An ATM card is to be delivered to the employee upon opening the account for him.
- 5) Banks may not apply any new policies or conditions for opening such accounts before obtaining the Central Bank's approval in writing.

With my best wishes,

**The Governor
Salem Abdul Aziz Al-Sabah**

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

- D) Circular requiring banks to comply with the procedures established for opening accounts for non-Kuwaiti employees working for non-government bodies.

GOVERNOR

*Ramadhan 4, 1417 H.
September 26, 2006*

The Chairman of the Board of Directors,

**Circular No. (2/BS, IBS/193/2006)
to all Local Banks**

In reference to the Central Bank of Kuwait's circular dated 16/10/2002 issued to local banks, and Central Bank of Kuwait circular of 10/11/2003 issued to Islamic banks, on the regulation of the relationship between banks and their customers, and which include the criteria banks should comply with, as a minimum, in their relations with customers. The inspection carried out by Central Bank of Kuwait has revealed that some banks do not comply with some of those criteria, especially in relation to providing the customer with a copy of the contract he concludes with the bank.

Therefore, Central Bank of Kuwait stresses the need for full compliance with the mentioned criteria. The operating procedures manual of the bank must stipulate that the customer should be provided with a copy of the contract signed with the bank, whether at the start of dealing with the bank, or in cases of contract renewal, rescheduling or contract amendment. Proof of the customer received his copy must also be provided.

With my best wishes,

**The Governor
SALEM ABDUL AZIZ AL-SABAH**

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

- E) Circular No.(2/BS, IBS/193/2006) requiring banks to provide the customer with a copy of the contract he concludes with the bank, as per the Central Bank of Kuwait established criteria regulating the relationship between banks and their customers.

DEPUTY GOVERNOR

*3 Rajab 1428 H
17 July 2007*

The Chairman of the Board of Directors,

**CIRCULAR NO. (2/BS,IBS/209/2007) REQUESTING ALL
LOCAL BANKS TO STOP OFFERING CASH/IN-KIND
INCENTIVES TO CUSTOMERS AGAINST OBTAINING
FACILITIES OR CREDIT CARDS OF ALL TYPES**

It was noted that some units of the banking and financial system compete by increasingly launching advertising campaigns encouraging the public to obtain facilities or credit cards. In so doing, these units offer cash/in-kind incentives against obtaining such facilities.

Taking into consideration that such practices involve adverse social impact on certain customers. The Central Bank of Kuwait stresses that local banks should, with immediate effect, cease granting the customers any such incentives against obtaining facilities or credit cards. Also they should stop and cancel the accompanying promotional campaigns. Please inform us within one week from this date of the actions taken to this effect⁽¹⁾.

With my best wishes,

**The Deputy Governor
Dr. Nabeel Ahmed Al- Manaai**

(1) Circular issued on 04/06/2008 under Item (G) of this Chapter requesting local banks to immediately stop granting cash or in-kind incentives, directly or through draws or any other form, to customers when obtaining facilities or credit cards.

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

F) Circular No.(2/BS,IBS/209/2007) requesting banks to stop offering cash or in-kind incentives to customers against obtaining facilities or credit cards of all types.

THE GOVERNOR

*30 Jumada Al-Aula 1429 H
4 June 2008*

The Chairman of the Board of Directors,

**CIRCULAR NO. (2/BS,IBS/222/2008) TO ALL LOCAL BANKS
ON DISCONTINUATION OF CASH OR IN-KIND INCENTIVES,
DIRECTLY OR THROUGH DRAWS OR ANY OTHER FORM,
TO CUSTOMERS WHEN OBTAINING FACILITIES
OR CREDIT CARDS OF ALL TYPES**

This is made pursuant to circular dated 17/07/2007 to all local banks on the necessity that local banks immediately cease granting any cash or in-kind incentives to customers against obtaining facilities or credit cards, as well as stopping and removing the accompanying advertising campaigns. It was noticed that certain units of the banking and financial system launch advertising campaigns attracting customers to obtain facilities or credit cards through the opportunity to enter draws for prizes when obtaining such facilities.

Therefore, The Central Bank of Kuwait hereby stresses that local banks should immediately stop granting any cash or in-kind incentives, directly or through draws or in any other manner, against obtaining facilities or credit cards. Banks should also stop and remove all accompanying advertising campaigns, and advise us accordingly, within one week from this date.

With my best wishes,

**The Governor
Salem Abdul Aziz Al-Sabah**

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

- G) Circular No. (2/BS,IBS/222/2008) requesting all local banks to stop offering cash/in-kind incentives to customers - Whether directly or through draws or any other forms - against obtaining facilities or credit cards of all types.

THE GOVERNOR

15 Safar 1432 H

19 January 2011

The Chairman of the Board of Directors,

“Circular No. (2/BS/IBS/269/2011)

**To all Local Banks and Branches of Foreign Banks Operating in the State
of Kuwait Regarding the Establishment of Complaints Unit”**

As the Central Bank of Kuwait (CBK) is keen to find practical and appropriate responses to customers' (individuals) complaints, in particular in terms of consumer and installment loans and fees and commissions collected from customers, we would like to inform you that it has been resolved that local banks must establish a Unit to deal with customers' complaints and find appropriate responses thereto. This would be achieved through designing a mechanism to deal with customer complaints (a copy is attached) as a minimum requirement according to CBK's vision. This mechanism shall be used as a guidance to establish a complaints unit, which will be effective as of 01/07/2011.

Branches of foreign banks operating in the State of Kuwait shall assign the task of dealing with customer complaints to one of their departments, and that this department shall be committed to work according to the mechanism of dealing with customer complaints.

Banks shall coordinate with the Kuwait Banking Association regarding the typical instructions and directives for the Complaints Unit's method of work, ensuring minimum acceptable professional level to deal with customer complaints and the mechanisms of expressing opinion thereto, as well as working with the formal form of customer complaints, seeking to apply best practices in this regard.

Further, Banks shall provide the CBK with monthly consolidated statistical data about the number of complaints raised by customers⁽¹⁾, actions taken² and qualitative analysis of the nature of the submitted complaints, as well as providing detailed information about these complaints in accordance with the attached forms.^{(3) (4)}

Complaints Units at banks will be subject to offsite and onsite follow-up by the CBK.

With my best wishes,

The Governor

Salem Abdul Aziz Al-Sabah

⁽¹⁾ Local banks were informed to discontinue submitting monthly statistical data related to complaints against investment funds to CBK as of November 2011.

⁽²⁾ Pursuant to the circular dated 12/7/2011, included under item “J” of this section, a period of ten working days from the end of the reporting month, was set as a deadline.

⁽³⁾ Circular dated 16/5/2012 included under item “M” of Section (15) was issued regarding informing local banks, branches of foreign banks operating in the State of Kuwait, investment and finance companies that CBK is about to finalize updates of an automated system to enter the data of customers’ complaints and to provide CBK with the names of complaints unit’ staff who will be working on the said system.

⁽⁴⁾ Circular dated 5/8/2014 included under item “R” of Section (15) was issued regarding CBK developing and implementing of an automated system to enter customer complaints’ data submitted to Kuwaiti banks, branches of foreign banks operating in the State of Kuwait, investment and finance companies electronically through the new automated Complaint Register System (CRS).

“The Proposed Mechanism for Dealing with Complaints from Banks’ Customers”

Objective

Develop a mechanism whereby a response or explanation can be reached for any complaint presented by a bank’s customer within the contractual relationship between the customer and the bank, or regarding any violation committed by any of the parties in implementing their obligations pursuant to the contract provisions. It is meant by the customer here the “**Individual Customer**”, where the contractual relationship between the parties is such relationship regulating and governing the customer’s banking and financial transactions with the bank, such as: customer’s accounts, customer’s transfers, personal finance, fees and commissions associated with banking and financial services offered to the customer and any products or services the customer used or benefited thereof.

The Complaint Unit, that is proposed to be established at each bank (as set out later), shall receive complaints related to the Central Registration System for customers whose accounts at local banks were closed due to cheques returned for being without provisions, provided that work shall continue with the database of such system existed at CBK as is the case currently.

Further, the Complaints Unit, that is proposed to be established at each bank (as set out later), shall receive complaints from consumer & installments loans’ costumers whose names are listed on Credit Information Network system (Ci-net) among customers against whom there are judicial proceedings. These complaints are about inquiring about their positions or delisting their names from the system upon settling their debts for which legal actions had already been taken. It should be noted that the concerned authority (the bank) is entitled to delist the name from the system without reference to the Central Bank of Kuwait (CBK), according to Circular No. (2/BS/87/2001), dated 09/07/2001, provided that work shall continue with the database of such system existed at the CBK as is the case currently (as per that system’s controls).

Proposed Mechanism

1. Each bank shall establish an independent Unit dedicated for dealing with customers’ complaints mentioned above.
2. A standard form of customer complaints for all banks shall be prepared, specifying the mechanism of presenting the complaint, required documents and information, and other matters associated with the basis of the complaint.

3. Each bank shall specify means of receiving complaints from customers, with a minimum of three means: presenting complaints personally, by mail or by electronic mail.
4. Complaints Unit shall examine the complaints presented from customers with whom it deals or those having outstanding accounts as per the contracts concluded with them.
5. The subject of the complaint should not be pending jurisdiction.
6. The bank shall not take any legal action against the customer as long as the customer's complaint is under the Unit examination and has not been resolved yet or no opinion has been presented to the customer. In the event the customer submits his/her complaint to court during the Unit's examination of the complaint's subject, the Unit shall stop examining the complaint.
7. The Unit shall present a written opinion to the customer on the subject of the outstanding complaint and support this opinion by appropriate justifications, including the corrective actions, if any, needed to resolve the subject of complaint. Concerning telephone complaints and objections, the bank is entitled to refer the complaint to its Complaint Unit or to other various departments and units at the bank, with the need to develop internal control system to ensure finding appropriate responses and that the same telephone complaints and objections shall not exist in the future.
8. The bank shall be committed to implementing the corrective actions decided by the Unit, without prejudice to the customer's right for taking any further actions in case of non-accepting such corrective actions.
9. The Unit is committed to present its opinion to the customer within a maximum of 30 working days from the date of presenting the complaint. In case the customer failed to receive reply within such period; the bank shall send the reply to the customer by registered mail with acknowledgement of receipt.
10. The bank shall place approved complaints forms and mailing address of the Unit at prominent places of the main banking hall of the head office and all branches that deal with the public. In addition, correspondences and account statements sent to customers shall include the Unit's mailing address.
11. The Unit's opinion is merely technical and cannot be invoked or used as evidence in case of referring the subject of the complaint to court.

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

H) Circular No. (2/BS, IBS/269/2011) concerning the establishment of the Complaints Unit.

Establishment of the Unit

1. The bank shall establish the organizational structure of the Unit and employ qualified staff to perform entrusted tasks efficiently, providing that the members of the Unit shall have the appropriate technical and legal experience.
2. The Unit shall report to the Chief Executive Officer, who shall receive monthly reports on its performance.
3. The Unit shall present monthly reports to the CBK including, as a minimum, a consolidated statistic of the number of complaints presented to the Unit, the actions taken in this regard and qualitative analysis of the nature of complaints. [Preparing a consolidated report to which the banks are committed, so as to subsequently facilitate preparing collective report at the level of banks].
4. The Unit shall be responsible for examining complaints and expressing opinions thereto without any commitment to answering customers' inquiries service, other than in regard to the subject of the complaint, where the latter shall be provided by a different body in the bank (e.g. Customer Service).
5. The Unit shall have absolute authority to obtain direct access to the complainant's file, records and transactions in the bank, without obtaining prior approvals from other departments within the bank.
6. The Unit shall have absolute independence for carrying out its tasks.

Other Matters

- Kuwait Banking Association shall develop typical guidelines and directives for the Unit's method of work to ensure the existence of a minimum acceptable professional level in handling submitted complaints and a mechanism for expressing an opinion thereto.

Further, local banks may agree, through Kuwait Banking Association, to develop a standard form for customer complaints. This form should include an acknowledgment from the customer that all information presented is correct and conformed with facts, with the customer held responsible for all the information presented, as well as his/her commitment not to take any further action in case of reaching an agreement with the bank on a corrective action for the subject of the complaint, and the bank implementing such corrective action fully. The customer also commits that he/she is not allowed to re-present the complaint to CBK on the same subject.

- Upon taking corrective procedures by the bank against which the complaint was filed regarding a customer's complaint, in particular, that is related to violating the CBK instructions and the bank's applicable bylaws, the bank shall examine other customers' positions to verify non-existence of irregularities rather than to wait for other customers submitting their complaints concerning the same subject.

THE GOVERNOR

*11 Shabban, 1432 H
12 July 2011*

The Chairman of the Board of Directors,

**“Circular to all Local Banks, Branches of Foreign Banks
Operating in the State of Kuwait”**

Referring to the Central Bank of Kuwait (CBK) circular dated 19/01/2011 to all local banks and branches of foreign banks operating in the State of Kuwait in respect of establishing a unit to handle customers’ complaints with effect from 01/07/2011, and taking into account the requirements of the said circular in respect of banks’ commitment to provide CBK with monthly consolidated statistical statements including the number of complaints raised by customers and the procedures taken as per the forms attached.⁽⁵⁾

CBK requests banks to provide its On-Site Supervision Department with the required statistical statements within a period not exceeding ten working days from the end of the reporting month, effective as of the end of July 2011.

Best regards,

**The Governor
Salem Abdul Aziz Al-Sabah**

⁽⁵⁾ Circular issued on 05/08/2014 included under item “R” of this Section regarding CBK upgrading and application of an automated system to enter the data of customers’ complaints submitted to Kuwaiti banks, branches of foreign banks operating in the State of Kuwait, investment and finance companies electronically through the new System Complaint Register (CRS).

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

- I) Circular on the determination of the time limit for submission of monthly consolidated statistical statements including the number of complaints raised by customers and the procedures taken thereto.

Consolidated Statement of Complaints Received by Bank

for the Period from / / to / /

Complaint Type	Total Number	Actions taken for handling complaints				Remarks
		Complaints that have been resolved		Complaints Ended with proving the Bank’s Procedures to be sound	Complaints Pending for Examination	
		Related to Violating CBK Instructions	Related to the Bank’s Services and Procedures #			
(Financing Operations) Consumer & Installment Loans*						
Credit Cards*						
Investment Funds*						
Managing Third Parties Portfolios*						
Fund of Defaulters*						
Fees and Commissions*						
Complaints other than the above*						
Total						

* Attached, detailed statement illustrating these cases.

For example: transfers, withdrawal and deposit, issuance of certificates, online services and bank accounts and deposits.

15- Banks Relationship with their customers.

1) Circular on the determination of the time limit for submission of monthly consolidated statistical statements including the number of complaints raised by customers and the procedures taken thereto.

Detailed Statement of Complaints Received Regarding Installment & Consumer Loans (Financing Operations)
for the Period from / / to / /

Sr.	Date of Submitting the Complaint	Date of Response to the Complaint	Complainant's Name	Civil ID Number												Complaint Subject	Action Taken

15- Banks Relationship with their customers.
I) Circular on the determination of the time limit for submission of monthly consolidated statistical statements including the number of complaints raised by customers and the procedures taken thereto.

Detailed Statement of Complaints Received Regarding Credit Cards

for the Period from / / to / /

Sr.	Date of Submitting the Complaint	Date of Response to the Complaint	Complainant's Name	Civil ID Number												Complaint Subject	Action Taken

15- Banks Relationship with their customers.
I) Circular on the determination of the time limit for submission of monthly consolidated statistical statements including the number of complaints raised by customers and the procedures taken thereto.

Detailed Statement of Complaints Received Regarding Investments Funds
for the Period from / / to / /

Sr.	Date of Submitting the Complaint	Date of Response to the Complaint	Complainant's Name	Civil ID Number												Complaint Subject	Action Taken

15- Banks Relationship with their customers.
I) Circular on the determination of the time limit for submission of monthly consolidated statistical statements including the number of complaints raised by customers and the procedures taken thereto.

Detailed Statement of Complaints Received Regarding Managing Third Parties Portfolios
for the Period from / / to / /

Sr.	Date of Submitting the Complaint	Date of Response to the Complaint	Complainant's Name	Civil ID Number												Complaint Subject	Action Taken

15- Banks Relationship with their customers.
I) Circular on the determination of the time limit for submission of monthly consolidated statistical statements including the number of complaints raised by customers and the procedures taken thereto.

Detailed Statement of Complaints Received Regarding Fund of Defaulters
for the Period from / / to / /

Sr.	Date of Submitting the Complaint	Date of response to the Complaint	Complainant's Name	Civil ID Number												Complaint Subject	Action Taken

15- Banks Relationship with their customers.

1) Circular on the determination of the time limit for submission of monthly consolidated statistical statements including the number of complaints raised by customers and the procedures taken thereto.

Detailed Statement of Complaints Received Regarding Fees and Commissions
for the Period from / / to / /

Sr.	Date of Submitting the Complaint	Date of response to the Complaint	Complainant's Name	Civil ID Number												Complaint Subject	Action Taken

15- Banks Relationship with their customers.
I) Circular on the determination of the time limit for submission of monthly consolidated statistical statements including the number of complaints raised by customers and the procedures taken thereto.

Detailed statement of Complaints Received (any Complaint other than the above)

for the Period from / / to / /

Sr.	Date of Submitting the Complaint	Date of Response to the Complaint	Complainant's Name	Civil ID Number												Complaint Subject	Action Taken

15- Banks Relationship with their customers.
I) Circular on the determination of the time limit for submission of monthly consolidated statistical statements including the number of complaints raised by customers and the procedures taken thereto.

THE EXECUTIVE DIRECTOR

9 Shawwal 1432 H

7 September 2011

The Secretary General of Kuwait Banking Association,

With reference to your letter dated 12/07/2011 and the content of our letter dated 09/06/2011⁽¹⁾ concerning the monthly minimum balance fee charged by local banks on customers' accounts with low balances and the hold of an amount equal to the minimum balance amount required for opening a bank account.

We hereby inform you that in light of the study conducted by the Central Bank of Kuwait (CBK) in this regard, **local banks must comply with the following:**

- Stop collecting the above-mentioned monthly fees and the holding of an amount when opening accounts that do not offer any rewards programs or drawings awards such as current/on-call accounts (for individuals), and savings accounts of all types or salary accounts, including the accounts of retirees and those who receive aid or monthly grants/subsidies, in addition to the accounts to which customers' salaries are transferred to.
- In case a customer wishes to open any of the accounts that offers rewards programs or drawings awards, banks shall obtain the customer's signature as confirmation of acceptance regarding the holding of a certain amount of his/her account or charging minimum balance fees against maintaining low balance.
- Provide customers with a variety of different accounts to allow them to choose among them.
- Banks shall, through the Kuwait Banking Association (KBA), announce their procedures regarding the above-mentioned rules, **noting that this came in accordance with the directives of the CBK in order to reduce the burden on customers.**

⁽¹⁾ Under this letter, the Kuwait Banking Association was requested to obtain banks' justifications and clarifications regarding the placement of a minimum balance amount and the value of that limit, on which a monthly fee is charged on a customer if his/her account balance falls below that limit.

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

J) A letter to the Kuwait Banking Association concerning the monthly minimum balance fee charged by local banks on customers' accounts with low balances.

Therefore, you are required to take the necessary measures and notify banks to provide us with the amended pages of fees and commissions in accordance with the previously mentioned amendments.

Best regards,

**The Executive Director of Supervision Sector,
Yousef J. Al-Obaid**

THE GOVERNOR

*24 Thulhija 1432 H
20 November 2011*

The Chairman of the Board of Directors,

“Circular to all Local Banks, Branches of Foreign Banks Operating in the State of Kuwait”

Referring to Law No. (7) of 2010 concerning the establishment of the Capital Markets Authority and the Regulation of Securities' Activity, taking into consideration that the regulation of investment funds has shifted from the Central Bank of Kuwait (CBK) to the Capital Markets Authority as of 13/09/2011, and with reference to CBK Circular dated 19/01/2011 regarding the establishment of Complaints Units therein and banks' commitment to provide the CBK with monthly consolidated statistical statements including the number of complaints raised by customers and relative detailed data as per the forms attached with the said circular;

As those forms include data related to complaints against investment funds, please be informed to discontinue submitting monthly statistical data in this regard to CBK as of November 2011.

Best Regards,

**The Governor
Salem Abdul Aziz Al-Sabah**

THE GOVERNOR

17 Rabi' Al-Awwal 1433 H

9 February 2012

The Chairman of the Board of Directors,

“Instructions No. (2/BS,IBS/278/2012) to local banks on the confidentiality of customers’ data and information”

With reference to the regulations of the Central Bank of Kuwait (CBK) dated 02/12/1986 addressed to local banks, as well as the regulations dated 10/11/2003 addressed to Islamic banks on the confidentiality of customers’ information and data,

and out of the CBK’s concern about the banking system’s stability by asserting the urgency of confidentiality of customers’ information and data, and Article (85 bis) of Law No. (32) of 1968 on Currency, the Central Bank of Kuwait, and the Organization of Banking Business and its amendments stipulating “No Board member, director, staff or worker of the bank shall disclose any information – during and after demise of his official capacity - on the bank, customers or other banks, revealed to him by means of his job duties, except if otherwise is authorized by law. Without prejudice to severer penalties by virtue of other laws, convicted personnel of such violation shall be imprisoned for no more than three months, fined no more than two hundred twenty five dinars, or either penalties, and shall be dismissed from his job”.

It is worth noting that, banks’ adherence to protect the confidentiality of customer’s information and data is intended to achieve public interests, which include establishing confidence in the State’s banking system, and reassure people of banks’ confidentiality. These rights are clearly stated in the State’s constitution, Article (30) “personal freedom is guaranteed”, meaning a person’s liberty in himself and possessions.

In light of the above-stated, it has been decided as follows:

First: Your bank shall develop the policies and procedures governing the confidentiality of customers’ information and data, duly approved by your bank’s Board of Directors.

Second: Policies and procedures shall include the following minimum elements:

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

L) Instructions No. (2/BS,IBS/278/2012) to local banks on the confidentiality of customers’ data and information.

- 1) Authorities given for each job level having access to customers' information and data.
- 2) A clear definition of the type of information and data each job level is authorized to access.
- 3) Bank shall prohibit disclosure of customers' information and data by staff, while still in a job and afterwards, except if otherwise is authorized by law.
- 4) The suggested policies and procedures shall indicate the penalties stipulated in the previously mentioned provisions in Article (85 bis) of the Law No. (32) of the year 1968, and shall determine the administrative penalties applied by your bank to anyone who violates those policies and procedures. Penalties shall be commensurate with the size of these violations which are considered to be grave ones.
- 5) Periodic review of the adequacy of bank's internal supervision systems to ensure adherence of bank's staff to the adopted policy pertaining to the confidentiality of customers' information.

Third: Bank's staff shall fully comply with the requirements of these policies and procedures. We emphasize that staff acknowledgement of these policies and procedures shall be documented in signed writings.

Fourth: Regulations shall be implemented as from the date of issuance. The CBK's Regulations dated 2/12/1986 and 10/11/2003 on the confidentiality of the information and data of banks' customers shall be nulled.

Best regards,

The Governor
Salem Abdulaziz Al-Sabah

THE MANAGER

16 May 2012

The General Manager,

**“Circular to all Local Banks, Branches of Foreign Banks
Operating in the State of Kuwait, Investment and Financing Companies”**

Referring to the Central Bank of Kuwait (CBK) circular dated 19/01/2011 to all local banks, branches of foreign banks operating in the State of Kuwait and investment companies regarding the establishment of a unit to handle customers' complaints with effect from 01/07/2011 and taking into account the requirements of the said circular in respect of banks' commitment to provide CBK with monthly consolidated statistical statements including the number of complaints raised by customers, the procedures taken as per the applicable forms in this respect;

We hereby inform you that the CBK is about to finalize updates of an automated system to enter the data of customers' complaints. Each entity shall enter the data through CBK electronic gateway.

For completing the required processes of that system, it is necessary to provide the CBK within ten working days with the names of your Complaints Unit's staff who will be working on the said system and set the powers of each staff as follows:

- **User** with the following powers:
 1. Entering the data of the complaint and updating thereof as per taken actions;
 2. Loading complaint documents (customer complaint, response of the Division complained against) in the complaint documents on the system; and
 3. Closing the complaint after finalization.
- **Supervisor User** with the following powers:
 1. Performing the user's role in addition to

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

M) Circular to inform all local banks, branches of foreign banks operating in the State of Kuwait, investment and financing companies that CBK is about to finalize updates of an automated system to enter the data of customers' complaints, and to provide CBK with the names of complaints unit's staff who will be working on the said system.

2. Re-updating a closed complaint; and
3. Cancelling a complaint with erroneously entered data.

With my best wishes,

The Manager of On- Site Supervision Department
Abdulhameed D Alawadh

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

- M) Circular to inform all local banks, branches of foreign banks operating in the State of Kuwait, investment and financing companies that CBK is about to finalize updates of an automated system to enter the data of customers' complaints, and to provide CBK with the names of complaints unit's staff who will be working on the said system.

THE GOVERNOR

*24 Rajab, 1433 H
14 June, 2012*

The Chairman of the Board of Directors,

“Circular No. (2/BS/IBS/285/2012)

**To all Local Banks Concerning Banks’ Marketing of Insurance Services
Supplied by Insurance Companies”**

Within the Central Bank of Kuwait (CBK) endeavors for organizing banking business and supervision; due to noticeable banks’ expansion in presenting and marketing insurance services provided by insurance companies; and in light of the significant difference between banking business and insurance business, in addition to the conclusion reached through the CBK study in this subject from banking and legal perspective, local banks shall:

- First: Stop marketing any insurance services except for those directly associated with the banking services so that insurance services are complementary to banking transactions: loan insurance, shipping documents insurance or other services directly associated with the bank activities on condition that customer’s approval must be obtained and such insurance services remain within the least possible limits.
- Second: Contrary to the above and for maintaining the legal positions of the contracting parties, banks shall not renew existing contracts among some banks and insurance companies for marketing certain services provided by such companies when these contracts expire. Further, banks shall immediately stop concluding any new contracts in this respect whether with customers or insurance companies.

With my best wishes,

The Governor

Dr. Mohammad Y. Al-Hashel

THE GOVERNOR

*30 Rajab 1433 H
20 June 2012*

The Chairman of the Board of Directors,

“Circular to all Kuwaiti Banks”

In light of Central Bank of Kuwait’s support towards the development of banking services and products offered by banks to customers and in view of the participation of the banking sector in economic and social development, the Central Bank of Kuwait (CBK) managed to include two projects related to the development of banking services and products of both Retail and Corporate Banking sectors, in the State’s projects under development plan.

As such, and within the CBK’s endeavors to monitor the developments of the banking services extended to the above said sectors, CBK communicated the Kuwait Banking Association (KBA) requesting banks’ viewpoints in this regard. Based on CBK’s study as well as banks’ viewpoints, please note the following:

1. It is important to get regular reports on banks’ achievements in servicing both sectors; one for the period ending on 30 June and another for the period ending on 31 December. The reports should include a number of factors that measure the relevant development and achievement in this respect; such as the efforts exerted by bank to weather the challenges hindering the development of retail and corporate banking sectors; development of the quantity of banking services and products, distributed by type; developments of bank’s policies related to disclosure and transparency for customers in both sectors; bank’s endeavors to boost customer awareness and information; the outcomes of the researches and studies conducted by the bank to enhance both sectors; as well as the mechanisms adopted by the bank to periodically measure customer satisfaction level and identify their needs. Reports should be signed by the bank’s Chief Executive Officer, and submitted to the Supervision Sector at the CBK.

Reports should be submitted to us within only one month from the end of the underlying period for which the respective report is prepared. First report to be submitted should cover the period ending on 31/12/2012.

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

- O) Circular concerning CBK’s monitoring the developments of banking services and products of both Retail and Corporate Banking sectors.

2. Banks' departments should pay more attention to prepare researches and studies on retail and corporate sectors; setting the suitable mechanisms to keep pace with local and international banking and financial developments in terms of the services and products offered to both sectors. They should also analyze the impact of different events on the bank's activities, and work environment in general, and on the bank's activities in the area of retail and corporate sectors in particular. This will help realize the required development in both retail and corporate sectors, and enhance the country's economic development plans.
3. Banks' policies and views related to the development of corporate banking sector should encourage customers to adhere to the principles and standards of governance. Further, this should be considered when assessing customers having obtained credit facilities.

With my best wishes,

The Governor

Dr. Mohammad Y. Al-Hashel

THE GOVERNOR

*8 Safar 1433 H
11 December 2013*

The Chairman of the Board of Directors,

**“Circular to all Local Banks, Investment, Finance and Exchange
Companies Concerning Adopting Civil Identity Cards (Smart Cards) of
the GCC Citizens”**

Enclosed herewith a copy of the letter from the Public Authority for Civil Information dated 03/12/2013 concerning the Cabinet Decisions No. (194) and (466) assigning concerned bodies to issue the decisions obliging public and private sectors to accept civil identity cards (SMART CARD) of the GCC citizens as evidence of their identities in all transactions and uses at both public and private sectors. Therefore, you are required to comply with the same.

Best regards,

**The Governor
Dr. Mohammad Y. Al-Hashel**

3 December 2013

**His Excellency Dr. Mohammad Y. Al-Hashel,
The Governor of the Central Bank of Kuwait,**

**“Subject: Adopting Civil Identity Cards
(Smart Card) for the Gulf Cooperation Council Citizens”**

Reference is made to the decision of the Gulf Cooperation Council (GCC) supreme Council in Session No. (32) in Riyadh, Kingdom of Saudi Arabia on 19 and 20/12/2011 concerning the use of smart card as Identity evidence for the GCC citizens which states as follows:

“Public and private Sectors in the member states shall accept the use of smart identity cards of the GCC citizens in all transactions and uses. Concerned authorities in the member states shall issue regulations and decisions obliging both private and public sectors to accept the personal identity card as an evidence of the identity of the GCC citizens. Implementation of the decision shall be dependent on the preparedness of the GCC countries”.

- The Council of Ministers issued Decision No. (466) in its meeting No. 21-2/2012 held on 22/04/2012 stating the following:

“Concerned authorities are assigned to issue decisions obliging both private and public sectors to accept the personal identity cards (Smart Cards) as evidence of the identity of the GCC citizens in all transactions and uses”.

- The Council of Ministers issued Decision No. (194) in its meeting No. 8/2013 held on 12/02/2013 stating the following:

“The Public Authority for Civil Information (PACI) shall write to all ministries and government entities concerning the extent of their compliance and the compliance of private sector units under their supervision with implementing the Council of Ministers Decision No. (466) in its meeting No. 21-2/2012 held on 22/04/2012 stating that: “Concerned authorities are assigned to issue decisions obliging both private and public sectors to accept the personal identity cards (Smart Cards) as an evidence of the identity of the GCC citizen in all transactions and uses.”

PACI shall present a detailed and integrated report to the Council of Ministers within three months from date including a statement of all entities that are not in compliance with the said decision illustrating the reasons and justifications for no implementation.

Therefore, kindly inform us with the extent of compliance in executing the said decision at your organization so that PACI can raise a comprehensive report to the Council of Ministers in this regard.

Best regards,

The General Manager
Musaed Mahmoud Al Asousi

THE MANAGER

21 Safar 1435 H
24 December 2013

The General Manager,

**“Circular to all Local Banks
Prohibiting the Opening of Bank Accounts for Government Institutions
Unless after Obtaining a Written Approval from the Ministry of Finance”**

Attached herewith a copy of the Ministry of Finance’s Letter dated 19/12/2013 on opening bank accounts for government institutions. The Ministry of Finance requests local banks not to open bank accounts for government institutions unless after obtaining a written approval from the Ministry of Finance.

For your action.

Best regards,

**The Director of Off – Site Supervision Department
Waleed Mahmoud Alawadhi**

19 December 2013

**His Excellency Dr. Mohammad Y. Al-Hashel,
The Governor of the Central Bank of Kuwait**

“Subject: Opening Bank Accounts for Government Institutions”

Reference is made to the abovementioned subject and based on work nature of the Ministry of Finance - Public Accounting Affairs Sector assigned with supervision, orientation and control as stipulated by Article 2 of the Decree concerning the Ministry of Finance dated 12/08/1986.

Article (30- Accounts) of the rules for implementing the government institutions budget for the fiscal year 2013/14 stipulates that: “All Government institutions shall obtain the approval of the Ministry of Finance on opening accounts at local and foreign banks abroad as per the provisions of Ministry of Finance Circular No. (8/2000) on opening accounts at foreign banks and Ministry of Finance Circular No. (2/2005) on opening accounts at the Central Bank of Kuwait (CBK) and local banks, and negotiations with these banks for obtaining return on deposits for the period during which the amounts are kept at banks before the amounts are transferred to the account of such institution at CBK as per the periodic letter of the Ministry of Finance No. 3651 dated 11/02/2001”.

In following up with government institutions, it has been noticed that some institutions have opened bank accounts without obtaining approvals from the Ministry of Finance.

Therefore, kindly inform local banks not to open any bank account for government institutions unless after obtaining a written approval from the Ministry of Finance.

With my best wishes,

**The Undersecretary of Ministry of Finance
Financial Control Affairs
Bader Mashari Al Hamad**

THE GOVERNOR

9 Shawwal 1435 H

5 August 2014

The Chairman of the Board of Directors,

**“Circular to all Local Banks, Branches of Foreign Banks
Operating in the State of Kuwait, Investment and Finance Companies”**

Referring to the Central Bank of Kuwait (CBK) Circular dated 19/01/2011 to all local banks, branches of foreign banks operating in the State of Kuwait, investment and finance companies in respect of establishing a Customer Complaints Unit, and Circular dated 12/07/2011 concerning the specified period for providing the CBK with statistical data related to customers' complaints, and CBK Circular dated 16/05/2012 in respect of providing the CBK with the names of your bank/company complaints' Unit staff who will be working on the automated Complaint Register System (CRS) in addition to the organized workshops on this regard.

Taking into consideration the completion of developing the said automated system and transferring it to the production environment, you are requested to enter all complaints' data submitted to you electronically through the CRS. Moreover, your bank/company shall comply with the following:

- Enter the complaint on the system within three working days from the date of submission;
- Fill the “Details” box in the designated form regarding the subject of the complaint, and attach a copy of the complaint form submitted by the customer;
- Once the complaint has been examined and updated on the system, you shall fill the “Details” box found in the designated form regarding the action taken for handling customer complaint and attach a copy of your bank/company response to that complaint; and
- In case your bank/company writes off/deletes any of the complaints listed on the system for any reason, a document shall be attached verifying the reasons for writing off such complaint.

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

- R) Circular regarding CBK developing and implementing of an automated system to enter customer complaints' data submitted to Kuwaiti banks, branches of foreign banks operating in the State of Kuwait, investment and finance companies electronically through the new automated Complaint Register System (CRS).

Further, CBK requests your bank/company to continue providing the On-Site Supervision Department with the monthly consolidated statistical statements including the number of complaints raised by customers and actions taken as per the previously mentioned CBK's Circulars dated 19/01/2011 and 12/07/2011, until the end of September 2014.

With my best wishes,

The Governor

Dr. Mohammad Y. Al-Hashel

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

- R) Circular regarding CBK developing and implementing of an automated system to enter customer complaints' data submitted to Kuwaiti banks, branches of foreign banks operating in the State of Kuwait, investment and finance companies electronically through the new automated Complaint Register System (CRS).

THE GOVERNOR

8 Ramadan 1436 H
25 June 2015

The Chairman of the Board of Directors,

“Circular to all Local Banks”

Referring to the request of the Central Agency for Illegal Residents Affairs concerning facilitating the applicable procedures related to opening bank accounts for some cases that are not registered with the Agency but are holders of valid health insurance cards bearing a civil number and registered with the Public Authority for Civil Information.

Please take the necessary measures to facilitate the opening of bank accounts for the above-mentioned cases, taking into account the following:

- Availability of a valid health insurance card with a civil number written on it.
- Receiving a letter from the Central Agency for Illegal Residents Affairs for each case separately, approved by the Chief Executive Officer or the Acting Secretary General of the Agency.

With my best wishes,

The Governor
Dr. Mohammad Y. Al-Hashel

THE GOVERNOR

*18 Ramadan 1436 H
5 July 2015*

The Chairman of the Board of Directors,

**“Circular No. (2/BS/IBS/349/2015)
To all Local Banks Concerning
Bank Customer Protection Manual”**

In the context of the Central Bank of Kuwait’s sustained efforts aimed at protection of the banking sector customers, as to enhancing the concept of transparency and disclosure in financial and banking transactions carried out by banks with several customers in all sectors, and act to create a convenient environment to safeguard customer rights, and a balanced relation that provides the protection to the banking sector, guided by the best world practices in this regard,

We attach herewith the “Bank Customer Protection Manual”, which represents instructions certified by the Central Bank of Kuwait’s board of directors at its meeting convened on 5/7/2015, whereby all local banks shall have to apply these instructions in their transactions with all customer, including natural persons and corporate bodies, within the provisions included in the scope of application. The set of principles included in this manual are deemed complementary and not replacement to the different instructions issued by the Central Bank of Kuwait (CBK) in respect of customer protection.

Banks must take the necessary measures to apply the principles and controls included in this manual, including laying down the necessary certified policies by the boards of directors and updating the business manuals with them. Banks shall have also to implement these instructions effective as of the date hereof, so that the compliance thereto shall be entirely realized by the end of December 2016 at most.

Yet, as per the measures taken by the CBK concerning the follow-up of implementing the stipulations of this Manual, your bank must provide us with a quarterly report effective from the end of September 2015, including the steps and measures taken by your bank for the same of implementation of the instructions of this Manual.

With my best wishes,

The Governor

Dr. Mohammad Y. Al-Hashel



Central Bank of Kuwait

Bank Customers' Protection Manual

5/7/2015

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15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

T) Circular No. (2/BS/IBS/349/2015) concerning Bank Customers’ Protection Manual.

Introduction

Introduction

Enhancing customer confidence in a financial services market, characterized with positive performance and transparent banking services provided by banks to customers in all sectors, is an essential factor for realizing financial stability, developing these markets, and encouraging them to innovation and thereby enhancing the integration of these markets with the real economy.

And, as per the Central Bank of Kuwait's (CBK) targeted approaches to enforcement of its regulatory role for protection of customer rights, the CBK issued during the last years a number of instructions and directions to the banking sector aimed at enhancement of the concept of transparency and disclosure in financial and banking transactions provided by banks to customers in all sectors. These instructions aimed at, creating a convenient environment for safeguarding customer rights, in the framework of balanced relations that provide protection to the banking sector, but do not render the banking sector to reputation risks that may arise in event banks do not comply with the banking professional behavior controls, which may adversely impact upon customer dealings with these banks. Among the instructions issued by the CBK in this regard, for example, are the controls relevant to contracts concluded with customers in terms of their legality, their clear wording, transparency in fixing interest rates, fees and commissions, and providing customer with copies of the contracts and statements of accounts, along with the entire transparency in services rendered by banks to all customers.

The Central Bank of Kuwait also issued instructions for protection of retail customers rights, of which the instructions concerning the rules and regulations of granting by banks of consumer loans, and other installment loans. In November 2013, CBK issued instructions concerning the rules of financing granted to retail customers for the purpose of purchasing and/or development of properties located in the private housing and model housing areas. These rules took into consideration the risks, embedded in such financing, to which retail customers and the banking sector units may be subject to as well, and which may entail economic and social impacts. Therefore, these controls were laid down within an overall precautionary policies aimed at curbing regulatory risks. There were other instructions issued with regard to controls concerning issuing credit cards, and other controls aimed directly to safeguard rights of those customers. Of these controls, specifically, the latest instructions issued by the CBK in March 2013 concerning the establishment of a Unit in the CBK whose objective is to disseminate banking and financial awareness with customers and receive their complaints. The functions of this Unit covered providing phone service to answer customer queries and explanation of the mechanism of implementation of the

instructions issued by the CBK, together with the terms and conditions related to protection of those customers and their obligations.

Yet, international concerns during the last years towards consumer protection in the field of financial services grew further, following the repercussions of the global financial crisis, and the developments witnessed in the financial services markets and instruments, including the expansion in online services, and the increasing chances that risks may move to customers in various sectors, specifically in event those customers lack financial knowledge and awareness. In this regard, the Global Financial Crisis disclosed that one reason of this crisis was the likelihood of offering several innovated or structured financial products which contain high risks but customers failed to assess these risks so that they can build their decisions on deliberate and sound grounds. From this point, attention is drawn to the necessity that financial and banking products must be designed in conformity with customer needs, and within a clear framework, due to the risks they may contain. These developments stressed the necessity of protection of the financial consumer, and integration of such protection in the financial comprehensiveness and the financial awareness and educational policies, within the legal frameworks which provide protection to those customers, in terms of the fair treatment, the appropriate disclosure, improvement of their financial culture, and providing them with the objective advices and the financial services within competitive business frameworks and professional behavior, taking into consideration the protection of assets and information of those customers against any breach of their confidentiality, forgery or fraud.

Within CBK's continuous endeavors aimed at enhancing the protection of banking sector customers through a balanced relation between banks and their customers, guided by the best international practices in this regard, and within the framework of the principles of protecting the financial consumer, certified by the G20 Finance Ministers and Central Bank Governors in October 2011, the CBK issues this Manual for protecting bank customers in all sectors. This Manual encompasses a group of principles which are deemed to be complementary and not replacement to the instructions previously issued by the CBK with regard to protecting customers in their dealings with banks.

First: Protection of Customers – Significance and Concept

Protection of bank customers means application of measures aimed at mitigating risks which those customers may become vulnerable to their dealings with banks. These measures are applied by setting up the organizing frameworks, including policies and procedures, which ensure customers obtaining various financial services in an integrated framework of integrity and disclosure in their financial dealings, to ensure providing all rights to those customers without detriment or

prejudice of their interest, and hold any person who infringes these regulatory frameworks accountable.

The process of protection of customers is based on three dimensions, represented in the following:

- Organizational and Regulatory Dimension: This dimension encompasses a set of approaches, applications and practices exercised by the concerned regulatory authorities for the purpose of enhancing customer protection.
- Legislative Dimension: This dimension encompasses a set of legislations and controls organizing customer rights and obligations, which form the binding framework through which business should be processed, whereby the bank which falls in breach of these legislations shall be liable to application of the appropriate penalties.
- Awareness and Educational Dimension: This dimension encompasses a set of activities and practices aimed at raising the standard of financial and banking knowledge and culture to those customers, thus raising their capabilities to take the right decision, which enhances the approaches of their protection and obtaining their rights.

Second: Organizational and Regulatory Framework

The Central Bank of Kuwait's mandate in protection of bank customers falls within the framework of the law No. 32 of 1968 concerning currency, the CBK and regulation of the banking business and its amendments of several provisions in this regard, and in compliance with the stipulations of the basic practices of effective banking oversight, starting from the extension of the regulatory role to ensuring that banks have adequate policies and procedures which ensure the availability of stringent due diligence regulations for the protection of customers, and to enhance implementation of high-standard professional standards in the banking sector.

Therefore, this Manual includes the principles and regulations that should be complied with by banks and which should be observed when rendering banking products and services to their customers, and when rendering financial advices and information to them or in event of announcement of or advertising these products and services, along with treatment of the complaint, grievance cases and settlement of disputes and conflicts.

Third: Objectives of Issuing the Customer Protection Manual

The target of issuing this Manual is to achieve a set of objectives, most important of which are the following:

1. Stressing the CBK's concerns in terms of protecting customer rights, to ensure that they will obtain the financial and banking services in an integrated framework of transparency and disclosure, and to enable those customers to take their decisions on sound grounds, along with stressing the importance of banks to keep pace with the banking developments relevant to the present and future needs of customers and enlightening them on whether these products and services are suitable to them or not, to realize their ambitions.
2. Setting a group of standards and practices relevant to protection of bank customers, so that these standards and practices will account for a basis for assessment of the bank performance in protecting customers and application of corporate governance in this regard.
3. Developing a general concept for the protection of customers, along with the focus on the banking sector, to contribute to enhance the regulatory objectives in support of the financial stability, through enhancing professional practices in the area of rendering financial services to customers, and to ensure absence of any problems on a national level, as a result of unsound practices upon banks dealing with customers.
4. The availability of a written guide containing important principles on customer protection, stresses the integrity and honesty, and is expected to cast positive impacts on the banking and financial actors, due to the fact that such a Manual accounts as a documentation in support of the efforts expended for application of these principles.
5. This Manual accounts for an educational and awareness instrument to bank customers, because it contains demonstration of the rights, obligations and principles which improve the standard of acquaintance of the nature of the relation with the bank, and contribute to promoting customers financial and legal educational process in their banking transactions. The availability of customers who are equipped with financial and banking culture and understanding will help rationalize their behaviors and financial decisions, and will reduce the likelihood of their involvement in causing crises due to their low standard of awareness.
6. Establishment of fair practices that should be adopted when rendering the financial and banking services and products through banks, which account for minimum limits of policies and procedures applied by banks in their dealings with customers, specifically for focusing on transparency and

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

T) Circular No. (2/BS/IBS/349/2015) concerning Bank Customer Protection Manual.

disclosure to help customers take their decisions in light of their real positions.

7. Enhancement of the trust props and pillars in the banking system units, based on the fact that such trust is deemed amongst the most important factors for the success, growth and development of relations with customers, specifically in view of the presence of active mechanisms and clear frameworks for dealing with customer complaints and grievances and any practices that lack fairness or clarity.

Fourth: Scope of Application

1. This Manual shall be apply to banks operating in the State of Kuwait, including Kuwaiti banks and branches of foreign banks in Kuwait.
2. For the purpose of application of the instructions included in this Manual, are meant to be those customers of natural persons who deal with the above mentioned banks, and other corporate body customers, especially small and medium size enterprises, to the extent these instructions are applied to them and in light of the nature of their transactions and dealings with banks.
3. Principles contained in this Manual are complementary to and not replacement to different instructions issued by the CBK to banks with regard to customer protection.

Fifth: General Principles for Protection of Bank Customers

The following general principles for bank customers account for the minimum regulations that should be complied with by banks upon their applications and should be taken into consideration in their dealings with customers.

Principle One: Fair and Equal Treatment

Banks should, in their transactions with customers, take into consideration that these transactions shall be processed with fairness, equality and honesty, and shall be keen to make these approaches a part of their corporate governance rules and regulations. Banks should also pay further attention and special care to limited-income and education customers, old people and customers with special needs, without discrimination on the basis of gender.

Principle Two: Disclosure & Transparency

Banks should provide their customers with all information relevant to services and products rendered to them, provided that this information shall be clear, accurate, simple and easy to understand, to ensure that customers are fully informed with the advantages and risks of such products and services in a transparent and clear manner, and that customers should not suffer any difficulty for obtaining this information. Banks should also take into consideration that the information provided to customers must include explanations of the rights and obligations of those customers, details of rates, commissions and fees collected by each bank in consideration of each product or service, and a clarification of the merits and risks related thereof, the mechanism of termination of the relation, and the ensuing impacts of the same, so as to make it easy for customers to make their decisions. Advices rendered to the customer must be tailored with their capabilities, potentials and financial objectives, and within the experience they hold concerning products and services. Customers must also be urged to provide comprehensive and accurate information on their positions and requirements, to enable banks to provide the appropriate services and advices.

Principle Three: Financial Awareness & Education

Banks shall have to lay down the appropriate plans and mechanisms for development and dissemination of financial and banking information to their present and potential customers, and work towards raising the standard of their awareness and education, so that they can identify all aspects relevant to banking services and products rendered to them. As such, customers will be able to take conscious decisions and be guided to the appropriate entity from which they can obtain any additional information, if so needed. Banks shall have to keep customers informed of their rights and obligations, especially the limited-income and minimally educated retail customers.

principle Four: Professional Conduct

Banks shall have to observe exercising and carrying out their businesses in a professional and responsible manner, taking into account and realizing the best interests of their customers in the process of their dealing with banks, on the basis that banks are accountable for the protection of customers with regards to the banking products and services rendered to them. In the forefront of these behaviors should always be, the integrity, credibility and verification and convenience of the products and services offered to the customer along with their potentials, capabilities and requirements, and to

ensure the availability of sufficient training to the bank staff that communicate with customers and render banking services to them.

Principle Five: Protection of Customers against Financial Fraud

Banks shall have to protect customer deposits and savings, and other financial assets under transactions with banks, by means of laying down effective, competent and high standards and precisely supervised internal control systems, for the purpose of curbing fraud and embezzlement acts or misuse of financial services, and ensure that at a continued pace the used systems are efficient to cope with the changes of the fraudulent approaches.

Principle Six: Protection of Confidentiality and Information Secrecy

Banks shall have to lay down the regulatory systems, mechanisms and policies that ensure the protection of financial and personal information of their customers. All transactions processed with banks must be carried out in confidence and such information must not be accessed or disclosed unless in conformity with the law and the applicable legislations, and banks shall have to provide the secure systems for electronic transactions.

Principle Seven: Handling Customer Complaints & Grievances

Banks shall have to pay due diligence for treatment of customer complaints and their grievances in a swift, fair and independent manner. They have to ensure that the Customer Complaints Units at these banks would actively assume their responsibilities, in light of the existence of clear and definite mechanisms for following up and treatment of these complaints without delay, and Customer Complaints Units must be given the due diligence and the proper oversight by banks boards of directors, and banks should maintain in-house mechanisms for settlement of disputes with customers.

Principle Eight: Competitiveness

Required information should be made available for conducting comparisons between the best banking and financial products available to customers from banks. This includes streamlining the transfer and moving amongst banks and various products and services without burden or complications, and the same must be made with reasonable costs, taking into consideration that the same shall lead to raising the standard of services rendered by banks.

Principle Nine: Protecting Customers against the risks of Outsourcing Operations

In case the bank seeks outsourcing for operating services, the bank shall have to ensure compliance by the outsourced entities with the principles contained in this Guide, that they act to the interest of banks' customers, and that they shall assume the responsibility of their protection, including maintaining the banking secrecy of their information, taking into consideration that banks providing banking services and products shall remain responsible for the measures taken by the outsourced entities, and banks shall obtain an evidence of the compliance of these entities with customer protection applications. Hence, Customer Complaints Unit in banks shall assume the responsibility for ensuring such compliance.

Principle Ten: Conflict of Interest

Each bank shall have to maintain a clear and written policy certified by its board of directors concerning conflict of interest. The board of directors shall have to ensure on a continued basis the adequacy of the measures applied and the applicable policy in disclosing the potential cases of conflict of interest, and that such measures are effectively applied. Furthermore, it is necessary to ensure that the disclosure of any conflict of interest cases is made as provided for by that policy, and the stipulations of the corporate governance rules and regulations issued by the CBK in this regard.

Sixth: Disclosure Practices and Providing of Banking Services and Products

Banks must, in this regard, comply with the following:

1. Gather sufficient information on the customer before giving any recommendations on services or products to be provided to them, to ensure that the product or the service satisfies their requirements and is tailored to their capabilities.
2. Provide to their customers a written copies of the general and special terms and conditions relevant to each product and service before such product or service is rendered.
3. Use transparent and fair approaches in marketing/promoting of their banking products and services.
4. Provide qualified staff for the direct dealing with the customer in conformity with the degree of complication in the products and services they render. Those staff must receive adequate training to reply to customer queries with sound information.

5. It is necessary to satisfy the requirements of disclosure of products and services to be disclosed.
6. All rules and regulations relevant to the banking services rendered by banks must be made available on the bank website and be easily accessible.

Seventh: Dealing with Customers Accounts at Banks

Banks must, in this regard, comply with the following:

1. Inform their customers with periodical statements on the key details of financial transactions, transfers and balances of accounts belonging to them.
2. Inform their customers, within sufficient time, or by electronic means, before introducing any changes in interest rates/returns, fees or commissions, or in event of charging new fees or other terms and conditions of the products and services they obtain or contracted thereupon.
3. Maintain historical records of customers transactions, and access to such records shall be easy and convenient, free of charge or against reasonable charges.
4. Take into consideration that the measures applied in setting off and settlement of payments belonging to customers shall be clear and known to them, including determination of the periods during which amounts of cheques deposited in their accounts shall be settled, along with all terms and conditions relevant to collection of cheques, the other payment instruments, and the sources upon which such measures are based shall have to be designated.
5. Inform the customers about the legal measures that may be taken against them in case of issuing cheques without sufficient balance, prior to issuing such cheques, and the consequences of such action.
6. Inform the customers of the procedures to be taken in case they are driven by necessity to cease payment of cheques that the customers may have issued, in view of the developments which require advising the bank of the same.

7. Inform the customers of the charges and expenses related to products and services offered to them, including cheques service, whether for obtaining a cheque book or endorsement of those cheques or their settlement, or other relevant relations.
8. Issue a free of charge monthly statement of customer's accounts, unless specified otherwise by the customer, showing all transactions processed by the customer during the month, and the interests, returns or fees debited/credited to these accounts. In case a customer desires to receive his/her statements of accounts through electronic media or phone service, in lieu of the hardcopy monthly statements, the medium through which obtaining of information must be appropriate, legible and contain the appropriate details.
9. Inform, in writing the customers whose accounts have not been activated in a long time, and place these accounts under attention and lay down regulatory controls to access these accounts and protect them.
10. Approvals and information sent to customers for signature must be legible, understandable and suitable for all customer segments.

Eighth: Protection of Banking Secrecy and Privacy of Information

Banks must, in this concern, comply with the following:

1. Protect customers by setting up high level regulatory systems, including appropriate mechanisms which determine the objectives for which data and information are collected and treated..
2. Banks' responsibility of protecting customer data and information and maintaining their secrecy extend to these data maintained with banks or that data available with a third party which banks seek its support in carrying out their activities related to customers.
3. Create an in-house environment that ensures the safety and secrecy of all information and data available with them on customers and their transactions. Banks shall have to examine, on continued basis, such environment and ensures its soundness.
4. Disclose to their customers with appropriate manner the cases where the rules for maintaining the secrecy of customer information and data shall be excluded, as cited in the following:
 - a. Cases where information are disclosed by written consent of the customer.
 - b. Cases where disclosure of information is obligatory by force of the applicable laws or legislations.

5. Upon recruitment of their staff or having support of outsourced entities, the necessary documents which ensure those staff compliance with maintaining the secrecy of customer data and information must be completed.

Ninth: Financial and Banking Awareness

1. Banks must design and set up appropriate mechanisms for developing the knowledge and skills of present and future customers and raise their awareness and helping them understand the basic risks of transactions they carry out with banks so that they would be able to take the right decisions, and guide them to the appropriate entities to obtain information, in case of their need for such information.
2. As a source of financial and banking education, the bank website must contain a page for financial and banking awareness, provided such page shall contain this Guide, in addition to the rights and responsibilities of customers, the means of submission of complaints, and the frequently asked questions (FAQ) expected to be raised by customers and the bank responses thereto.

In this context, the following must be taken into consideration:

- a. Each bank should develop an annual plan containing designated programs for enhancing the dissemination of financial and banking information for the purpose of enhancing financial and banking literacy.
- b. Banks must participate with civil society institutions and organizations as well as scientific and professional institutions which endeavor to enhance financial and banking literacy, and raise the standard of knowledge, and shall cooperate in setting up and implementing financial and banking awareness programs.
- c. Banks must take part from time to time in conducting studies on surveying the financial awareness and the impacts of the measures taken in this regard on enhancing awareness and financial literacy, in the framework of the results of the policies applied at banks and considering their development.

Tenth: Financial and Banking Inclusion Programs

Financial and banking inclusion means a set of procedures and policies that target availability of the financial and banking services to all segments of the society, including people with special needs, limited or low-income persons, craftsmen and servicemen, micro, small and medium enterprises, taking into consideration that such services would be tailored with their requirements and circumstances and be fair and transparent. In this regard, banks must have to take the following into consideration:

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- Set up annual programs for realizing the objectives of financial and banking inclusion, with the presence of mechanisms that allow following up and implementation of these programs, listing of beneficiaries thereof and their diversity to encompass several categories of potential customers, to realize the expansion of distribution channels with the banking system units.
- Expand further efforts in studying the needs of the requirements of segments that do not deal with banks and take serious steps towards assisting them to satisfy their requirements according to safe and convenient means to them.
- When banks come to set up plans for their activities and programs of the financial and banking comprehensiveness, they shall have to adopt appropriate approaches for attracting segments who are not used to dealing with banks (for example: people with special needs, and limited incomers), along with making available positive measures towards direction to these segments and encourage them to raise the level of transactions and benefit of the developments in several areas, specifically the technological aspects.

Eleventh: Publicity and Advertising Materials

Banks must comply in this regard with the following:

1. Ensure that their ads and publicity materials used in rendering their products and services do not contain unreal or inaccurate information that may lead to unsound understanding to the existing and potential customers, thereby resulting in taking erroneous decisions.
2. Be keen that all publicity and advertising materials for the products and services would be simple for reading and understandable to the public in general.
3. Take into consideration, when issuing any ads or advertising materials, the legal liability that they may undertake as a result of these ads or advertising materials, used in sale of their products and services to customers, containing incorrect data or information.
4. Take into consideration not to publish ads on products or services associated with risks that cannot be recognized unless by specialists, and not to encourage customers to benefit from these services and products without proper explanation on the risks relevant thereto.
5. Set up a policy for advertising and publicity that should be endorsed by their boards of directors. These policies should contain the professionally and legally acceptable principles, rules and practices issued by the bank, including ads or publicity materials.

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T) Circular No. (2/BS/IBS/349/2015) concerning Bank Customer Protection Manual.

6. Customer Complaint Units at banks should ensure that the policies for advertising and publicity materials are made in accordance with, at minimum, the rules and practices included in the Customer Protection Guide, and that they are free from any messages that could inflict erroneous or incorrect understanding. In case these units receive queries or clarifications raised by these advertising materials, the appropriate immediate measures should be taken to remove any doubt or ambiguity therein.
7. When banks announce obtaining awards, preference or distinction certificates, they should disclose sufficient information on the awarding entity, the mechanism and methodology upon which the certificate was awarded and the standards adopted by that entity.

Twelfth: Customer Service Staff and Marketers/Promoters of Banking Services & Products

1. Customer Service staff and bank products and service marketers should be well aware and cognizant with the regulatory and legislative rules for protection of customers, and the provisions of this Guide, including regulations and controls relevant to practicing of their functions in service of customers, along with the knowledge of all technical aspects relevant to the service or the product provided to customers.
2. Upon selection of customer service staff and products and services marketers, banks shall have to take into consideration a set of standards laid down that should be satisfied by those staff, either in terms of the period of the service in identical functions, and the knowledge of the banking products and services, tailored with the degree of complexity therein, along with the availability of communication skills and other personal attributes conforming with the nature of the tasks entrusted to them, and their obtaining the necessary certificates and training.

Thirteenth: Consumer and Installment Loans / Financing

Banks must comply with the following in this regard:

1. Obtain an authorization from the customer to be attached with the loan contract, to inquire about the data of credit cards, data of loans/consumer and installment financing transactions the customer received from banks and investment companies and other finance companies. The matter requires also obtaining a statement signed by the customer showing the balance of the loan/financing transactions which the customer obtained from the aforementioned entities and outstanding as at the date of the loan application/new financing.
2. Grant customers of consumer and installment loans/financing a Reflection Period of two working days at least. Loans/financing transactions extended for medical treatment purposes shall be excluded from the Reflection Period, so that the customer shall be provided with unsigned and provisional copy of the loan/financing contract upon their application for the loan/financing, provided that customers shall submit a written acknowledgement of receipt of a copy of the loan/financing contract for reflection purposes, without the customers to be held with any obligations during the reflection period, and so that the contract shall be signed after expiry of that period in case of consent of the two parties.

The customer shall be informed of all financial impacts arising out of the loan/financing that shall be extended to him/her, and the contractual conditions and the obligations resulting therefrom in accordance with the contract that shall be concluded with regard to the loan/financing. The bank shall have to maintain the documents evidencing the same, and the customer shall be provided, at the beginning of the reflection period, with a statistical, clear and easy to understand schedule showing the following:

- The value and number of the installments of the loan/financing.
- Components of each installment, including interest/return and the amount repaid out of the principal of the loan/financing, on supposition of the regular repayment.
- Total value of interests/returns and the amounts that shall be repaid until expiry of the maturity of the loan/financing.
- Statement of potential changes in the financing charges for installment loans, on supposition of the increase in the interest rate with the maximum stipulated limit (2%) each five years.

3. Banks should not obligate their customers to buy another service or product as a condition for rendering a product or service related thereto. For example, to set as a condition, obtaining insurance against extension of a loan/financing, whereas borrowers shall have to be given the freedom to select the other service or product and consent thereof.
4. Concerning the accounts of loan/financing transactions extended to customers, the monthly statement should identify the installments or the amounts paid during the period covered by the statement, and the outstanding balance in the loan/financing account, distributed between the principal loan/financing / interest/return, as well as the amounts repaid out of the loan/financing transactions, distributed on the principal, interest and returns.
5. Consumer and installment loans/financing contracts must include, at minimum, the following items:
 - a. Basic data of the customer: (contact address, profession/job, place of work, phone numbers, etc.).
 - b. Type of the loan/financing [consumer – installment (housing)].
 - c. Value of the loan/financing.
 - d. Purpose of the loan/financing and the means to be applied for verification of the purpose of such use, and the documents required from the customer which evidence the use of the loan/financing in the purpose for which it was granted and the date of submission of such documents.
 - e. Term of the loan/financing, the number of the monthly installments and dates for their repayment, the value of the monthly installment and its proportion to the net monthly salary (after the deductions) or the continued monthly income of the customer.
 - f. The accounts that shall be debited with the value of the monthly installments.
 - g. Interest rate on the loan (value of return on financing), the means of its collection, in accordance with the provisions of the instructions issued by the CBK in this regard, so that the total cost of financing (the interest / value of the return) shall be clear to the customer before granting the financing, and to always keep an evidence of the customer knowledge of the same.
 - h. The customer obtaining a copy of the contract and its signature to the effect of the same.

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6. Provide the required information on the loan/consumer and installment financing transactions on the online accounts of customer subscribing in the online banking service. It is necessary to take into consideration in this regard that the statements of accounts of the loans/financing transactions shall have to include the detailed information relevant to the number and value of the repaid installments and the outstanding installments up to date of maturity, to be put into details according to the interest /the return and the principal amount.

Fourteenth: Credit Cards

1. Banks must disclose all the requirements for issuing credit cards, such as issuing fees and expenses, including financing expenses, credit limits, exchange rates, applicable interest rates / return, method of calculation, and the minimum limit of the monthly installment, etc., before concluding the contract with the customer.
2. Banks must notify their customers in writing, by emails, or SMS texts in case of charging new fees or change in any fees or expenses charged on credit cards previously issued to customers, taking into consideration the CBK's guidelines concerning the deadline between the announcement and the actual application.
3. Banks must notify their credit card customers of the minimum limit of the amount required to be repaid per month, and to identify any costs relevant to the interest rates/return which will accumulate in case the customer repays the minimum limit only. Credit cards transactions statements should include a note of the minimum limit required to be repaid and the cost of the interest / return (ratio and the amount) – if any – that shall be calculated on the outstanding balance in case the card holder repays the minimum limit / monthly installment.

Fifteenth: Online Banking and Telebanking Services

1. Banks which provide online banking services to their customers or telebanking must use protection software which ensures to them the following:
 - a. Maintain the privacy and confidentiality of customer information and protecting them against unauthorized access or hacking.
 - b. Documentation of transactions and the possibility of identification of the counterparties and oversight the access to the used systems.
 - c. Accept and implement the transactions conducted by customers on their accounts through the systems available with the bank in this regard.

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- d. The availability of a business continuity plan.
 - e. Notify customers ahead of time, in case banks are obliged or going to cease some of its services for maintenance purposes or for other reasons, so the customer has sufficient notice.
2. Banks must impose a form of supervision and follow-up in the case of hiring the services of third parties for processing online banking services or telebanking.
 3. Banks must inform customers, who desire to use online banking services or telebanking for processing their transactions, with the fees and expenses (if any) relevant to the services rendered by these two means and the amounts of such fees and expenses.
 4. Banks must lay down clear and definite rules for treatment of any cases of errors or fraud, if it takes place.
 5. Banks should take the necessary measures aimed at raising the standard of understanding and using online banking and telebanking by their customers, and must arrange for launching continued awareness programs, and inform customers of any changes or developments in the applicable systems, to ensure their protection. Banks should also be obligated to keep customers informed of the risks associated with online transactions and must provide them with the guidance that enhances the safe use of these services and their protection.

Sixteenth: Online Transfer of Funds and Drafts

1. Banks must provide sufficient information to their customers who use online drafts and transfer of funds. This information must include the rates, the advantages of these services and the means of processing these services in as simple and easy to understand format as possible. They must also include the fees to be paid by the customer or the beneficiary of such service required by the customer (draft / transfer), exchange rates of foreign currencies, the expenses and time the draft or the transfer will take until funds shall be delivered to the beneficiary, and other terms and conditions relevant to online transfer of funds, of which the responsibilities, rights and obligations.
2. In case the bank is not assured of the cost of the online transfer or draft, owing to the difference of circumstances of each case, the bank has to disclose the same to the customer in advance without dictating certain conditions to the customer, provided that the customer's prior consent of the same shall have to be obtained.

3. Banks which receive or forward online transfers or drafts of funds must document all basic information relevant to these transactions, provided that they shall advise their customers of the details of these transactions immediately upon their completion and without charging any fees for the same.
4. Banks must make available to their customers easy and clear information on the procedures taken in case of error or in case the customer is exposed to fraud during processing online transfer or draft of funds.
5. Banks must inform their customers who use credit cards/advance payment/ATM abroad, with the terms and conditions of these outbound transactions and the exchange rates of foreign currencies applicable in these cases.

Seventeenth: Requesting Customers to Repay their Debts to Banks

1. Banks should not use in their claims to customers, to repay loans they borrowed or debts they owe to the bank, unprofessional means or practices, including incorrect information and reasons or unfair practices.
2. In case of repayment by setting off between the customer accounts, banks shall have to include such provision in the contracts concluded with customers, and shall have to advise their customers of the same after the repayment transaction.

Eighteenth: Enhancing the Functions of Customer Complaint Unit

Banks must observe the following in this regard:

1. Comply with the instructions issued by the CBK concerning protection of bank customers. The board of directors of each bank shall have to ensure the same.
2. Put in a reachable place a written summary of the procedures and steps to be followed by customers in the event that they wish to submit a complaint on their transactions with the bank, provided that these procedures should contain designation of the steps to be taken in event the customer submits a complaint, so that these steps shall include those steps that can be taken in a gradual manner until the customer complaint shall be finally resolved, including submission of a grievance to the CBK.
3. Customer Complaint Units in banks are accountable for verification of the compliance of each bank with the Customer Protection Manual and the other instructions and controls relevant to the same.

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T) Circular No. (2/BS/IBS/349/2015) concerning Bank Customers' Protection Manual.

4. The board of directors of each bank is responsible for laying down the policies and procedures which ensure to the Customer Complaints Units to effectively exercise their functions, provided that their reports in this regard must be submitted to the board of directors to take the appropriate action it deems necessary. These units should prepare annual report on the compliance with the Customer Protection Manual and such report shall be presented to the board of directors including their recommendations and suggestions, and such report shall be submitted to the CBK when necessary.
5. In case the customer does not reach a settlement of his/her complaint through the Customer Complaints Unit in the bank, it is necessary to guide such customer to submit a grievance to the Customer Protection Unit at the CBK.
6. Customer Complaint Units in banks must have to ensure the customer acquaintance of all documents submitted to them by the bank upon obtaining any service or product to them, and that the customer has received a copy of these documents, by means of signature of the customer upon receipt of these documents.

Nineteenth: Customers Responsibilities and Obligations

Within the framework of designation of the Customer responsibilities and obligations, he/she must comply with the following:

1. The information he/she submits to the bank with which he/she deals must be authentic.
2. He/She must read carefully all documents the bank provides to him/her for obtaining any service or product, with the necessity to identify any fees, commissions or any other liabilities or obligations laid down on the customer. The customer should keep a copy of these documents before any financial or banking obligation is created on him/her.
3. In case a customer does not understand any of the conditions or the procedures relevant to the product or service he/she desires to obtain, he/she shall have to submit his/her queries to the concerned bank staff, so that he/she can take his decisions based on clear and complete vision.
4. The customer must comply with the procedures for submittal of the complaint, including the grievance measures to the Customer Protection Unit at the CBK.
5. The customer must identify the risks that may arise as a result of his/her use of a product or service rendered by the bank, through the queries addressed to the concerned persons on the impacts ensuing from these risks, and shall have to avoid such risks as much as possible.

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6. The customer must select amongst the products and services offered to him/her the ones that are most convenient to his/her circumstances and actual real capabilities to satisfy his/her actual requirements.
7. He/She must immediately inform the bank with which he deals of any banking transactions made on his account which he/she does not know anything nor does he/she know their reasons, or those transactions which have not been authorized by him/her.
8. He/She must be cautious and vigilant in maintaining the confidentiality of his/her private information relevant to his/her transactions with the bank, and shall not disclose such information to any third party for safeguarding his monies.
9. He/She must seek the advice and consultancy from the bank concerned staff in case he/she encounters any financial difficulties that may lead to his/her failure to satisfy the conditions of the contract concluded with him/her or use of the products and services rendered to him/her.
10. He/She must update his/her personal and banking information with the bank when requested to do so by the bank, or in event of change of these information.
11. To maintain confidentiality, and in the event where the customer needs to communicate with the bank he/she deals with by normal courier or email, he/she must use the postal address belonging to him/her to avoid access by any other person to his/her personal and banking information if he/she used an address that does not belong to him/her.
12. In case the customer needs to grant an authorization or a proxy to another person to transact on his/her accounts or monies with the bank, he/she must be cautious concerning the authorities and information granted to the attorney, and to take the necessary action immediately upon his/her desire to revoke the proxies and to inform the bank of the same.
13. Not to sign any financial documents, blank or incomplete information contracts, and he/she has to check these documents which the bank submits to him/her before their signature.
14. It is necessary for the customer to maintain in a safe place copies of documents of transactions with the bank for ease of reference to these documents when necessary.



Central Bank of Kuwait

Customers may contact the Customer's Protection Unit at the Central Bank of Kuwait by calling 1864444 or by visiting the CBK website: www.cbk.gov.kw

THE GOVERNOR

*18 Ramadan 1436 H
5 July 2015*

The Chairman of the Board of Directors,

**“Circular No. (2/BS/IBS/350/2015)
to all Kuwaiti Banks Concerning
Banking Services Provided to Customers with Special Needs⁽¹⁾”**

As a part of the Central Bank of Kuwait’s (CBK) Financial Inclusion efforts in allowing all the segments of society to benefit from banking and financial services provided by the supervised units, primarily banks, and to keep pace with international developments aiming at overcoming obstacles that hinder the provision of such services to those with special needs, attached is the set of principles and practices approved by the CBK’s Board of Directors in its meeting held on 07/05/2015, whereby Kuwaiti banks shall apply them upon dealing with their customers with special needs.

Banks are urged to take the necessary measures to implement these principles including the drafting of the necessary policies approved by their boards of directors and updating their work procedures’ manuals. Banks must implement these instructions as of the date hereof in order to be fully compliant with the same by the end of December 2016 at most.

As a part of CBK’s procedures to follow up the implementation of these instructions and to ensure the provision of the necessary banking services to this important segment of the society, banks must provide the CBK with a quarterly report starting from the end of September 2015, including the steps and procedures taken by your bank to implement the aforementioned instructions.

With my best wishes,

The Governor

Dr. Mohammad Y. Al-Hashel

(1) Circular dated 05/01/2020 under Item (C) of this Chapter emphasizes the need to include the request of obtaining the CBK approval for opening a branch, a clarification whether the mentioned branch provides banking services to customers with special needs or not.



Central Bank of Kuwait

**Central Bank of Kuwait Instructions
Concerning Banking Services Provided by
Kuwaiti Banks to Customers with Special
Needs**

5/7/2015

Central Bank of Kuwait Instructions Concerning Banking Services Provided by Kuwaiti Banks to Customers with Special Needs

Definition of a customer with special needs:

For the purpose of applying these instructions, a customer with special needs is defined as “the customer who suffers from total or partial permanent impairment whether resulting in deficiency in his/her physical or sensory abilities that may prevent him/her from full access to banking services on equal basis with other customers”. This means that the customer has the ability to take his/her own decisions, but due to his/her special conditions, he/she may need assistance to do so (for example: hearing impairment, low vision/eyesight, blindness and physical disabilities). This definition does not cover people who have limited ability to make their own decisions (such as persons with mental illness).

General Instructions:

In the context of applying these instructions, including the core principles and practices, banks must consider the following while dealing with customers with special needs:

- Identify the customer and the extent of his/her ability to take decisions within the framework of the Bank’s measures in respect of “Know Your Customer (KYC)” and provide him/her with the arrangements and/or assistance that may be required to facilitate dealings with the Bank.
- Designate (at least) one branch in each governorate to provide banking services to people with special needs, alongside its normal business.
- Allocate, at least, one ATM in the selected/designated branch in each governorate of the State of Kuwait to provide banking services to people with special needs.
- Provide banking services to customers with special needs, including credit and financing facilities, offered by banks to any other customers, without increasing any burdens, such as interest / profits, fees or the like, owing to the fact that those customers have special needs. Banks must also inform and guide those customers of the risks involved in providing these services, taking into account their special conditions compared to other customers.
- Take all appropriate and effective measures to ensure equal treatment for customers with special needs while managing their financial affairs as well as access to banking services, credit facilities and other financial services.

- Distinguish in treatment between literate customers with special needs who can use the Braille language or sign language in their banking transactions and illiterate customers.
- Facilitate the tasks of people with special needs and their judicial assistant.
- Allow a customer with special needs to appoint an agent(s) to operate his/her bank accounts upon the customer's desire. In such case, the bank must explain to the customer the associated risks of granting this authority to a person. Moreover, banks must clarify to the customer the measures of terminating such authority.
- Inform customers with special needs with all associated rights, obligations and risks before providing any banking services.
- Allocate special account numbers to customers with special needs to distinguish them from other bank customers in order to speed up and facilitate the services provided to them either by phone or in case the customer attends in person to the Bank.
- Taking into account that the documents required from those customers are the same as those required from any other customer (except for the proof of disability status). Their account must be classified as a "Special Needs Customer Account".
- Provide ramps or automatic lift devices so that wheelchair customers can easily access ATMs and bank branches, taking into account that such ATMs should be placed at appropriate height for those customers to use easily.
- Provide a free of charge over-the-counter cash withdrawal service for people with special needs.
- Safe deposit lockers must be provided to those customers upon request. Such lockers should be convenient to use in terms of location and accessibility.

Instructions on Dealing with Deaf and Mute Customers:

- Each bank must train some of its staff on sign language or appoint specialists at the branch to provide services and support people with special needs while conducting transactions.

Instructions on Dealing with Blind and Low Vision/eyesight Customers

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

U) Circular No. (2/BS/IBS/350/2015) concerning banking services provided to customers with special needs.

1. General Instructions

Banks must comply with the following:

- Provide automatic voice recordings both on the bank website or through a device equipped with speakers inside the bank explaining the most important terms and conditions of the contracts, forms and documents to be signed by blind customers, in addition to reading the contracts full texts to them prior to signing the same.
- Use special forms for opening accounts, facilities and other financial transactions' contracts. In addition, it shall be taken into account that the services, statements and notices sent to this category of customers must be printed in Braille language and that the customer has received opening account application, facilities contracts as well as any other contracts conclude by the customer and the Bank.
- Help those customers in filling in necessary applications and forms. This shall be done by two of the bank's staff and in the presence of witnesses, in case the customer so requests.
- Meet the legal requirements for transactions concluded between the bank and the customer. This shall include any requirements related to the customer's agents and witnesses while concluding any agreements, particularly with respect to dealings with blind customers.
- In case such customers deal with the bank in cash, banks shall ensure that the transaction is processed in the presence of another staff with no need for external witnesses unless so required by the customer.

2. Credit / Debit Cards

Banks must comply with the following:

- Issue Credit / debit cards for this category of customers upon their request.
- Request their staff to read the terms and conditions of credit / debit cards issued for this category of customers and clarify the associated risks.
- Issue credit / debit card accompanied by (or associated with) a customer's photo as it will be used to verify the customer's identity.

3. Automated Teller Machines (ATMs)

- ATMs at branches must be of special features i.e. talking ATMs with Braille keyboards that are convenient for blind customers.
- ATMs must be equipped with voice services for sending and receiving. It should be placed in a glass room opened by the customer's bank card to maintain user privacy.

4. Online & Telebanking Banking Services / Transacting with Banks Automatically

- Modern technological and safe programs such as screen readers, electronic fingerprint and mobile phones applications must be used to help this group of customers conduct banking transactions, taking into account security requirements related to account management.
- Highest safety levels must be provided upon those customers' use of online and mobile phones for banking services.

5. Safe Deposit Lockers

- Procedures and steps that precede the allocation of safe deposit lockers for blind and low vision/eyesight customers must not be much different from those adopted for any other customer.
- When using safe deposit lockers, blind and low vision/eyesight customers shall be granted the following options:
 - Personal use of the safe deposit locker.
 - Using the safe deposit locker with the help of a judicial assistant.

In case a blind or low vision/eyesight customer requests that the person in charge of the safe deposit lockers to be present when opening the safe deposit locker, the staff must satisfy the customer's request by the presence of two staff members, one of them should be the person in charge of the safe deposit lockers.

THE MANAGER

*10 Jumada Al-Ula 1441 H
5 January 2020*

The Chief Executive Officer,

“Circular to all Kuwaiti Banks Concerning Banking Services Provided to Customers with Special Needs”

Referring to the Central Bank of Kuwait (CBK) Instructions dated 05/07/2015 to Kuwaiti banks in respect of banking services provided to customers with special needs and which urged the banks to “designate (at least) one branch in each governorate to provide banking services to people with special needs, alongside its normal business”.

We inform you that your bank must include the request for opening, closing, or extending of initial approval of a branch, a clarification whether the mentioned branch provides banking services to customers with special needs or not.

With my best wishes,

**The Executive Director of Supervision Sector
Waleed Mahmoud Al-Awadhi**

15- BANKS RELATIONSHIP WITH THEIR CUSTOMERS

- V) Circular to all Kuwaiti banks to include their requests for opening, closing, or extending of initial approval of a branch, a clarification whether the mentioned branch provides banking services to customers with special needs or not.