

Burgan Bank

Customer Protection Policy



Introduction

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POLICY STATEMENT

It is the policy of Burgan Bank (The Bank) to deal and treat all customers with justice, equality, fairness, honesty, and attention is given to those with limited income, senior citizens, and persons with special needs without discrimination between the genders.

Purpose

The purpose of this document is to establish the necessary guidelines within the framework of CBK's regulations issued on this subject, to enhance the protection of the bank's customers by affirming the concept of transparency and disclosure in financial and banking transactions offered by the bank to its customers in all sectors.

The scope of this policy applies to customers as defined in CBK's guidelines, as those customers who are natural persons dealing with the Bank and other legal persons, especially small and medium-size companies, to the extent that the CBK instructions apply to them and in light of the nature of their transactions and dealings with the Bank.

Application

1. GENERAL PRINCIPLES FOR CUSTOMERS PROTECTION IN BURGAN BANK

1.1 FIRST PRINCIPLE: FAIR & EQUAL TREATMENT

The Bank must, during all its stages of dealing with customers, observe that its dealings should be characterized with fairness, equality, and honesty and to make this method part of its governance rules. It should also give more attention and care to customers who are low in income and education, elderly people, and persons with special needs, without differentiation between genders.

1.2 SECOND PRINCIPLE: DISCLOSURE & TRANSPARENCY

The Bank must provide to its customers all information on the services and products it provides to them. This information must be characterized with clarity, ease of understanding, simplicity, and accuracy in order to guarantee customers view the benefits and risks with clarity and transparency, and customers aren't burdened in order to obtain that information. The Bank must take care that the information it provides to customers contains an explanation of the rights and responsibilities of those customers, details on prices, fees, and commissions charged by the Bank for each service or product, and an explanation of the benefits and risks associated with it and the mechanism of terminating the relationship and its consequences, in a way that facilitates the customers' decision making. The advice given to the customer must suit his abilities, capabilities, and financial goals, in light of his/her experience about those products and services. Care must be given to urge customers to give comprehensive and accurate information on their status and needs, to enable the Bank to offer suitable advice and services.

1.3 THIRD PRINCIPLE: FINANCIAL AWARENESS & EDUCATION

The Bank must put in place suitable plans, programs, and mechanisms to develop and publish financial and banking knowledge to its current and potential customers, and seek to raise their awareness and education level to enable them to identify all the related aspects of the banking services or products offered to them, then help in making studied decisions, and guide them to the suitable party through which they can obtain additional information if needed. The Bank must inform customers of their rights and responsibilities, especially individual customers who have limited income and education.

1.4 FOURTH PRINCIPLE: PROFESSIONAL BEHAVIOR

The Bank must take care to practice and perform its work in a professional and responsible manner, taking into consideration achieving the best benefit for customers at all the stages of their dealings with the Bank, as it is responsible for protecting the customer for the banking services or products offered to him/her. At the top of these behaviors are honesty and credibility and ensuring the offered services and products suit the customer's needs, abilities, and capabilities. The Bank must ensure sufficient training is given to its employees who interact with customers and present banking services.

1.5 FIFTH PRINCIPLE: CUSTOMER PROTECTION AGAINST FINANCIAL FRAUD

The Bank must protect the customers' deposits, savings, and other financial assets which are in the purview of their dealings with the Bank, by placing efficient internal control systems that are efficient and have a high standard of accurate control for the goal of limiting fraud and embezzlement transactions or misuse of financial services, and continuously ensure the efficiency of the systems used to keep up with the changes in fraud methods.

1.6 SIXTH PRINCIPLE: PRIVACY PROTECTION & INFORMATION CONFIDENTIALTY

The Bank must install supervisory systems, mechanisms, and policies which guarantee the protection of its customers' financial and personal information. All transactions with the Bank are confidential and may not be viewed or revealed except as regulated by law and current legislations. The Bank must provide secure systems for electronic transactions.

1.7 SEVENTH PRINCIPLE: HANDLING CUSTOMER COMPLAINTS

The Bank must give sufficient care to handle customers' complaints in a quick, fair, and independent way and to ensure its Client Complaints Unit performs its responsibilities effectively in light of the existence of clear and specific mechanisms to handle and treat those complaints without delay. The CCU must be given suitable care and supervision by the Bank's Board of Directors and the Bank should have an internal mechanism to solve disputes with customers.

1.8 EIGHTH PRINCIPLE: COMPETITIVENESS

The required information must be provided in order to enable the customers perform comparisons between the best banking services and products available to them from banks. This includes ease of transfer and movement of funds between banks and between different services and products without hardships or complications. It should

be done at a reasonable cost, taking into consideration that it leads to raising the quality standard of the services offered by the Bank to its customers.

1.9 NINTH PRINCIPLE: CUSTOMER PROTECTION FROM RISKS OF OUTSOURCING

In the event that the Bank uses operational services from external parties, outsourcing, the Bank must ensure the external parties adhere to the principles included in this policy and that it is working for the benefit of the Bank's customers and bears responsibility to protect them, including confidentiality of their information, taking into consideration the continued responsibility of the Bank for the actions taken by those external parties. The Bank must obtain proof of the external parties' adherence to customer protection guidelines and the CCU shall bear the responsibility of confirming it.

1.10 TENTH PRINCIPLE: CONFLICT OF INTEREST

The Bank must possess a clear written policy ratified by its board of directors on conflicts of interest, which must continuously confirm the sufficiency of the procedures and the implemented policy in discovering possible cases of conflicts of interest and that it is being effectively implemented. There should be confirmation that any cases of conflicts of interest are disclosed per the policy's specifications and the rules and regulations of governance issued by CBK in this regard.

2. PRACTICES FOR DISCLOSURE AND PROVIDING BANKING SERVICES AND PRODUCTS

The Bank must adhere to the following in this regard:

- Collect sufficient information on the customer before recommending specific products or services, in order to ensure that the product or service fulfills the customer's needs and suits his/her abilities.
- Provide to its customers a written copy of the general terms and conditions related to each product or service before they receive that product or service.
- Use transparent and fair means to market its banking products and services.
- Provide staff that are qualified for direct dealings with customers, suitable to the degree of complications of the products or services it provides, and those employees must receive sufficient training to reply to all the customers' questions with correct information.
- Observe the implementation of all disclosure requirements for products and services which must be disclosed.
- All the rules and regulations related to all banking services provided by the Bank must be available on the Bank's website in an easy to view format.

3. HANDLING CUSTOMERS ACCOUNTS IN THE BANK

The Bank must adhere to the following in this regard:

- Provide to its customers and on periodical basis information on the main details of financial transactions and their account balances.
- Notify its customers within sufficient time in written form or via electronic means

before making any changes in interest rates/return, fees, commissions, or imposing new fees, or other terms of products and services the customers obtain or contract to.

- Maintain historical records of customers transactions and the records should be easily accessible and without charge or for reasonable fees.
- Observe that the procedures followed in clearing and settlement of payments of customers are clear and known to the customers, including specifying the periods for settling the amounts of cheques deposited in their accounts, and all the terms and conditions related to collecting cheques and other payment instruments, while specifying the sources which these procedures are based on.
- Inform customers of the legal action they might be exposed to in the event of issuing cheques without sufficient balance, before they begin to issue such cheques and the consequences of this action.
- Inform customers of the procedures that are required to be taken in the event of having to stop disbursing the cheques which the customer issued in light of any circumstances that require informing the Bank of it.
- Explain to customers any expenses or fees related to the services and products offered by the Bank, including cheque service, whether related to obtaining cheque books or approving and settling the cheques, or other related procedures.
- In the case of lack of instructions by the customer stating otherwise, the Bank must present to its customers a free monthly account statement explaining all the customer's transactions done during the month, interest/return or fees placed on the accounts, and if customers choose to obtain their account statements through electronic means or the phone service as an alternative to monthly paper statements, then the information should be in a format that is easy to read and contains appropriate details.
- The Bank should notify in writing its customers whose accounts have no movement by the customers for a long period of time, and place these accounts under care and place regulatory controls for its access and protection.
- Acknowledgments and information sent to customers for their signature should be easy to read and comprehend and suitable for all types and categories of customers.

4. PROTECTION OF BANKING CONFIDENTIALITY AND INFORMATION PRIVACY

The Bank must adhere to the following in this regard:

- Protect customers through establishing high level control systems containing suitable mechanisms that specify the purposes for which information is collected and handled.
- The Bank's responsibility for customer information protection and maintaining its confidentiality extends to the information it holds or that is available at a third party which the Bank uses in its performance of its customer-related activity.
- Provide the internal environment which guarantees achieving safety and security for all information available on its customers and their transactions. The Bank must continuously test this environment and ensure its validity.
- Disclose to its customers in a suitable manner the cases where the customers' information confidentiality rule is excluded, which are:
 - Cases where information disclosure is done with the customer's written

consent.

- Cases where information is required to be disclosed per the applicable laws and legislations.
- When the Bank appoints their employees or use other parties, it is necessary to obtain forms confirming their adherence to information confidentiality related to customers.

5. FINANCIAL AND BANKING AWARENESS

- The Bank must design and establish suitable mechanisms to develop the knowledge and skills of current and future customers and raise their awareness level and enable them to comprehend the basic risks of transactions they perform with the Bank and to enable them to take suitable decisions for themselves and guide them to the appropriate party to obtain information if they require it.
- As a type of financial and banking education, the Bank's website must contain a special page for financial and banking awareness, including this guide, in addition to the customer's rights and responsibilities, method of filing a complaint, and frequently asked questions (FAQ) expected from customers and the Bank's answers to it.
- The Bank must put in place an annual plan containing specific programs to support the publication of financial and banking information aimed at increasing banking and financial awareness.
- The Bank's participation with civil society's establishments and authorities and professional and academic institutions that aim at strengthening financial and banking awareness and raising the awareness level, in addition to cooperation in establishing and executing financial and banking awareness programs.
- The Bank's participation from time to time in performing special studies for measurement of the financial awareness and the effect of the actions taken in this regard on increasing this awareness and financial education in the framework of evaluating the results of the policies implemented at the Bank and to look into its development.

6. FINANCIAL AND BANKING INCLUSION PROGRAMS

"Financial and banking inclusion" is defined as a group of policies and procedures with an aim at making financial and banking services available to all categories of society, including persons with special needs, persons with limited or weak income, persons working in the service sector and simple craftsmen, and business owners of small, and medium businesses, while taking into consideration that it is according to their needs and circumstances and characterized by fairness and transparency. In this regard, the Bank must do the following:

- Establish annual programs to achieve financial and banking inclusion goals with the existence of mechanisms that allow follow-up on the execution of these programs and the number of its beneficiaries. It should be varied to include several categories of potential customers and achieve widening the circle of those dealing with the banking system's units.
- Exert more efforts in studying the needs of categories that don't deal with the Bank and take serious steps to facilitate obtainment of their needs according to

safe and easy methods for them.

- When planning activities and programs for financial and banking inclusion, the Bank must use suitable methods to attract the categories that are not used to dealing with them (e.g. persons with special needs and persons with weak incomes) while providing positive procedures for this category and encouraging it to raise the level of dealings and benefit from developments in several fields, especially the technological field.

7. ADVERTISING AND ADVERTISING MATERIALS

The Bank must adhere to the following in this regard:

- Ensure that all its advertisements and advertising materials used in presenting its products and services don't contain false or inaccurate information leading to an unsound understanding by current or potential customers and which may lead to any wrong decisions being taken by those customers.
- Ensure that all advertising materials for its products and services are easy to read and comprehend by the public.
- Take into consideration when issuing any advertisements or advertising materials the legal responsibility which may ensue from the existence of false information in the advertising or advertising materials used to sell its products and services to customers.
- Observe not to advertise products or services which contain risks only specialists are aware of, and not to encourage customers to benefit from these services and products without suitable explanation of its related risks.
- Establish an advertising policy approved by its board of directors and it should include the principles, rules, and practices that are professionally and legally accepted in regards to any advertisement or advertising materials issued by the Bank.
- Client Complaints & Protection Unit (CC&PU) in the Bank should ensure that the advertising materials policy corresponds to the rules and practices in the Customer Protection Guide, as a minimum limit, and that it is free of any messages which may be misunderstood. In the case of the units receiving questions or clarifications raised by the advertising materials, immediate suitable action must be taken to remove any vagueness or confusion.
- When the Bank announces being awarded prizes, certificates of excellence, or given preferences, the Bank must disclose it by providing sufficient information on the party granting it and the mechanism and method upon which the certificate was given and the standards used by that party.

8. LOANS /CONSUMER AND INSTALLMENT FINANCING TRANSACTIONS

The Bank must adhere to the following in this regard:

- Obtain an authorization from the customer, enclosed with the loan contract to inquire about credit card information and loans / consumer and installment financing transactions which he/her she received from banks, investment companies, financing companies, and other parties. The matter also requires obtaining a signed statement from the customer of the balance of loans / financing transactions he/she received from the above-mentioned parties and which are standing at the time of requesting a new loan / financing.
- Give customers of loans / consumer& installment financing transactions a (Reflection Period) of two business days at least (excluding the review period for loans / financing transactions given for medical treatment purposes). Customers should be provided with a copy - unsigned and not final - of the loan/financing contract when they apply for a loan / financing request. Customers must provide a written acknowledgment of receipt of a copy of the loan / financing contract for review purposes, without there being any commitment on part of the customer during the reflection period, and the contract will be signed after the period ends in the event that both parties agree.
- The customer should be acquainted with all the financial effects resulting from the loan/financing.

Abbreviations

Abbreviation	Description
CC&PU	Customer Complaints & Protection Unit
CBK	Central Bank of Kuwait