

Guyana Association of Bankers

Presents

Code of Banking Practice



TABLE OF CONTENTS

Topics	Page no.
Preamble	4
Objectives	4
Principles	4
Review	4
Staff Training	4
The Code	5
1.0 Definitions	5
2.0 General Definitions	5
PART A: Disclosures	5
3.0 Terms and Conditions	5
4.0 Credit Facilities/ Lending Products	6
5.0 Fees and Charges	7
6.0 Payment Services	7
7.0 Operation of Accounts	7
PART B: Principles of Conduct	7
8.0 Pre-Contractual Conduct	7
9.0 Variation to Terms and Conditions	8
10.0 Account Combination	8
11.0 Foreign Exchange Services	8
12.0 Privacy and Confidentiality	8
13.0 Non Disclosure of Personal Identification Numbers and Passwords	9
14.0 Payment Instruments	9
15.0 Provision of Credit	9
16.0 Joint Accounts & Cards	9
17.0 Guarantees	10
18.0 Advertising	10
19.0 Closure of Accounts	10
20.0 Debt Recovery	11
21.0 Customer Information	11
PART C: Resolution of Disputes	11
22.0 Dispute Resolution	11

CODE OF BANKING PRACTICE

Preamble

The Code of Banking Practice for banks in Guyana is subject to legislative requirements and general banking law. These principles are being documented in order to foster good relations between Commercial Banks in Guyana and their customers and to promote good banking practice by formalizing standards of disclosure and conduct which Banks that adopt the principles agree to observe when dealing with their customers. This Code is not a complete record of banks' Relationship with their customers since specific products and services may have their own terms and conditions. Such terms may include additional rights for the customers and the bank which vary from those set out herein. This Code is the minimum standard by which all commercial banks agree to be bound.

Objectives

The intention is that the principles contained in this code will achieve the following objectives:

- (i) Describe standards of good practice and service;
- (ii) Promote disclosure of information relevant and useful to customers; .
- (iii) Promote informed and effective relationships between banks and their customers;
- (iv) Prescribe procedures for resolution of disputes between banks and customers.

Principles

The objectives are to be achieved

- (i) Having regard to the paramount requirement of the banks to act in accordance with Prudential standards necessary to preserve the stability and integrity of the banking system in Guyana; and
- (ii) In a manner that is consistent with the current laws and regulations so as to preserve certainty of contract between a bank and its customers; and
- (iii) So as to allow for flexibility in products and services and competitive pricing. .

Review

The Code contained in this document shall be reviewed at least every three years in accordance with the objectives and purpose set out in this preamble and having regard to amendments to legislation and the laws of banking and all other applicable laws. **Consideration may also be given to the views of interested parties.**

Staff Training

Each bank shall endeavour to ensure that its staff is aware of the Code relative to their duties and of the procedure for handling disputes with customers of the bank.

The Code

This Code is in three parts

- (i) **Part A** – Disclosure. This part describes the information which a Bank will provide to a customer in respect of the banking business which the bank offers to the customer.
- (ii) **Part B** – Rules of Conduct. This part describes certain rules of conduct which a bank will follow in dealing with its customers.
- (iii) **Part C** – Resolution of Dispute. This part requires banks to have a dispute handling procedure.

1.0 Definitions

1.1 – Pursuant to the Financial Institutions Act 1995

-“*Affiliated person*” in relation to another person means any person who controls, is controlled by, or is under common control with, the first person;

-“*Bank*” means a company licensed under this Act to carry on a banking business in Guyana, provided that where such a company is a foreign company, the expression shall, except as otherwise expressly provided, refer to the branch or branches in Guyana through which that company carries on banking business;

-“*Banking Service*” means the service of accepting deposits including demand deposits in any currency, and the use of such funds for loans, advances, extensions of credit, guarantees, investments or other activities authorized by law;

-“*Applicant (customer)*” means a person seeking to conduct a banking or financial business in Guyana;

1.2. – Pursuant to the Consumer Affairs Act 2011

-“*Advertisement*” means communication made to the public or a section of the public for the purpose of promoting goods and services.

2.0 General Definitions

-“*Account*” is the current or other deposit account in whatever currency maintained by the bank for the customer;

-“*Standard Fees and Charges*” refer to such fees and charges taken by a bank from its customers for the provision of banking services.

-“*Terms and Conditions*” means those terms and conditions specifically applied by a bank to its banking business and includes any other terms and conditions that may apply by operation of law.

Part A - Disclosure

3.0 Disclosure: Terms and Conditions

3.1 A bank shall on request provide to a customer in writing any terms and conditions applying

to an ongoing banking service provided by the bank to the customer. Those terms and conditions shall:

- (i) be distinguishable from marketing or promotional material;
- (ii) be in English;
- (iii) Be consistent with the applicable Laws of Guyana ;
- (iv) be clearly expressed; and
- (v) be provided at the time of or before the contract for the banking service is made except where it is impracticable to do so, in which case the terms and conditions shall be provided as soon as practicable after the provision of the banking service;

3.2 A bank may include (where relevant) the following in its terms and conditions applying to a banking service:

- (i) the nature of all standard fees and charges that then apply;
- (ii) the method by which interest, if any, is calculated and the frequency with which it will be credited or debited;
- (iii) the manner in which the customer will be notified of changes to the terms and conditions and changes to interest rates, fees;
- (iv) If appropriate, the fact that more than one interest rate may apply; and
- (v) any minimum balance requirement or restriction on depositing money in, or withdrawing money from an account;
- (vi) Costs and procedures for closing an Account.

3.3 In respect of the term deposits the bank may indicate:

- (i) the manner in which payment of interest and principal will be made;
- (ii) the manner in which funds may be dealt with at maturity; and
- (iii) the nature of any charge or variation to an interest rate resulting from a withdrawal in advance of maturity;
- (iv) in respect of a loan to the customer, the repayment details;
- (v) the accessibility ,format and frequency with which statements of accounts will be provided
- (vi) a statement that information on current interest rates and fees and charges is available on request; and
- (vii) How a customer or a bank may alter or stop a payment service.

4.0 Disclosure: Credit facilities/ lending products

4.1 A bank shall make available to a customer, or a prospective customer, the interest rates, standard fees and charges and minimum monthly payment requirements applicable to a banking service inclusive of credit cards offered by the bank.

5.0 Disclosure: Fees and Charges

5.1 A Bank shall, before or at the time of providing a particular banking service to a customer for the first time or otherwise on request by a customer, make available to the customer information on the standard fees and charges which currently apply to the applicable Banking service.

6.0 Disclosure: Payment Services

6.1 Where a bank provides a customer with a direct debit or credit payment service, an automatic payment service or access to an account by means of instruction via telephone, mobile phone, ABM or computer, the Bank shall make available to the customer details of any bank fees or charges applying to the service.

6.2 Where a bank offers electronic services such as internet and mobile banking, the bank should put in place a security programme to ensure data privacy and set clear rules for resolution in case of error or fraud.

6.3 Where a bank offers electronic funds transfers the bank should provide information on the rights, responsibilities and liabilities of the parties involved in such transfers, including costs, timeframe for transfer of funds and terms and conditions of the service.

7.0 Disclosure: Operation of Accounts

7.1 A bank shall provide to a customer or prospective customer for a banking service upon request general descriptive information concerning banking service, including where appropriate:

- a) Account opening procedure;
- b) Complaint handling procedure;
- c) The bank's right to combine accounts;
- d) The bank cheques;
- e) The expectation of a customer informing the bank promptly when the customer is in financial difficulty; and
- f) The expectation of a customer reading the terms and conditions applying to the banking service.
- g) Liabilities of parties in case of cheque issuing fraud
- h) The bank's right to close accounts and terminate a relationship.

7.2 A bank shall provide to a customer upon request, general descriptive information on:

- a) The time generally taken for clearing a cheque and how a cheque may be specially cleared;
- b) The effect of crossing a cheque, the meaning of "not negotiable" and "account payee only" and the significance of deleting "or bearer" when any of these expressions appear on a cheque;
- c) How and when a cheque may be stopped;
- d) How a cheque may be made out so as to reduce the risk of unauthorized alteration: and
- e) The dishonour of cheques, including post -dated and stale-dated cheques.

Part B-Principles of Conduct

8.0 Pre – Contractual Conduct

8.1 A bank shall have readily available any terms and conditions of each banking service it currently offers to customers or prospective customers.

8.2 A bank shall disclose the existence of any application fee or charge and whether the fee or charge is refundable if the application is rejected or not pursued.

8.3 Where a fee or charge is levied by a bank for the provision of a bank cheque, a traveller's cheque, an inter-bank transfer or similar service the bank shall disclose the fee or charge to a customer upon request when the service is provided or at any other time.

9.0 Variation to Terms and Conditions

9.1 A bank shall so far as it is practicable notify affected customers of the introduction or variation of a fee or charge payable directly or indirectly by its customers with at least 30 days notice. Notices may be served via advertisements in the media and on the Bank's website, through statement messages, email or letter.

9.2 Unless otherwise agreed, a bank may give any written notice to a customer at his or her mailing address that was last recorded with the bank. A bank may require a customer to notify the bank promptly of a change to his or her name or address.

9.3 If a bank considers there are sufficient changes to warrant doing so, the bank will make available a consolidation of the terms and conditions applying to a banking business.

10.0 Account Combination

10.1 A bank shall inform a customer promptly after exercising the bank's right to combine accounts affecting the customer.

11.0 Foreign Exchange Services

11.1 In providing a foreign exchange service, other than by credit or debit card or travelers cheque, a bank shall provide to a customer:

11.2 Details of the exchange rate and commission charges that will apply or, if these are not known at the time, details of the basis on which the transaction will be completed; and

11.3 An indication of when money sent overseas on the customer's instructions would normally arrive at the overseas destination.

12.0 Privacy and Confidentiality

12.1 A bank except in circumstances set out in legislation which regulates banking business or requires disclosure to be made upon request, acknowledges that it has a duty of confidentiality towards a customer.

12.2 A bank may also be required to make disclosure under other legislation such as the Companies legislation, Securities (Industry) legislation, Tax legislation, Credit Reporting legislation, consumer protection legislation, Anti-Money Laundering legislation and any other applicable legislation as required.

12.3 A bank shall not collect information relating to customers by unlawful means.

12.4 A bank shall on request provide a customer with information about that customer which is readily accessible to the bank and which may lawfully be provided. The information required to be provided is limited to the Bank's record of the customer's address, occupation, marital status, age, sex, accounts with the bank and balances, statements relating to those accounts, and information on any other relations the customer may have with the bank.

12.5 A lawful request for access to customer information shall be dealt with within a reasonable time.

12.6 A bank shall take reasonable steps to protect personal information held by it relating to a customer against loss and against access, use, modification or disclosure that is unauthorised. A bank shall require all staff with access to personal information concerning customers to maintain confidentiality concerning that information.

13.0 Non-Disclosure of Personal Identification Numbers and Passwords

13.1 A Bank shall advise its customers of their responsibility to safeguard and not to disclose his or her Personal Identification number or Password to any other party since this could result in loss to the customer.

13.2 A Bank may inform a customer of its non-acceptance of liability for any losses to the customer as a result of the customer's breach of the responsibility to safeguard and prevent disclosure of his or her personal identification number or password.

14.0 Payment Instruments

14.1 A bank may inform a customer of the advisability of safe guarding payment instruments such as credit cards and debit cards, cheques and Passbooks.

14.2 A bank may require a customer to notify the bank as soon as possible of the loss, theft or misuse of his or her payment instruments.

14.3 A bank shall inform a customer of:

- (i) The consequence arising from a failure by the customer to comply with any of the requirements above; and
- (ii) The means by which the customer can notify the bank of any loss, theft or misuse of his or her payment instruments.
- (iii) The rules on unauthorized transactions and related liabilities and implications

15.0 Provision of Credit

15.1 In considering whether to provide a banking service involving the provision of credit to a customer, a bank shall take into account the range of factors it considers relevant to the customer and the banking service to establish whether, in the bank's view, the customer meets the criteria for obtaining credit facilities. Such factors may include:

- (i) The customer's income and expenditure;
- (ii) The purpose/ intended use of the credit facility
- (iii) Credit and/or behaviour scoring; and
- (iv) The customer's assets and liabilities.

16.0 Joint Accounts and Cards

16.1 A bank shall provide to customers opening a joint account general descriptive information on:

- (i) How funds may be withdrawn from the joint account having regard to the instructions given by the customers;
- (ii) The manner in which such instructions can be varied; and
- (iii) The nature of liability for the indebtedness on joint accounts.

16.2 When accepting a customer's instructions to issue debit card (s), a bank shall:

- (i) Provide general descriptive information to the cardholders on their liability for the use of the card(s); and
- (ii) Inform the card holder(s) of the means by which a card may be cancelled or stopped.

17.0 Guarantees

17.1 This section shall apply to each guarantee and each indemnity (whether or not contained in a security) obtained from a third party (guarantor) who is an individual for the purpose of securing any financial accommodation or facility provided by a bank to any person (borrower).

17.2 A bank may only accept a guarantee if the amount of the guarantor's liability is limited to, or is in respect of, a specific amount plus other liabilities (such as interest and recovery costs) that are described in the guarantee.

17.3 A copy of any formal demand that is sent to the borrower may be simultaneously or thereafter sent to the guarantor.

17.4 A bank shall send to a guarantor on request by the guarantor, a copy of the latest relevant statement of account provided to the borrower, if any.

17.5 A guarantor may at any time extinguish the guarantor's liability to a bank under the guarantee by paying to the bank the then outstanding liability of the borrower to the bank (including any future or contingent liability) or by making other arrangements satisfactory to the Bank for the release of the guarantee.

18.0 Advertising

18.1 A bank shall ensure that its advertising and promotional literature drawing attention to a banking service/product is not deceptive or misleading

18.2 In any advertising in the print media and any promotional literature that draws attention to a banking service/product and includes a reference to an interest rate, at the annualized percentage rate, the bank shall also indicate whether other standard fees and charges will apply and that full details of the relevant terms and conditions are available on application or inquiry.

19.0 Closure of Accounts

19.1 Subject to the terms and conditions of any relevant banking service, a bank:

- (i) Will upon request by the customer close an account of the customer that is in credit;
- (ii) May close an account of the customer that is in credit by giving the customer notice that is reasonable in all the relevant circumstances and making available to the customer the amount of the credit balance in the account at the time of closure; and
- (iii) May charge the customer an amount that is a reasonable estimate by the bank of the cost of closure.

20.0. Debt Recovery

- 20.1 A Bank will inform customers entering into loan agreements about the procedure for debt collection in the event the customer defaults on repayment
- 20.2 A Bank will exercise its right to foreclosure on a property held as collateral for a loan by informing the customer in writing
- 20.3 A bank will collect outstanding debts in a manner that is in keeping with the relevant legal procedure

21.0 Customer Information

- 21.1 A bank will keep where practicable up to date records for each customer including contact details, correspondences held with the customer, documents signed by the customer and products and services provided to the customer
- 21.2 A customer of the bank may request the change/correction of their information held by the Bank and provide the relevant supporting documents to affect the said correction/change.
- 21.3 A request for the change/correction of customer information shall be dealt with within a reasonable time.
- 21.4 A bank will as far as practicable maintain the requisite customer information/ transaction records for a period of seven (7) from the date the relevant transaction was completed, or termination of business relationship, whichever is the later.

Part C-Resolution of Disputes

22.0 Dispute Resolution

- 22.1 A dispute arises where a customer has a complaint and formally writes to the bank advising of the nature of such complaint
- 22.2 A bank shall have an internal process for handling a dispute between the bank and a customer and this process will be readily accessible by the customers without charge upon them by the bank.
- 22.3 Where a request for resolution of the dispute is made, the bank shall inform the customer in writing of the outcome within a maximum period of two months from the date of receipt of the written complaint. If the complaint is not resolved in the manner acceptable to the customer, the reasons for the outcome shall be given.

THESE PRINCIPLES ARE TO BE READ IN ACCORDANCE WITH THE LAWS OF GUYANA.

FROM THE DATE ON WHICH A BANK PUBLICLY ANNOUNCES THAT IT ADOPTS THESE PRICIPLES:

THE BANK WILL BE BOUND BY THESE PRINCIPLES IN RESPECT OF ANY BANKING SERVICES THAT THE BANK COMMENCES TO PROVIDE TO A CUSTOMER.