



# **BUSINESS CONDUCT & FAIR TREATMENT OF CONSUMERS (FTC) REGULATORY FRAMEWORK (BC&FRF)**

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## ACRONYMS

ADC	Alternate Delivery Channels
AOF	Account Opening Form
AML	Anti-Money Laundering
APR	Annualized Percentage Rate
ATM	Automated Teller Machines
BB Accounts	Branchless Banking Accounts
BC&CPD	Banking Conduct and Consumer Protection Department
BCO	Banking Companies Ordinance, 1962
BISP	Benazir Income Support Program
BMP	Banking Mohtasib Pakistan
BPRD	Banking Policy and Regulations Department
BPS	Bill Payment Services
BoD	Board of Directors
BRMC	Board Risk Management Committee
CAF	Conduct Assessment Framework
CBC	Call Back Confirmation
CCTV	Closed Circuit Television
CFT	Combating the Financing of Terrorism
CMS	Centralized Management System
CPD	Consumer Protection Department
DFIs	Development Financial Institutions
DPS	Domestic Payment Scheme
eCIB	Electronic Credit Information Bureau
EFT	Electronic Fund Transfers
EFM	Enterprise Fraud Management
EMI	Electronic Money Institution

FCY	Foreign Currency
FTC	Fair Treatment of Consumers
FIs	Financial Institutions
FMIs	Financial Market Infrastructures
HEC	Higher Education Commission
HR	Human Resource
ICT	Information Communication Technology
IPS	International Payment Scheme
IVR	Interactive Voice Response
KPI	Key Performance Indicators
KYC	Know Your Customer
KFS	Key Fact Statement
MFBs	Microfinance Banks
MIS	Management Information System
MRTs	Material Risk Takers
NADRA	National Database and Registration Authority
OTP	One Time Password
PAN	Permanent Account Number
PBA	Pakistan Banks Association
PEPs	Politically Exposed Persons
PIN	Personal Identification Number
PII	Personally Identifiable Information
POS	Point of Sale
PSD	Payment Systems Department
PSOs	Payment System Operators
PSPs	Payment Service Providers
PTA	Pakistan Telecommunication Authority
PWDs	Person with Disabilities

RTGS	Real-Time Gross Settlement
SBP	State Bank of Pakistan
SECP	Securities and Exchange Commission of Pakistan
SLAs	Service Level Agreements
SOA	Statement of Account
SOPs	Standard Operating Procedures
T&Cs	Terms and Conditions
TAT	Turn Around Time
TOTP	Time-based one-time passwords
TPSPs	Third Party Service Providers
UAN	Universal Access Number
VoC	Voice of customer
WLA	White Label ATM
WLAOs	White Label ATM Operators

## DEFINITIONS

**Business Conduct** refers to the behavior, actions, and ethical standards that an organization and its employees uphold while conducting business activities.

**Complaint** refers to any written (physical or digital) or verbal expression of dissatisfaction from a customer/ consumer alleging financial loss, inconvenience, or distress due to the provision of, or failure to provide, product or services by the financial institutions or any third party with whom the financial institution has outsourcing arrangements.

**Consumer/Customer** refers to a natural or legal person having relationship with the Financial Institutions and availing or intending to avail any financial products or services that the Financial Institution may offer.

**Consumer Sensitive Data** refers to as defined under BPRD Circular No. 03 of 2016, as amended from time to time.

**Direct Debits** refers to arrangements by which customers authorize their Financial Institutions to withdraw funds directly from their account for recurring payments such as utility bills, subscriptions, card or loan repayments. The amounts can be fixed or variable.

**Dormant or In-Operative Account** refers to as defined under Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT/CPF) Regulations as amended from time to time.

**Electronic Fund Transfer** refers to as defined under the Payment System & Electronic Fund Transfers (PS&EFT) Act, 2007 as amended from time to time.

**Fair Treatment of Consumer (FTC)** refers to ensuring that consumers are treated in a manner that is consistent and compliant with the principles and requirements outlined in this framework.

**First Call Resolution** refers to addressing customer's concern/query during the initial call at the contact center, eliminating the need for any follow-up call by the customer (on the same matter).

**Lookup period** refers to a specific timeframe after the customer has entered into an agreement with a Financial Institution for a product or service, during which customers can reassess and potentially cancel a financial agreement without any financial loss or penalty, including refund of any premiums paid (in case of insurance policy) or fees paid (in case of credit agreements) etc.

**IVR** refers to Integrated Voice Response system that allows customers to interact with Financial Institution host system via a telephone keypad or by speech recognition, after which they can avail required service or responses to their own inquiries by following the IVR dialogue.

**Bancassurance** refers to the offering, advertising, distributing, selling and/or marketing of insurance products by a bank licensed by State Bank of Pakistan to their account holders/customers/general public through their sales and distribution channels including but not limited to branches, telemarketing centres, websites etc. by virtue of Bancassurance Agency Agreement(s) between the Insurer and the bank.

**Bancatakaful** refers to an Islamic alternative to bancassurance.



**Lock-in period** refers to a specific duration during which a customer is restricted from selling or redeeming a financial instrument.

**Outsourcing** refers to as defined under BPRD Circular No. 06 of 2019, as amended from time to time.

**Persons with Disabilities** refers to a long term physical or mental condition that limits a person's movements, senses or activities. It shall include physical, mental, intellectual and developmental disorders or sensory impairments, which, in interaction, hinder the ability to participate fully and effectively in day to day performance and interaction with others on an equal basis.

**Payroll Card** refers to as defined under PSD Circular No. 04 of 2016, as amended from time to time.

**Personally Identifiable Information (PII)** refers to as defined under PSP&OD Circular No. 01 of 2022, as amended from time to time.

**Sensitive Information** refers to as defined under PSP&OD Circular No. 01 of 2022, as amended from time to time.

**Service Request** refers to a formal request made by a customer to Financial Institution for seeking a specific service or action. This can include tasks such as updating personal information, requesting account statement, balance information or activating a new card, etc. A service request ideally should not entail any grievance.

**Tokenization** refers to as defined under BPRD Circular 1 of 2023, as amended from time to time.

**Third party employees** refer to employees/staff performing services for the Financial Institutions under an insourcing/outsourcing arrangement and who are not on the regular and/or contractual payroll of the FIs.

**White Label ATM** refers to as defined under PSD Circular No. 05 of 2018, as amended from time to time.

**Vulnerable** refers to an illiterate, low income, women, elderly and/ or Person with Disabilities (PWDs), who is likely not able to make informed decisions to avail financial products and services.

# INTRODUCTION

In order to further enhance Responsible Business Conduct and strengthen Fair Treatment of Consumers (FTC), SBP has issued Business Conduct and FTC Regulatory Framework (BC&FRF) for Financial Institutions (FIs). For the purpose of this framework, the term 'FIs' refers to banks, Development Financial Institutions (DFIs), Electronic Money Institutions (EMIs), and Payment System Operators / Payment Service Providers (PSOs/PSPs), unless specified otherwise. Similarly, the term 'banks', if not specified otherwise, shall include commercial banks, foreign bank branches, Islamic banking institutions, microfinance banks and digital banks.

Under this framework, *“Conduct Risk for FIs is defined as the potential exposure of financial consumers to detrimental outcomes due to FI’s practices”*.

BC&FRF consists of following two parts;

1. **FTC Outcomes Based General Principles:** This part contains FTC outcomes based principles, which are obligations for FIs.
2. **Rule Based Instructions:** This part contains instructions that have been organized into six key pillars. A summary of each pillar is provided below;
  - a. **Governance and Oversight-** This pillar delineates broader obligations of FIs, the fundamental governance structure and the responsibilities entrusted upon the Board of Directors (BoD) and senior management. These responsibilities include but not limited to instituting a risk management culture within FIs aimed at ensuring responsible business conduct and FTC. It underscores ethos of FTC to be embedded into the roles of BoD and senior management.
  - b. **Disclosure and Transparency-** This pillar outlines the disclosure and transparency requirements for FIs. FIs are expected to ensure that their communication including the advertisements and sales materials is clear, simple, accurate, up to date, sans of misleading content and available in at least two languages (English and Urdu).
  - c. **Fair Treatment and Business Conduct-** This pillar details the requirements for FIs to uphold fair and ethical practices, promote responsible business conduct, and prevent discriminatory, unfair and exploitative practices. It also contains instructions aimed at creating an inclusive environment that offers additional support to vulnerable segments of society, ensuring they can effectively engage with financial services and make informed decisions.
  - d. **Data Protection and Privacy-** This pillar outlines the requirements of customers’ data protection and privacy that FIs must follow, throughout the course of customers’ relationship, from onboarding to relationship termination. This covers the aspects of data collection, generation, retention, usage and processing, sharing and ultimate destruction.
  - e. **Dispute Resolution Mechanism-** This pillar delineates the requirements for FIs to establish a comprehensive complaint handling mechanism that commensurate with the size, complexity and scale of their operations to ensure efficient complaint resolution. Moreover, FIs are required to inform customers of their right to redress if the customer is dissatisfied with a product or service or in the event of a dispute between the customer and the FI.

- f. **Awareness Raising and Capacity Building Measures-** This pillar emphasizes the need to enhance both FI's organizational capacity and customers' awareness towards meeting the objective of establishing an effective FTC regime.

BC&FRF is applicable to all FIs as per their scope of operations/business implying that principles/instructions are only applicable, if FI has the mandate to undertake such business. Further, following the concept of proportionality while considering the relatively young age of EMIs, sections 3.2.4 (9), 3.2.5, 3.3, 4.5, 5.3 and Pillar-6 are not made mandatory for EMIs. However, they are encouraged to follow the said instructions. For PSOs/PSPs, while they are encouraged to develop their own '*Business Conduct and FTC Framework*' under the guidance of the BC&FRF, based on their scope of operations, sections 4.3, 4.4, 4.5 and 5.1.3 are mandatory for them. Additionally, PSOs/PSPs are encouraged to adhere to internationally recognized principles for Financial Market Infrastructures (FMIs).

Furthermore, following explains the applicability of the framework in terms of type of consumers;

**1. Overarching Principle-Based Obligations**

- **A-G:** Applicable on all kinds of consumers
- **H:** Applicable only on retail consumers

**2. Rule-Based Instructions**

- **Pillar-01:** Applicable on all kinds of consumers, except for 1.3.a.iv, v, viii, which are applicable only on retail consumers
- **Pillar-02:** Applicable on all kinds of consumers, except for 2.1, 2.4, 2.4.2, which are applicable only on retail consumers
- **Pillar-03:** Applicable on retail consumers except, for 3.2.1, 3.2.2 and 3.2.4, which are applicable on both retail and corporate consumers
- **Pillar-04:** Applicable on all kinds of consumers
- **Pillar-05:** Applicable only on retail consumers
- **Pillar-06:** Applicable only on retail consumers

## PART-I: FTC OUTCOME BASED PRINCIPLES

The Financial Institution(s) shall take all appropriate measures, guided by a customer-centric approach, to adhere to the principle-based obligations outlined below, considering the nature of their activities and customer base, in order to achieve the desired FTC outcomes:

- A. FIs shall uphold highest ethical standards by ensuring transparency, fairness, and accountability in all market interactions, proactively preventing market manipulation, avoiding collusive practices, and safeguarding consumer confidence and financial stability. Further, FIs shall not be complacent towards taking necessary actions to ensure responsible banking conduct;
- B. Consumers are provided with timely and transparent disclosures that are relevant, clear, consistent, comprehensible, accurate and not misleading, empowering them to make informed decisions;
- C. Consumers are treated with honesty, fairness, and professionalism, ensuring that products and services are delivered with appropriate skill, care, and diligence;
- D. Consumers are not unfairly disadvantaged or discriminated against when seeking products and/or services;
- E. Consumers are provided with products and/or services, appropriate for their needs and suited to their affordability, risk appetite, and to meet their desired objectives. These offerings are provided efficiently and securely, in the best interests of the customers;
- F. Consumers are offered with reasonable charges that should commensurate with the services provided and comparable to what other banks charge for the same/ similar services. There should be some empirical analysis to substantiate the fixation of charges;
- G. Consumers' data is collected and processed lawfully, securely, and transparently, ensuring confidentiality and privacy to prevent fraud, embezzlement, and/or misuse, with compensation provided in case of a breach;
- H. Retail customers are provided with easy, accessible, independent and accountable dispute resolution mechanism that ensures fair, equitable, and efficient handling of all grievances within prescribed time. Further, the system needs to have mechanism for continuous improvement through data-driven analysis (inclusive of both quantitative and qualitative data) and reporting.

## PART-II

### PILLAR 1: GENERAL OBLIGATIONS, GOVERNANCE AND OVERSIGHT

#### 1.1 OBLIGATIONS OF FINANCIAL INSTITUTIONS

1. Without limiting any other obligation of a FI under this framework, FI shall ensure:
  - a. laying sound foundations of the culture aimed at reinforcing responsible business conduct and FTC;
  - b. implementing appropriate measures to identify and to prevent or mitigate conflicts of interest that may arise in the course of providing any financial product or service;
  - c. that it incorporates business conduct and FTC related risks into its risk management framework to identify, measure, manage, mitigate, and monitor risks, stemming from organizational culture, business strategy, governance structure, policies, processes, and behaviors of employees (inclusive of third party) working at different levels;
  - d. implementing regulatory and FI's internal policy instructions related to responsible business conduct and FTC;
  - e. staff is trained, competent and monitored to ensure compliance with responsible business conduct and FTC.

#### 1.2 ROLE AND RESPONSIBILITIES OF BOARD OF DIRECTORS (BOD)

1. In order to ensure responsible business conduct and FTC, and compliance with FI's obligations under section 1.1, BOD shall:
  - a. approve FI's own internal framework and relevant policies for FTC;
  - b. establish an effective oversight mechanism;
  - c. establish a dedicated board committee or expand the role of Board Risk Management Committee (BRMC) to oversee risks related to business conduct and customer protection. The Terms of Reference (TORs) of the committee shall be updated accordingly. The dedicated committee/BRMC with an expanded scope, at least, shall:
    - i. have the mandate to seek information from management regarding the compliance status of conduct and FTC-related regulations, as well as the FI's internal policies, instructions, and service quality benchmarks.
    - ii. ensure that they remain well-informed of domestic and global industry best practices and standards on business conduct and consumer protection, enabling them to effectively discharge their oversight role.

#### 1.3 ROLE OF EXECUTIVE MANAGEMENT DEALING WITH BUSINESS CONDUCT AND FTC

1. The management shall be primarily responsible for driving the agenda of responsible business conduct and FTC, and to integrate fair dealing of customers into the business model, strategy, processes, operations and practices etc. FI shall constitute a dedicated management committee for the purpose or assign this role to an existing committee. Such committee shall include Group Heads of relevant business units and control functions as members.
  - a. The Committee shall, at minimum, perform the following functions:

- i. develop FI's own internal FTC framework and specific policies, processes, and procedures, while following overarching FTC outcome based principles as well as instructions envisaged in each pillar of the BC&FRF for the approval of BoD;
  - ii. ensure that FI's internal instructions are periodically reviewed and updated, based on industry's developments, feedback from stakeholders and outcomes of internal and external assessments. FIs are encouraged to define exact periodicity for such reviews;
  - iii. ensure implementation of Conduct Assessment Framework (CAF) as instructed under BC & CPD Circular No. 3 of 2016 as amended from time to time.
  - iv. develop and implement PWD policy and strategy, and shall present a detailed report on progress of such policy to BOD on half-yearly basis;
  - v. establish a process (proportionate to nature and size of FI), to identify borrowers who may be having or are at risk of having repayment difficulties, and proactively reach out to them for offering appropriate measures/guidance;
  - vi. ensure that decision making processes give adequate consideration to customer(s)' interests and voice of customer (VoC), particularly to vulnerable customers or those with special circumstances to avoid any kind of abuse;
  - vii. ensure communication of up-to-date, unbiased, accurate, sufficient, and consistent information to customers with transparency and clarity enabling them take informed financial decisions;
  - viii. ensure that data is collected and processed only with the customer's consent and for specified purposes, if otherwise not binding under law/court orders/legal or regulatory requirement. They will also protect customers' data in compliance with legal, regulatory and FI's internal instructions on data protection;
  - ix. make available the accessible, affordable, independent, fair, accountable, timely and efficient customer service and grievance mechanisms;
  - x. develop and implement a policy that outlines the escalation hierarchy for conduct-related non-compliance;
  - xi. set and communicate to all employees (inclusive of third-party), the core values and desired behavior needed to deliver FTC outcomes;
  - xii. formulate and define service quality benchmarks following the best practices and ensure its implementation and monitoring;
  - xiii. define employees' code of conduct (including third party) and will also ensure to take appropriate disciplinary action in case of non-compliance with the code of conduct;
  - xiv. ensure the incorporation of FTC deliverables into employee performance evaluations by integrating them into key performance indicators (KPIs), while also ensuring that the approach to rewarding employees—including third-party, does not incentivize behaviors that could negatively impact responsible business conduct or customer protection outcomes;
  - xv. extend regular training programs and awareness sessions for employees (inclusive of third-party) at all levels, focusing on responsible business conduct, FTC principles and customer-centricity etc.
- b. The committee shall hold meetings at least on bi-annual basis.

- c. At least bi-annual performance reports of such committee shall be presented to BRMC/dedicated committee.
2. FIs shall preferably establish a dedicated department to oversee all aspects of conduct & FTC, including but not limited to risk management, service quality, call center operations, customer complaints etc. If establishing a separate department is not feasible, FIs shall ensure that the administrative units or departments dealing with FTC related functions shall operate independently from the Business and Operations departments.

#### 1.4 ROLE OF INTERNAL AUDIT

1. Internal Audit of the FIs shall ensure to assess the status of implementation of the BC&FRF, and all related internal and regulatory instructions/policies etc.

## PILLAR 2: DISCLOSURE AND TRANSPARENCY

### 2.1 FORMAT AND MANNER OF DISCLOSURE

1. FIs shall provide information to customer, digitally or otherwise, including account opening form (AOF), Terms & Conditions (T&Cs), applicable fees and charges (if any), and explanations of liabilities, roles and responsibilities of customers, in clear text with at least font size of 11, in both Urdu and English languages. Further, FIs are encouraged to use regional languages for communication with customers.
2. FIs shall ensure that statements of account provided to customers, digitally or otherwise, are legible, clear and in an appropriate size of font.
3. FIs shall make its T&Cs available on its website, in both English and Urdu languages. Further, FIs shall serve a notice of the introduction or change in T&Cs to their customer through verifiably agreed mode (e.g. by letter, email, SMS, telephone, etc.), before the change takes effect, in addition to sharing such information by displaying in branches/smart branches, notice on bank's website and electronic banking channels (such as in-app notifications).
4. FIs shall disclose charges in a manner that is simple and easy to understand for customers at the time of contract and place updated schedule of charges (SoC) at their branches and on websites.
5. At the time of handing over the cheque book, the FIs shall disclose to its customer in verifiable mode the cheque related details like the implication of crossing a cheque, validity of a cheque and desired action in case of loss/theft of cheque etc.
6. FIs shall ensure that their complaint handling mechanism is visible and easily accessible to customers. In this regard, FIs shall:
  - a. prominently display a placard at prominent places in branch or digital signage, describing the procedure for lodging complaints, including the postal address, phone number, and email address designated for this purpose. The same information must also be clearly presented on the FI's official website and mobile application(s). FIs are additionally encouraged to communicate this information through ATM screen messages, voice prompts on voice-enabled ATMs, and UAN telephone or helplines.
  - b. FIs shall inform customers about their right to approach the second forum in case of an unsatisfactory response at the FI level;
  - c. send SMS, at least bi-annually (annually for EMIs), to all of their customers, informing them about the modes of complaint lodgment, preferably in Urdu language.
  - d. report the name, designation and contact details (phone, email, mobile, etc.) of person handling complaints to SBP (Consumer Protection Department) on yearly basis (by December 31<sup>st</sup>) and within 5 working days, in case of any change.
  - e. display on their websites and branches the address, phone, fax number (if available), and relevant email address of their focal person responsible for addressing issues related to Politically Exposed Persons (PEPs). The display shall also provide the contact details of the focal person at State Bank of Pakistan, who is responsible to handle PEP related issues.
7. FIs shall inform both customers and the SBP about any planned/unanticipated activities/disruptions that may lead to disruptions in digital channels or services, in accordance with PSP&OD Circular No. 01 of 2023 as amended from time to time.
8. FIs shall widely publicize information about any intermediary engaged by them as agent particularly for providing Branchless Banking (BB) related services and take other measures to avoid being misrepresented. In this regard, they shall publish an updated list of agents and



locations on their websites. In addition to this, they may disseminate a comprehensive list of agents on flyers, corporate newsletters and such other publications, as they deem appropriate.

## 2.2 ADVERTISING AND SALES MATERIALS

1. FIs for marketing and advertising shall ensure that:
  - a. design, presentation and content are clear, correct, fair, reasonable and not misleading;
  - b. it does not contain any false statement that conceals important facts or creates a false impression;
  - c. it emphasizes the important information in legible fonts (at least size 9) to draw consumer's attention to pricing, charges, risk warnings, etc., if made part of the advertisement;
  - d. footnotes (not smaller than font size 8) are proportionate to the rest of the text and are easily readable;
  - e. advertisement notifying a consumer of a discount promotion shall specify duration of the promotional period and the terms and conditions which apply to that particular promotion;
  - f. it is not presenting a product as "free" or "no cost", if any fee, by whatever name it is called, or other implied charges are associated with the product;
  - g. underlying assumptions/conditions for availing benefits of a product are explicitly stated;
  - h. if an advertisement is short or general in its content, the consumer is informed of the availability of explanatory material of the product. For ease of reference, a consumer may refer to web address/in-app links from where such material is accessible;
  - i. it is not using customers' personal information for marketing and advertising purposes, unless opted by the customer;
  - j. prompt action shall be taken on an opt-out request of a customer. FIs shall also ensure to have easy functionality in place for customers to opt-out of unsolicited marketing;
  - k. it shall not make any offer of credit, including an offer to increase overdraft or credit facility, on the basis that the offer will automatically come into existence unless customer declines the offer;
  - l. all advertisements in media (print, electronic or in any other form) soliciting deposit from the general public shall explicitly indicate the annualized rate of expected return. FIs may preferably disclose the frequency of profit payment.
2. FIs, for promotion of Loyalty and Reward Programs, shall inform the customers of:
  - a. the nature of loyalty or reward program, credit or award being offered;
  - b. the products/services to which the offer relates;
  - c. the steps required to participate or to receive any benefit in terms of loyalty or reward program;
  - d. how, when and where the customers may have access to such programs;
  - e. usage of reward points by the customers;
  - f. expiry period of loyalty/reward program; and
  - g. any terms and conditions related to general as well as specific offers of the loyalty and reward programs.
3. Marketing personnel of the FIs, whether on payroll or 3<sup>rd</sup> party personnel, shall
  - a. explicitly disclose their official identity before or during meeting with existing and prospective customer(s);
  - b. provide complete and accurate information to the customer(s) without making any false claims about feature/services not offered by the FI;
  - c. maintain a "Don't call list" comprising of the contact details of those customers who do not want to be contacted. The list shall be accessible to all marketing staff, who shall be

- instructed, not to contact such customers/ account holders for introducing or offering new banking products/ services;
- d. not offer/market and sell products and services on a single call;
  - e. conduct surprise checks (like mystery shopping); at least bi-annually, to verify the marketing approach used by their marketing personnel or third party. If someone is found involved in making false claims and/or contacting customers included in “Don’t call list”, then FIs shall immediately take remedial steps and take disciplinary action against the concerned staff, in order to prevent such tendency in future and also immediately inform the customer accordingly.

## 2.3 DISCLOSURE OF TERMS AND CONDITIONS

1. FIs shall provide comprehensive disclosures before opening accounts, including detailed information on customer rights and obligations, account operation and management, deposit and withdrawal procedures, profit payment mechanisms, applicable tax deductions and account closure. Further, FIs shall also disclose the methodology for deposit protection coverage, including the guarantee amount. They shall also disclose, how to deal with an account if it becomes dormant or in-operative and/or unclaimed balance and the important details about cheque, debit card and mobile app as well.
2. For joint accounts, FIs shall furnish additional information, including but not limited to operational framework, signing arrangements, and implications of joint account ownership. This ensures that all account holders understand their rights, responsibilities and liabilities.
3. For time deposits, FIs shall additionally clearly outline the payment methods and maturity options, profit rates, and early withdrawal charges.
4. FIs shall provide terms and conditions of the products/services at the time of or before the contract. Further, FIs shall provide a duplicate signed copy of T&Cs to the customer through verifiable mode (digitally or otherwise).
5. FIs shall disclose the following at the time of entering into contract and these are minimum requirements to be included in T&Cs document:
  - a. all charges including late payment charges, mark-up, fees/prepayment penalties etc., to be recoverable;
  - b. the method by which mark-up/profit, if any, is calculated;
  - c. the frequency e.g. monthly, quarterly, half yearly, yearly etc., with which mark-up/profit will be credited or debited;
  - d. the expected rate of mark-up/profit whether it is on fixed, variable or combination of fixed and variable rates and the re-pricing frequency in the loan documents;
  - e. minimum balance requirement or restriction on depositing money in, or withdrawing money from an account;
  - f. In case of financing, FIs shall also include;
    - i. effective/annualized percentage mark-up/profit rates, amount and term of finance along with number of installments and the amount to be paid for each installment in case of financing.
    - ii. lock-in period, if any, along with a calculation of charges/penalties, if the financing facility is terminated before the end of the lock-in period.
    - iii. nature of the property/asset/valuable required as collateral; percentage of the value of asset to be financed by them.
    - iv. about recovery as mentioned under ‘*Debt Collection*’ of Pillar-3 of this framework and other related instructions issued by SBP from time to time.

- g. whether insurance/takaful coverage is required as a condition or an option of the facility (both on assets & liability side) and whether the insurance/takaful will be obtained from companies on FI's panel or any other company at the customer's option;
  - h. the procedure for termination of any product/service;
  - i. contact details of the helpline for feedback/ enquiry and complaint resolution centre for lodging possible complaints.
6. Further, in case of financing, FIs shall:
- a. provide a complete amortization schedule to the customer along with the facility offer letter showing the break-up of principal and mark up to be paid by the customer over the life of the loan/finance or till the next re-pricing date for fixed and floating rates respectively. In case of resetting/revisiting the floating rates, a new amortization schedule shall also be issued to all existing customers informing them about the new rates on loan/finance which should be determined in line with the benchmark agreed at the time of lending;
  - b. inform the guarantor, if any, of his/her rights and obligations, and the implications in the event of default by the customer. FIs shall also provide credit contracts and related security contracts to the guarantor and a copy of the Product Key Fact Statement, and retain the acknowledgement thereof;
  - c. be obligated to bring into the notice of the concerned borrowers through standard public communication, if their loan portfolio is sold to another FI;
  - d. ensure that the financing related documents obtained from the customers are duly filled in at the time of signing of the financing agreement;
  - e. ensure that any negotiation with the customers for restructuring/rescheduling of a financing/ facility is done in writing and in a transparent manner in accordance with the duly approved policy of the FI.
7. With regard to Cards, bank shall;
- a. clearly mention the charges, fees, commissions, taxes (if any), selling exchange rate of transaction and settlement date, for executing foreign currency transactions.
  - b. issue a supplementary credit or debit cards with customer request with following disclosure:
    - i. provide general descriptive information to the customer, as the primary cardholder, of potential liability for debts incurred by the supplementary cardholder using the card;
    - ii. inform the customer, as the primary cardholder, of the means by which a supplementary card can be cancelled or stopped;
    - iii. inform that if a customer is a primary cardholder, he/she will not be liable for the continuing use of a supplementary card from the date the primary credit card holder requests the bank to cancel the supplementary card.
8. In case of any changes in terms and conditions including mark-up/profit as well as non-markup/profit charges initially agreed, FIs shall notify at least Thirty (30) days in advance to consumer. However, owing to changes in legal framework/regulatory instructions/ policies, the notification shall be provided on immediate basis.
9. FIs shall disclose to its customer the fees or charges for applying for any product or availing any service whether such fee or charge is refundable if the application is rejected or not pursued. The FI will inform its customer before he/she is liable to pay any such fee or charge.
10. On termination of a contract, either on the request of the customer or otherwise, related to product or service, the FIs shall be liable to confirm / intimate within 2 working days to the customer of executing the termination / closure of contract

## 2.4 KEY FACTS STATEMENT (KFS)

1. FIs shall provide KFS for deposit products as per format at **Annexure-2A** and for financing products as per **Annexures 2B, 2B.1 and 2B.2** to their prospective customers for comparison and decision making.
2. FIs shall ensure the availability of KFS in their branches, on the official website, across all e-banking interfaces/ digital channels, etc.
3. FIs shall ensure that at the time of account opening and/ or pre-disbursement of finance, the KFS is duly signed by both the authorized officer and the customer. This document will be retained as per FI record retention policy, and a duplicate copy will be provided to the customer for record and information.

### 2.4.1 Credit Card Summary Box

1. Banks shall invariably provide an upfront key product fact sheet in the form of a Summary Box to their prospective customers of Credit Cards.
2. Banks before issuing any credit card, shall retain a duplicate copy of Summary Box duly signed by the customer and authorized banker, in line with SBP record retention regulations. A specimen of this Summary Box is provided in **Annexure-2C** for compliance, with the option for banks to include additional relevant information as needed.
3. Banks shall get prior approval (verifiable) from the existing credit card holders before offering any new, but charged service to them.

### 2.4.2 Monitoring of KFS

1. Management committee of the FI, as defined in Pillar-1 of this framework, shall ensure that proper systems and processes are in place at FI to implement the KFS.
2. The provision of KFS as mentioned above and the accuracy of the information contained therein, shall be checked by the Internal Audit during the regular audit of FI.

## 2.5 STATEMENTS

1. FIs shall deliver the statement of accounts as per the customer's opted choice (physical or digital). In case of Digital Banks and EMIs, it shall always be provided in digital form. Further FIs shall;
  - a. ensure confidentiality and secrecy, while delivering the statement of accounts;
  - b. maintain proper record of all delivered statement of accounts to the account holders;
  - c. make all efforts to update and record mail/ email address of the account holders where statement of account is returned/undelivered.

### 2.5.1 Statements to Deposit Account Holders

1. FIs shall deliver/send, free of charge Statement of Accounts (SOA) to account holders:
  - a. having a monthly average balance equal to or exceeding Rs. 50,000/=, at least twice in a year on six monthly basis within one month from the close of half-year i.e., by 31<sup>st</sup> July and 31<sup>st</sup> January, respectively;
  - b. having a monthly average balance of less than Rs. 50,000/=, once a year within one month from the close of calendar year i.e., by 31<sup>st</sup> January;
  - c. once a year for account opened with simplified due diligence i.e., by 31<sup>st</sup> January;
2. The banks may charge a minimal fee for each duplicate account statement and shall provide it as per the mode requested by the customer.

3. The statement shall reflect for each transaction:
  - a. the opening and closing balance of account;
  - b. the amount of the transaction and the date on which the amount was credited to or debited from the account;
  - c. the number of any cheque paid out of account;
  - d. for card transactions, automatic payments, direct credits, direct debits and other payments, reference to the party who is making or receiving the payment (if such information has been made available) and the transaction id;
  - e. any fee or charge relating to the operation of the account;
  - f. the contact details for making enquiries or reporting errors in the SOA, if any.
4. FIs shall not:
  - a. give statement of accounts to any unauthorized person;
  - b. deliver statement of account, where an account has become dormant or in-operative as per FI's approved policy, till such time the account is reactivated or new address is obtained;
5. FIs shall further ensure that where an account has been marked as dormant or in-operative only the charges for services opted by customers shall be deducted from such accounts. Once the accounts are reactivated, FIs need to provide statements on due date from the date the account was flagged dormant or in-operative.

#### 2.5.2 Statements to Credit Card Holders

1. Banks shall provide the SOA to the credit card holders, at monthly intervals at least 15 working days before the due date.
2. In case of SOA in electronic form, banks shall make arrangement of 'SMS Alert' informing the card holders on given cell numbers, free of charge, that the e-statement has been sent via email and mentioning therein outstanding amount/minimum payment due and due date of payment;
3. Banks shall provide a duplicate hard/soft copy of the statement within 2 working days whenever banks are approached by their credit card holders.
4. The monthly SOA of credit card holders shall contain the following minimum information:
  - a. Breakup of total amount due, the minimum amount payable and due date for payment.
  - b. Annualized mark-up/profit rate and mark-up/profit amount along with the method of calculation for purchase of goods or services, cash advances, and other benefits of the credit card, if different.
  - c. Acceptable modes of payment (i.e. cash, direct debit, cheque, Balance Transfer Facility-BTF etc.), expected number of days a particular mode of payment may take in clearing, and handling charges if any. For instance, number of days required for clearing when credit card holder of city "A", drops a cheque of the bank located in city "B" in the drop box placed in city "C".

#### 2.5.3 Others

1. FIs, in case of financing, shall issue a statement showing outstanding position of principal and markup/profit to the customers on bi-annual basis or more frequently as per policy of the FIs.

## 2.6 NOTIFICATIONS

1. FIs shall ensure sending confirmatory SMS and email to registered cell number/email address whenever any digital banking channel is activated/signed up. Also, ensure that the same is carried out when any of the service is deactivated.
2. FIs shall ensure that all notifications, including SMS alerts for financial transactions are generated and sent immediately, once customers' accounts are either debited or credited. Customers shall also receive instant notification, in case of rejected transaction. However, transactions conducted via mobile apps, FIs shall send free of cost transactional alerts via push notification, in-app notification and email alerts in place of SMS, to their customers.
3. FIs shall notify the consumer, either through email or SMS or any other appropriate means, about the execution of preauthorized Electronic Fund Transfers (EFT).
4. FIs shall notify their customers in writing or through advertisements in print or local media about the introduction or revision of any government imposed charge payable directly or indirectly by their customers. This notification is required unless the introduction or change is publicized by the government, a government agency, or a representative body. The notice shall also include any impact such introduction or change may have on the customers' accounts.
5. FIs shall give notice to its customers before closing a branch through various modes, including but not limited to, written notices sent by mail, electronic communication (such as email or SMS), advertisements in local newspapers, and prominent display of the notice on the branch premises. The notice shall contain details of how the FIs will continue to provide services to its customers and shall also provide contact information for customer enquiries. The notice period shall not be less than 2 months unless it is not practicable for the FIs to provide such notice (e.g. because of unforeseen circumstances). The FIs shall, however, provide a longer period of notice if the branch to be closed provides safe-keeping/lockers services.

## PILLAR 3: FAIR TREATMENT AND BUSINESS CONDUCT

### 3.1 PRODUCT SUITABILITY & CUSTOMER MOBILITY

#### 3.1.1 Product Suitability

1. FIs shall make use of various type of information, including but not limited to customers' profiling, their expectations, regular updates & reviews, and feedback mechanism to conduct comprehensive customers' need assessment. FIs shall use this assessment as basis for designing, marketing and distribution of a financial product/service to ensure that it is aligned with the targeted customers' risk tolerance, financial capacity and objectives.
2. FIs shall ensure that their product/service is not unfairly disadvantageous to a certain group of customers, particularly vulnerable segments.
3. FIs shall obtain approval of product/service and related matters, including marketing and distribution from the management committee responsible for FTC oversight (refer to Pillar-01 of this framework for details of management committee) along with other due approvals. The Committee, while extending approval will also ensure that appropriate monitoring mechanism of the product/ scheme to be launched is in place.
4. FIs shall not bundle products and/or services, unless the customer submits a request or provides explicit, verifiable consent. In such cases, FIs shall provide separate pre-contractual and contractual disclosures specific to each product that forms part of the bundle, enabling customer to understand their rights and obligations in respect of each product and/or service. Further, FIs are prohibited from bundling products and/or services with those issued by a third party (such as bancassurance).
5. In case of conversion of products and services (both on asset and liability side), FIs shall:
  - a. inform customers at least 30 days in advance using multiple communication channels, such as emails, letters, SMS, and notifications on the financial institution's website or applications about the proposed conversion and related details like the reasons for the conversion, and the relevant timeline etc.;
  - b. obtain verifiable consent from customers by using standardized forms, containing terms and conditions of new/ amended product/ service. FIs shall ensure that this form is available in at least two languages (English & Urdu);
  - c. use approved standardized script for recorded Call Back Confirmations (CBC), which shall be conducted after 24 hours but within 3 days of obtaining consent. The record of CBC shall be retained for one year or as per the policy of bank, whichever is higher. Such script shall include proper disclosure of pros and cons of new/ amended product/ service;
  - d. send a notification, via either SMS, letter or email, to the customer, upon the initiation of the conversion and subsequent to its completion.
6. FIs shall conduct periodic reviews to assess compliance with conduct and fairness standards and make necessary adjustments in products/ services/ process etc., as and when required.
7. FIs shall ensure appropriate record keeping of need assessment, monitoring and analysis of arrangements relating to the design of financial products and services, and shall be made accessible to the SBP and its own Internal Audit Team.

### 3.1.2 Customer Mobility

1. FIs shall ensure to provide customers the right to opt-in or opt-out of product/ service based on their preferences, both at time of introduction and conversion of products/ services. To this end, FIs shall disclose to its customers:
  - a. about free lookup period;
  - b. expiry of free lookup period;
  - c. details of post lookup-cancellation, including but not limited to;
    - i. reasonable penalty (if any), which the customer has to pay.
    - ii. instructions for initiating and completing the cancellation process.
2. FIs, in case of any introduction/ change in products/services, inclusive of charges shall allow customers to exit the contract without penalty, provided such right is exercised within the notice period. Further, the notice will be treated as implied consent of the customer, if no reply is received within the notice period.
3. Any facility/ service (being bank's own service or third party) that is offered or marketed on subscription basis<sup>1</sup> (e.g., SMS alert, credit shield etc.,) wherein charges are recovered monthly, quarterly, annually or one-time etc., all such subscription based facilities shall have free lookup period of at least 15 days. Within this period, if customer wants to opt out, shall be allowed to unsubscribe and any fee/ charges recovered shall be reversed within five working days from the date of request. FIs shall ensure availability of mechanism(s) through which customers can opt-out/register 'dissent' within the given period.
4. FIs, in case of facilities/services like auto renewals, subscriptions, direct debits etc., shall devise a mechanism to obtain fresh mandate for such facilities/services after a specified period as outlined therein.

## 3.2 UNFAIR PRACTICES

### 3.2.1 Account Practices

1. Opening and maintenance of regular current and saving accounts shall:
  - a. be free of charge;
  - b. be opened with minimum Rs. 100/- as an initial deposit<sup>2</sup>. However, there will be no initial deposit for account opening at EMLs and for following categories;
    - i. Freelancers;
    - ii. Mustahkeen of Zakat;
    - iii. Students;
    - iv. Employees of Government or Semi Government institutions for salary and pension purposes (including widows/children of deceased employees eligible for family pension/benevolent fund grant, etc.) and other similar types of accounts.
  - c. have no condition of maintaining a minimum balance.
2. FIs shall open and maintain bank accounts of mentally disorder persons, as per the instructions available in Annexure-II of AML/ CFT/ CPF Regulations as amended from time to time.
3. FIs shall not refuse request of opening of accounts/wallets of prospective customer, who meets the requirements laid out in the Prudential Regulations/EMI regulations, other instructions issued

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<sup>1</sup> This is applicable on every kind of subscription based product/services.

<sup>2</sup> This amount refers to the deposit only. Expenses can be over and above the deposit amount.



by SBP from time to time and the FIs own policies. However, in case of decline, reasons shall be duly recorded and communicated to the applicant in writing or through digital means.

4. FIs shall explicitly inform customers, whenever their accounts are debit blocked/blocked/lien marked owing to any reason, including regulatory or LEA's action and shall communicate the course of action to regularize the account. Further, FIs must record proof of delivery for all such communications regardless of the mode of communication.
5. Maximum turn-around time (TAT) to open, activate, decline and closing of the individual account is 02 working days from the time, the required documents/ information have been submitted/ uploaded and verification completed.
6. FIs, subject to the terms and conditions, shall close its customer's account at his/ her request and shall not apply any charges for the closure of account.
7. FIs shall send account opening or closing confirmation to the customer within 02 working days.
8. FIs shall issue cheque books only on request of customer. Further, FIs shall give a specific and clear reason for dishonoring the cheque, and shall discontinue issuing of disclaimer for indemnifying themselves against any breach of stop payment instructions from their customers.
9. FIs shall apply the rate of profit on average monthly balances of saving deposits. Additionally, FIs shall ensure timely disbursement of profit to customer's account within seven working days, once the profit period ends.

### 3.2.2 Cards

1. FIs shall charge only the issuance cost (if any) for issuing or renewing a (debit /credit) card with the receipt of application, however, annual fee (if any) shall be applicable only upon card activation. No charges shall be deducted subsequent to the permanent blocking of debit/ credit card.
2. FIs, in case of dormant or in-operative account shall not renew any card and charge any fee related to it, until the account is reactivated.
3. FIs shall provide their customers with the option to activate, enable and disable their cards using digital channels including mobile banking applications and internet banking portals. Furthermore, options to enable cards for usage on various channels like ATMs, POS and e-commerce shall also be available through mobile and internet banking channels.

#### 3.2.2.1 Automated Teller Machines (ATM)/Debit Cards

1. FIs shall issue debit card to all new-to-bank account holders and those customers who have not opted for a debit card previously. However, customers shall also be given the option to opt out of receiving any card. Further, photo account holders, visually impaired and illiterate persons shall be exempted from mandatory card issuance.
2. FIs shall offer SBP approved Domestic Payment Scheme (DPS) Card as the default card at the time of issuance or renewal of debit cards. Accordingly, card requesting customers shall be offered the following options in order of priority:
  - a. Either an exclusive DPS card or a DPS card co-badged with an International Payment Scheme (IPS);
  - b. An exclusive International Payment Schemes (IPS) card upon written/digital request of the customer.

3. The individuals maintaining non-resident rupee accounts are entitled to have ATM Cards as well as Supplementary ATM Cards. However, the withdrawals through ATM Cards locally and abroad depends on the nature of account (Repatriable/ Non-repatriable). The account holders of non-residents' accounts of repatriable nature can use the ATM cards abroad depending upon the cards' features and payment scheme.
4. In case card is captured, ATMs shall display following messages in Urdu and English languages on screen for customers' guidance:
  - a. Your card has been captured;
  - b. The card can be collected from your branch within five working days;
  - c. The request of the captured card can be logged at call center;
5. The white label ATM Operators (WLAOs) may charge reasonable transaction fees from their customers or issuing banks (if banks are willing to absorb WLA transaction charges of their customers). However:
  - a. These charges shall be displayed at the time of the initiating the transaction at ATM screen in Urdu and English languages to seek prior customer permission to proceed further;
  - b. The customer shall have the option to cancel the transaction in case the charges are not acceptable to him/her.
6. In case of Payroll cards:
  - a. It shall not be issued without the consent of the employee;
  - b. Customers shall not be charged for issuance of payroll cards;
  - c. Customers reserve the right to cancel the prepaid payroll card facility. The procedures for receiving payroll through alternative means shall be provided to each payroll customer in a clear and conspicuous language;
  - d. FI shall make available to the payroll customers an electronic history of the prepaid payroll account transactions through appropriate means such as an internet website, covering a period of at least 90 days;
  - e. Payroll customers shall also be allowed cash withdrawal from the tellers of Issuing FI branches;
  - f. FI is prohibited to share any payroll card related revenue with the employer;
  - g. Issuing FI will remain responsible for providing all customer services support to customers.

#### ***3.2.2.2 Credit Cards***

1. Banks may issue supplementary, add-on or subsidiary credit cards with clear communication that the liability for payment rests with the principal card holder.
2. Banks shall provide a Summary Box, detailing essential product information like APR, minimum monthly repayments, card limits, fees & charges, and insurance coverage to prospective customers (for details please refer to 2.4.1).
3. Banks shall clearly communicate (pre-contract) the charges, fees, commissions, applicable type of exchange rate and other related information for executing foreign currency transactions.
4. Banks shall not levy any charge(s) that was not explicitly mentioned either in the User Guide or Application Form or Schedule of Charges (SoC) provided to the customer at the time of selling credit card, without the prior notification to the cardholder. However, this would not be applicable to excise duty or other charges which may be levied by the Provincial or Federal

Government or any other statutory authority from time to time. Banks shall, however, timely update the customers on the imposition of such levies.

5. Banks shall get prior verifiable consent from the existing credit card holders before offering any new service to them.
6. Bank shall charge mark-up on outstanding amount i.e. after deducting the amount paid by the cardholder. Further, banks shall specify a specific amount<sup>3</sup> which if not paid, shall not be considered as partial payment and mark-up amount shall not be charged on it.
7. Banks shall reverse credit card annual fees along with associated charges upon fulfilling minimum spending criteria without any request by the customer. Subsequently, banks shall inform customers through SMS/ email or any other mean about the reversal. Further, banks shall disclose the amount in advance, if any, mandatory to be deducted from annual reversed fee.
8. Banks shall try to ensure that “due date” for payment does not fall on Sunday or any other public holiday(s). If it happens, then the first working day will be treated as the ‘new due date’.
9. Banks shall ensure that all credit card customers are provided with options to pay their credit card bills utilizing Bill Payment Services (BPS), enabling credit card users to pay their credit card bills through ADCs (Internet banking, Mobile banking, ATMs etc.), branchless banking agents and on the branch counters of any bank. All online repayments of credit card bill shall be considered as paid/final on the date of execution of transaction.
10. Banks shall inform the credit card holders about the fate of the “Unpaid Cheques” within 2 working days from the date of receipt of unpaid cheques. Cheques submitted within the time prescribed by the bank but cleared after due date must be reported to the customer along with genuine reason (s). Banks shall not charge late payment fees to customers in case banks fail to inform the customers on returned cheques within the prescribed timeframe.
11. Banks shall not start recovery process for reported disputed transactions until the investigation is completed by card Issuing FI. In case of wrong/ inappropriate basis of rejection of customer claim, bank would be liable for penalty.

### 3.2.3 Financing Practices

#### 3.2.3.1 Provision of credit

1. FIs shall extend financing in a prudent manner, according to SBP’ regulatory instructions and FI’s own internal policies, ensuring alignment with the borrowing needs and financial capacity of the customer.
2. FIs shall clearly indicate in the loan documents whether financing is on fixed rate or floating rate basis or combination of both. In case of fixed rate financing, the rate shall not be increased during the tenor of the loan while in case of floating rate financing, FIs shall clearly specify the margin over the benchmark (KIBOR or any other rate). Further, FIs shall not increase the margin during the tenor of the loan.
3. FIs shall ensure that the financing agreement does not contain the clauses/stipulations to change the rate unilaterally.

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<sup>3</sup> This specific amount refers to small amount which has not been paid by the card holder. For example, if the payment due was Rs.50500 and the customer has paid only Rs. 50,000, while the bank has already specified Rs. 500 on which it will not charge the markup. In this backdrop, the customer will not be charged any markup on that outstanding Rs.500.

4. FIs shall provide the right to customer to pay early in a financial arrangement. FIs can impose penalty with early repayment, however, this penalty amount shall not be more than the actual loss/cost to them (FIs).
5. Further, FIs shall recover from customers only the actual charges/cost incurred by them for services rendered through third parties like repossession of vehicles, valuation of property, credit reports, etc.
6. FIs shall interact with the prospective borrower and ensure that he/ she understands the principal terms and conditions of any financing arrangement.
7. FIs shall:
  - a. accept a customer as a co-debtor, under a financing facility, after verifying identity and relation with the primary customer;
  - b. before signing up a customer as a co-debtor, take all reasonable steps to ensure that he/ she comprehends his/her liability for the full amount of the debt and his/ her rights under the related agreement;
  - c. allow joint debtor (if a person is jointly and severally liable under a credit facility) to terminate his/ her liability in respect of renewal/ future advances or financial accommodation if he/ she gives the FI, a written notice in the matter. However, this right only applies where the FI can terminate any obligation that it has to provide further credit to any other debtor under the same credit facility.

#### ***3.2.3.2 Financing Repayment & Debt Collection***

1. FIs shall ensure:
  - a. preparing a schedule indicating outstanding principal after repayment of each installment;
  - b. if a customer has multiple finance facilities, the repayments in absence of any instructions shall be appropriated first against a loan which carries high Annual Percentage Rate (APR). Even if there are specific instructions from the customer which eventually result in high cost to the customer, it is FI's responsibility to provide guidance and avoid taking benefit of customer's ignorance;
  - c. to establish effective controls to ensure that the payments are accounted in a manner intended by the customer even if SOPs have not been followed by the customer, e.g. if the customer has paid the total outstanding (early retirement /balloon payment), the financing shall be appropriated accordingly rather than parking the paid amount for future installments;
  - d. adopting substantial measures to educate customers about the repayment procedures in order to save the customers from unreasonable charges;
  - e. fixing of billing cycle for consumer financing in a manner that facilitates timely repayment by the borrower conveniently. For example, in case of a salaried person, the due date of payment may be fixed in accordance with the individual's salary disbursement date;
  - f. that insurance coverage associated with consumer lending products (i.e. home or auto loan) is adjusted to reflect any increase in the value of the underlying asset, to ensure that customers remain adequately protected against potential losses.
2. FIs, before proceeding for debt collection/recovery, shall:
  - a. serve a minimum of 14 days duly acknowledged notice to the borrower through letter and SMS/ email advising him/her to make overdue payment, before a visit to his/her residence/business place is undertaken in a lawful manner to negotiate recovery of the outstanding amounts. This shall also be applicable in case, when the FI is intending to repossess the leased vehicle on breach of an agreement/default on repayment by the

- borrowers. FIs shall allow the borrower to take possession of his/her valuables/goods out of the vehicle before the vehicle is possessed;
- b. serve advance notice of at least one day to the customer, when the FI staff picks up the payment instrument, such as cheques. If the instrument to be collected is at the customer's request, evidence of the same shall be properly recorded;
  - c. ensure that recovery letters issued to delinquent borrowers bear the Designation, Contact Number (s) and Office Address of the concerned official(s);
  - d. respond to the queries arising out of the recovery letters within a reasonable period. The time period must be specifically defined in FI's policy and shall be communicated properly to the customers;
  - e. not contact borrowers at an inconvenient time, and while contacting them over telephone /cell phone, disclose proper identity, name of the FI, and the purpose of the call;
  - f. adopt lawful and acceptable business language and professional attitude. FIs shall ensure that their recovery/collection officers shall not resort to any verbal or physical harassment of the delinquent borrower, their family members, referees and friends during recovery/collection efforts. Recovery/Collection officers shall not humiliate publicly or in private or intrude the privacy of the borrower's family members, referees and friends etc. Further, FI's in no case, shall contact the borrower's employer during debt recovery efforts;
  - g. obtain necessary information from next of kin/nominee/supplementary card holder (in case of credit card)/third party of the borrower, if he/she is not in contact for 30 days after the due date of first missed payment;
  - h. keep record of "Visit Reports" in the form of hard copy or in electronic collection systems for at least six months or as per record retention policy of the FI, whichever is later.
3. Further, FIs shall ensure to:
    - a. frame a code of lawful conduct for recovery staff;
    - b. introduce a well-defined mechanism for addressing complaints against the collection/recovery staff;
    - c. undertake a periodical review of their recovery procedures/mechanism for improvement in line with law, market practice/development;
    - d. engage suitably qualified staff in collection/recovery and provide them necessary training;
    - e. monitor regularly the activities of collection/ recovery staff / agencies.
  4. FIs shall act fairly while recovering the charges. Where the FI has more than one option, the collection and appropriation of charges shall be done in a manner which goes in favor of customer instead of the FI.
  5. FIs shall send an intimation letter and SMS/email to the concerned borrower before reporting overdue against his/her name to eCIB. Such intimation shall, inter alia, inform the borrower about the implications of reporting of name to eCIB, and allow reasonable time period (at least 15 days) for reconciliation/settlement of overdue liabilities.
  6. FIs shall not exercise its right to set off without informing the customer.
  7. FIs shall not misuse/transfer any personal data of borrowers without prior approval by the competent authority. Any information of borrower provided to the collecting staff shall be properly documented.

### **3.2.3.3 Guarantees**

1. FIs shall inform guarantors of their obligations, emphasizing their right to seek independent legal or professional advice. FIs shall explicitly inform guarantors that in the event of borrower's default, they are liable for outstanding debts, including markup and associated charges.
2. FIs shall provide guarantors with a copy of the credit contract and related security contracts, as well as the final offer letter, along with any applicable terms & conditions. This disclosure shall enable guarantors to make informed decisions.
3. Guarantors reserve the right to withdraw from the guarantee before credit provision by providing acknowledged written notice or email notification to the FI.

### **3.2.4 Sales Practices**

1. FIs shall not:
  - a. discriminate on the basis of trade, region, gender, specific occupation including their status as Politically Exposed Persons (PEPs) and other similar reasons etc.;
  - b. recover any charges on account of cash handling/sorting at the time of acceptance of cash at the counters from their depositors. Further, FIs shall neither refuse such services nor recover service charges, on any other pretext. However, it is clarified that the FIs are allowed to recover service charges on deposit/withdrawal of cash online as per their schedule of charges;
  - c. recover the amount of penalty imposed by State Bank of Pakistan for violating SBP's regulations/guidelines/directives etc. from their customers by including a standard clause to this effect in their agreements/documents;
  - d. collude to fix features or terms to the detriment of banking consumers;
  - e. charge customer for the services not rendered or rendered without consent;
  - f. charge twice for a service or single breach of contract;
  - g. recover charges which are prohibited under the law, underline contracts, rules, and regulations;
  - h. perform direct debits from customer's accounts without explicit consent of customer;
  - i. charge customers more than the actual cost for services provided by third parties, such as vehicle repossession, property valuation, and credit report fees etc.;
  - j. market and sell third party products with their name without mentioning explicitly that the product is being sold as an agent or distributor of a third party. Further, FIs are prohibited from marketing and closing the sale of third party products on a single/ same call;
  - k. recover any service charge on account of services connected with the collection and disbursement of Zakat, which is not permissible in terms of Zakat & Ushr Ordinance. All FIs shall invariably provide acknowledgement to their customers on submission of Zakat Declaration Form (CZ-50) by properly affixing branch stamp, date and signature on its photocopy;
  - l. charge service fee from the students depositing the amount of fee directly in the fee collecting account of the educational institution. The charges for making pay order/demand draft/any other related instrument for payment of fee/dues in favor of educational institutions, HEC/Board etc., may not exceed 0.50% of fee/dues or Rs. 25 per instrument whichever is less;
  - m. recover processing fee for verification of bank account/statement expeditiously received from Foreign Missions, Embassies/High Commissions and any other relevant offices for visa purposes from the accountholder/customer, either directly or through debit to his account;

- n. charge any fee for collecting utility bill payments from customers.
2. FIs shall implement a Token Based System/ Queue management system in all branches within timeline of one to three years.
3. FIs shall:
  - a. ensure that customers account is debited separately for each type of fee. The clubbing of fees and their recovery in the form of single debit entry is prohibited;
  - b. reflect late payment charges in the account of customer and notify the customer through respective notices as and when accrued. It is further emphasized that FIs shall avoid the practice of informing customers about late payment charges at the time of maturity of loans;
  - c. ensure that charges are reasonable, aligned with the service provided, and comparable to what other FIs charge for similar services. There shall be a clear, empirical basis for determining the amount of these charges;
  - d. ensure to document the reasons/justifications and make the same available to the SBP inspection team, when the increase in fee is by 25% or more for any product/service.
4. For lockers facility, banks/DFIs shall ensure that:
  - a. before providing lockers facility, terms and conditions (including size, rent per annum, insurance ceiling etc.) are clearly conveyed to customers;
  - b. explicit verifiable consent of customers particularly about insurance/takaful coverage is obtained;
  - c. the locker insurance/takaful form/document shall clearly state, in simple terms and with an example, which aspects/items are covered by the insurance/takaful and which are not;
  - d. safe deposit locker facility in their respective branches is adequately and reasonably secured from all sides, and the security arrangements in place are fool-proof and meet the security standards developed by each bank/DFI;
  - e. arrangement for the location of their staff detailed for attending to the safe deposit locker business in such a manner that the physical operations of individual lockers by the locker holders are not visible to them;
  - f. locker holder be compensated by the bank/DFI immediately as per the claim within the insurance ceiling of the locker, in case of loss arising due to breakage /damage (by any mean) to the locker.
5. Political Exposed Persons (PEPs)- (This section is not applicable on EMIs)
  - a. FIs upon receiving account opening request from PEP shall ensure that the basic requirements like Account Opening Form and Biometric Verification of the customer are completed on the same day;
  - b. FIs, on the same day, shall guide the person regarding all specific requirements / formalities/ documents required for opening of an account. Further, the concerned branch shall report the details of request made by PEP to the focal person nominated by the bank;
  - c. FIs shall within two working days of receipt of the required documents from PEP, inform him/her in writing about the deficiencies/discrepancies. Once the deficiencies/discrepancies have been removed by PEP and all due diligence requirements have been satisfactorily completed, the account shall be opened within two working days;
  - d. FIs, in case decide to refuse a request for account opening, shall inform applicant in writing within two working days, along with reason(s) of refusal. Further, FIs shall maintain separate

files of all approved and rejected cases of PEPs. SBP inspection team during inspection of the bank may review the record especially the rejected cases;

- e. FIs shall report the following details of rejected and offered cases of PEPs to the Director, Consumer Protection Department of SBP on monthly basis within 7 days of the close of every month in soft copy via email, as per following format;

- i. Details of Banking Services / Facilities Refused to PEPs (Politicians only) during the month:

Name & Position of PEP (Politicians Only)	Type of Banking Service / Facility Requested along with the Date	Reasons for Refusal along with the Date of Letter

- ii. Details of Banking Services / Facilities Refused to PEPs (Other than Politicians) during the month:

Name & Position of PEP (Other than Politicians)	Type of Banking Service / Facility Requested along with the Date	Reasons for Refusal along with the Date of Letter

- iii. Details of Banking Services / Facilities Offered to PEPs (Politicians only) during the month:

Detail of PEP Account Opened		
Name of Politician	Account Title	Account Opening Date

Detail of Credit Card Issued to PEP	
Name of Politician	Card Issuance Date

Detail of Facilities (other than Account/Credit Card) to PEP		
Name of Politician	Nature of Facility	Date of Facility

### 3.2.5 Sale of Third Party Products

1. Instructions under this section are applicable on bancassurance/ bancatakaful and other investment related third party products offered by banks/DFIs.



### 3.2.5.1 Governance

1. Banks/DFIs shall have a policy duly approved by their Board of Directors on the sale of third party products. The policy shall cover various aspects including but not limited to the due diligence of the third party, the model for selling the third party products e.g. direct sale or referral sale model, the incentive structure for bank's employees, risk mitigants, etc. Further, it shall be ensured that the relevant policy on related party transactions and risk management framework covers the sale of third party products by the bank.
2. The Islamic banks and conventional banks offering Islamic products are required to ensure that the sale of third party products is covered in the Shariah Governance Framework in line with the instructions issued by SBP and all agreements with the takaful company/ third party are vetted by the Shariah Board/ Shariah Advisor of the respective bank.
3. The audit and compliance functions of the banks/DFIs shall ensure that the business of third party products is being conducted in accordance with the applicable SBP's regulations and the FTC objectives of the banks/DFIs.
4. Banks/DFIs offering third party products shall establish a centralized and independent control function entrusted with the responsibility to verify the information filled in a sales proposal/ application forwarded by the sales staff. The control function shall not have any incentive linked with the sales of these products.
5. The bank's/DFIs performance related to the sale of third party products especially bancassurance/ bancatakaful and investment products shall be reviewed quarterly by a management committee (as defined in Pillar-1) of the bank/DFI. The MIS presented to this committee must at least contain indicators of persistency, numbers of cancellations, alleged and proven mis-selling complaints, adverse internal audit observations and breaches from service level agreements (SLAs). Besides, banks/DFIs shall conduct customer surveys and mystery shopping at least on an annual basis and include the same in reports submitted to the above committee.

### 3.2.5.2 Suitability

1. Banks/DFIs shall conduct suitability analysis of the prospective customers before selling bancassurance/ bancatakaful and third party products. For the purpose, banks/DFIs shall develop suitability criteria approved by the competent authority, that shall include at least the following parameters:

a.	Age	f.	Previous exposure to similar products
b.	Gender	g.	Net worth
c.	Education	h.	Regular Financial Commitments
d.	Marital Status	i.	Purpose of Investment
e.	Profession	j.	State of health/Physical disability

Before selling a product to any customer, the banks shall determine the customer's capacity to take the risk based on the above factors and such other factors as the banks/DFIs may like to add at their own discretion. The banks/DFIs shall ensure that the high-risk products or products offering return only in long run are not sold to customers who do not have the capacity to take this risk.

2. Besides, banks/DFIs shall also ensure the followings:
  - a. Keep the record of the suitability assessments conducted till one year after the maturity of the product;

- b. Requests for any change in product feature, premium amount, Ad hoc premium, accelerated payments, etc., will be approved at one level up from the initial approving authority ensuring that it commensurate with the suitability assessment of the customer;
- c. Requests for investments in third party products by senior citizens, widows, illiterate persons, special/ differently-abled persons and pensioners will be approved at least at the level of Regional Head ensuring the suitability of the product. The concerned Branch Manager will sign an undertaking that the products' features and terms & conditions have been appropriately explained to such customer;
- d. Banks/DFIs are encouraged to adopt an automated system for suitability assessments;
- e. Prudence shall be observed in collecting and sharing customer information in order to ensure confidentiality.

#### *3.2.5.3 Disclosure*

1. While selling third party products, the banks/DFIs shall ensure that the customers are aware and have understood the associated risks. For Products linked with exposure to the equity market, an additional undertaking from the customer shall be obtained regarding understanding risks for investment linked products in line with the Bancassurance Regulations issued by SECP.
2. In addition to the requirements prescribed by SECP, the banks/DFIs shall continue using basic fact sheet elaborating at least the following facts:
  - a. two-liner definition of the product;
  - b. disclaimer of the bank/DFI stating that it is only working in the capacity of a distributor;
  - c. expected return mechanism in terms of investment and premium schedule in terms of bancassurance/ bancatakaful;
  - d. a free look-up period of no less than seven (07) working days shall be provided for third-party products, excluding insurance products. For bancassurance and bancatakaful products, the free look-up period shall be fourteen (14) working days, in accordance with SECP regulations;
  - e. premature encashment procedure and its repercussions like penalties, deductions, etc;
  - f. claim lodgment avenue, mode and mechanism;
  - g. redressal Mechanism in case of any grievance including Federal Insurance Ombudsman;
  - h. checklist of all the other documents signed or attached.
3. The basic fact sheet shall be a distinct-looking document including an undertaking by the customer that he/she understands all the stated terms and conditions of the product. This document, along with all the other documents, shall be given to the customer either in Urdu or English, as opted /selected by the customer. For products with no investment feature and an annual premium of up to Rs. 50,000 sold through alternate delivery channels, the basic fact sheet shall be shared electronically through the customer's registered email and/or SMS. The consent thereon, in such instances, will be taken electronically.

#### *3.2.5.4 Call Back Confirmation*

1. Banks/DFIs shall:
  - a. institute a Call Back Confirmation (CBC) mechanism whereby the customer is contacted using a predefined script to confirm the information provided by the customer for suitability assessment and his/her understanding of the product;
  - b. retain the record of such calls for at least 7 years or maturity of the product whichever is later;

- c. ensure that for products with no investment feature and annual premium up to Rs. 50,000, being sold through digital channels, the CBC may be conducted on at least a representative sample of 25%. If substantial issues of mis-selling are identified during CBC; the banks/DFIs shall consider enhancing the size of the sample. The CBC in all cases has to be conducted atleast three days before the onset of the free lookup period, however, it cannot be done on the same day of product/service being sold, by function/ staff, not involved in sales of these products or not receiving any incentive from sales of third party products;
- d. suitably verify the identity of the customer during CBC to ensure that the call is received by the actual customer. The banks/DFIs representative making the CBC must have adequate knowledge enabling him to respond to the possible queries of the customer. Banks/DFIs must ensure that the negative CBCs or requests for cancellations received during CBC are properly marked in an integrated system enabling hassle-free exits for customers without any charges.

#### *3.2.5.5 Direct Debit*

1. The option of premium deduction through direct debit shall only be allowed on verifiable consent of the customer and the banks and/ or insurers shall send free SMS and/ or email alert to the customer regarding direct debit before at least 3 working days at the time of each periodic premium deduction. In the case of distribution through alternate delivery channels, the verifiable consent for deduction through direct debit shall be obtained electronically i.e. interactive SMS, option in internet banking, mobile application, etc. The customer giving electronic consent shall also be sent free SMS and/or email alert regarding each direct debit before 3 working days of the premium deduction.

#### *3.2.5.6 Incentives*

1. Banks/DFIs shall ensure that staff are not incentivized to sell insurance in a way that is contrary to FCP outcomes. It shall be ensured that incentive structures based on persistency are in place to promote responsible sales or referrals from banks' end. For this purpose, banks/DFIs shall use parameters like volumes sold, cancellations, persistency and proven complaints, etc. to assess the performance of related staff. The parameters on quantity and quality of sales shall at least be equally weighted.
2. No banks/DFIs employee shall be allowed to receive incentives directly from the third party/ seller of these products. Further, compliance with the instructions contained in BPRD Circular Letter No. 09 of 2017 regarding foreign travel policy shall be complied in letter and spirit.

#### *3.2.5.7 Claim handling*

1. The agreements between banks/DFIs and insurance/ Takaful/ investment companies must explicitly cover the maximum Turn Around Times (TATs), preferably stringent from the regulatory requirements prescribed by SECP vide Corporate Insurance Agent Regulations, to dispose of the claim in a timely manner. Banks/DFIs, in addition to assist their customer, in lodging claims, will also monitor and record breaches from agreed TATs in the processing of claims at the product provider's end. Similarly, the banks/DFIs shall have the right to seek evidence based on the reason on which any claim is rejected.

2. Banks/DFIs shall facilitate customers in cancellation of Bancassurance/Bancatakaful through all available channels, without waiting for the delivery of policy documents to the customers.

#### *3.2.5.8 Complaint handling*

1. Banks/DFIs shall assist to resolve complaints against these products expeditiously in line with regulatory requirements given under this framework. Banks/DFIs shall take necessary steps to ensure ease in the lodgment of such complaints.
2. All complaints relating to third party products lodged either with the bank or the product provider shall be consolidated and reported to SBP in quarterly return on complaints required under this framework. Besides, the banks/DFIs shall ensure that the frauds related to third party products are reported to SBP in the regulatory returns required under BPRD Circular Letter No.4 of 2020.
3. Quarterly reviews/ root cause analysis of third party products in light of complaints lodged shall be carried out by the relevant function. Results of such analysis shall be incorporated in the MIS required to be shared with the senior management level committee as referred at **3.2.5.1 (5)** above.

#### *3.2.5.9 Customer experience and feedback*

1. Banks/DFIs shall deploy specific tools like mystery shopping, customer surveys, customer testing and feedback from cancellation calls to capture customer experience and feedback. Such data shall be shared through pre-defined MIS as stipulated in **3.2.5.1 (5)** above.

### **3.3 SPECIAL SEGMENTS (This section is not applicable on EMIs)**

1. FIs shall ensure dignity of individual customers as per the provisions of Constitution of Pakistan and shall make special arrangements to ensure that; (i) where consumers have to make a queue in front of branch, drinking water, proper shelter is provided to protect them from heat and rain, (ii) proper respect and treatment is provided to all customers especially to senior citizens and beneficiaries of social disbursement schemes such as BISP.
2. FIs shall not deduct any Inter-Switch Fee/ Charges on financial and non-financial transactions executed by Card holders of Govt. backed schemes like Benazir Income Support Program (BISP) on ATM machines countrywide.
3. FIs shall instruct all branches to provide special assistance to pensioners, whenever they approach for account opening and all other related services. Further, the accounts of government/ semi-government/ defense paid pensioners shall be exempted from levy of service charges.
4. FIs shall ensure that the pension amount received from the relevant pension giving agencies is transferred to the pensioners' account without any delay.
5. FIs shall also ensure compliance of federal instructions related to pensions issued from time to time.

#### **3.3.1 Policy for Financial Inclusion of Persons with Disabilities (PWDs)**

1. Each bank/DFI shall put in place a comprehensive policy framework and strategy document, duly approved by their Board of Directors (BOD), demonstrating their strong commitment to the inclusion of PWDs as customers, and employees. The policy framework and strategy document shall set clear measures to increase financial inclusion of all categories of PWDs including female with disabilities i.e. physically handicapped, visually impaired/ blind, people with hearing and

speech disabilities. The policy framework and strategy document shall, at minimum, cover the following:

- a. Availability of accessibility infrastructure - Including stationery forms/ documents in braille script (minimum required list of documents as mentioned at **Annexure-3A**) at the controlling offices i.e. Area Office, Regional Office, etc., sign language interpretation services including through digital/ virtual means and ramps at the entrances of branch premises and ATM cabins. Further, FIs shall ensure their digital applications and web services are accessible to Persons with Disabilities (PWDs). In this regard, FIs are strongly encouraged to adopt international accessibility standards and best practices such as WCAG, including compatibility with assistive technologies, screen reader optimization, support for voice navigation, adequate color contrast for interactive elements, and keyboard-navigable webpages, etc.;
- b. Accessibility audits of premises (entrance of branches, washrooms, ATM cabins, counters, lockers) as part of branch audit to ensure that proper accessibility infrastructure for all kinds of PWDs is available;
- c. Accessibility of banking products and services - Giving PWDs priority, special assistance, and due care (e.g. preferential treatment/ out of queue assistance) and recognizing their specific requirements. Considering special needs of PWDs while;
  - i. Developing and delivering banking products and services including provision of financing.
  - ii. Conducting marketing activities.
  - iii. Providing access to internal and external Information Communication Technology (ICT), websites etc.
  - iv. Ensuring efficient flow of banking facilities to female PWDs by engaging a PWD, preferably a female in development of policies, procedures, products and services relevant to them.
- d. Employment, Retention, and Career Development of PWDs
  - i. Alignment of HR policies with bank's/DFI's policy framework to ensure inclusion of PWDs in all HR-related activities.
  - ii. Measures for ensuring compliance with the government prescribed job quota for PWDs with at least 25% representation of female PWDs.
  - iii. Adequate training to the recruitment staff/ teams to undertake special recruitment drives with less stringent selection/ eligibility criteria for PWDs.
  - iv. Alignment of job requirements and skills of PWDs through role-mapping exercises.
  - v. Policies of work-from-home/ Flexi timing for relevant PWDs with adequate facilities and equipment to support performance.
  - vi. Programs of internship for PWDs to help them acclimatized to social and communal settings in a workplace environment.
  - vii. The HR department shall develop a well-defined, structured career development plan for PWDs. The plan shall at each level of the career progression ladder inter alia cover the training and development needs of PWDs, identify specialized programs/ courses/ workshops along with their duration, list of training centers/ resources persons etc.
  - viii. Further, each bank's/DFI's gender champion will also look into the matters related to women with disabilities.

2. In addition to the above, banks and DFIs are required to submit the employment status of PWDs on a biannual basis to the Banking Policy & Regulations Department (BPRD) via email, in accordance with the attached **Annexure-3C & 3C.1**.
3. Further, all banks/DFIs shall mandatorily construct ramps at all newly opened and existing place of business (excluding Mobile Banking Units) to make them accessible for PWDs and wheelchair users. The banks/DFIs shall also maintain an updated list of addresses of such branches on their websites.
4. The banking industry through the platform of the Pakistan Banks Association (PBA) shall collaborate to designate some branches as Model Branches specialized in serving the PWDs while also catering to the needs of the general public. In this regard, each bank/DFI shall designate and establish the Model Branches in each province under the following criterion:
  - i. 01 model branch in each province if total number of branches of a bank/DFI are 25 to 200;
  - ii. 02 model branches in each province if total number of branches of a bank/DFI are 201 to 500;
  - iii. 04 model branches in each province if total number of branches of a bank/DFI are 501 to 1000;
  - iv. 06 model branches in each province if total number of branches of a bank/DFI are above 1000.
5. Each Model Branch shall at minimum ensure the following:
  - a. Entrances at branches and ATM cabins are accessible for PWDs (e.g. for wheelchair users via ramps and railings, and people with visual disabilities via tactile flooring, etc.);
  - b. ATMs are height adjusted for wheelchair users and have voice command options;
  - c. ATMs are retrofitted with light notification options for hearing and speech affected customers to draw their attention towards any important notifications;
  - d. Counters are height adjusted for wheelchair users;
  - e. Separate token system, dedicated counters and help desks are available for PWDs;
  - f. Lockers areas are wheelchair friendly;
  - g. Sign language interpretation services through digital/ in-person interpreters are provided;
  - h. A video calling option is available with sign language facilitation for people with hearing and speech disabilities for troubleshooting, card activation, and day-to-day queries on customer support platforms;
  - i. All related stationery, forms/ documents, etc. include braille script;
  - j. Dedicated parking spaces are allocated for PWDs, where available;
  - k. Financing products specially designed for PWDs are available;
  - l. Staff is well qualified/ well trained on etiquettes of dealing with PWDs;
  - m. Account-opening officers are well versed with accommodations required by PWDs;
  - n. Awareness and training of basic sign language is provided to at least one branch staff;
  - o. A few PWDs are employed as a regular staff with following arrangements:
    - i. Accessibility of all office space through ramps and railings;
    - ii. Accessibility of cubicles through wheelchair;
    - iii. Wheelchair suitable door designs, door handles and hallways/ corridors;
    - iv. Tactile flooring and signage throughout office spaces and accessible washrooms;
    - v. Documentation printed in braille for employees with visual disabilities;

- vi. Availability of screen reading software on bank laptops/ computer systems;
  - vii. Employment of sign language interpreters for supporting communication of deaf employees within teams and departments;
6. Banks/DFIs shall take necessary measures for creating awareness amongst PWDs and the general public through various means including notice boards outside the branch, print and electronic media, websites, etc. about the availability of Model Branches in different cities.
  7. For providing visually impaired/ blind persons with equitable access to banking and financial services through banks/DFIs, general guidelines have been placed at **Annexure-3B**. The guidelines inter-alia contain instructions about opening and operation of bank account, cash withdrawal/cheque book facility, Credit Cards, ATM/ Debit Cards, phone/ internet banking, lockers, and extension of loans. Further, MFBs are also required to ensure availability of stationery forms/ documents in braille script (minimum required list of documents as at **Annexure-3A**) at the controlling offices i.e. Area Office, Regional Office.
  8. Furthermore, the banks/DFIs shall keep on collaborating to ensure that in an area/ vicinity where various banks/DFIs are operating, at least one branch is having a Talking ATM for the facilitation of visually challenged persons and shall take measures to inform the general public about the availability of the same.

## PILLAR 4: DATA PROTECTION AND PRIVACY

### 4.1 GENERAL RULES FOR DATA PROTECTION DURING COLLECTION AND PROCESSING

1. FIs shall collect, process and disclose customer(s) data lawfully, fairly and in a transparent manner by complying with the relevant statutory laws and regulations issued from time to time.
2. FIs shall collect and process customer(s) data only for specified, explicit and legitimate purposes. This includes, but not limited to, the amount of data collected, the extent of its processing, the duration of its storage and its accessibility. To this end, FIs shall implement appropriate technical and organizational measures.
3. Data Processing shall be considered fair and lawful only if at least one of the following applies:
  - a. The customer has given verifiable consent;
  - b. Processing is necessary for;
    - i. the performance of a contract to which the customer is a party.
    - ii. compliance with a legal obligation to which FI is the subject.
    - iii. protection of the vital interests of the customer.
4. FIs shall take adequate steps to ensure that the customer data is accurate, complete, not misleading, and kept up to date.
5. FIs shall not keep the record longer than what is necessary for the fulfillment of any purpose or as required under the relevant law/regulations. FIs shall take all reasonable steps to ensure that all customer data is destroyed or permanently deleted, if it is no longer required for the purpose for which it was collected/ processed or as required under the law.

### 4.2 CUSTOMER CONSENT MANAGEMENT

1. The customer shall have the right to withdraw his or her consent at any time, through a mutually agreed upon mode. However, the withdrawal of consent shall not affect the lawfulness of data collection & processing based on consent prior to the withdrawal.
2. FIs offering digital financial services through mobile applications shall ensure that explicit customer's consent is obtained in a convenient manner before allowing registration of mobile applications. Further, the detailed instructions issued vide BPRD Circular no. 4 of 2023 (as amended from time to time) shall be followed in this regard.
3. In case where, customer maintains multiple accounts with a single FI, customer's explicit consent for enabling each account(s) on digital channels shall be obtained.

### 4.3 CONFIDENTIALITY & ANONYMIZATION OF CUSTOMER DATA/INFORMATION

#### 4.3.1 Confidentiality of Customer Data

1. FIs shall maintain confidentiality, fidelity and secrecy of their customers' data and information. They shall not disclose any information about their customer(s) and/or their accounts, except where the customer(s) has consented to do so or compelled by laws/regulations.
2. FIs shall ensure that the overall product and service design, development and operations of their products and services shall strictly follow the core principles of information security i.e., confidentiality, availability and integrity.



3. FIs shall design the process and application in such a way that the chances of disclosure of customer information - in whole or in a part and in a manner that makes it possible to be collated to reconstruct - are eliminated or minimized.
4. FIs shall also ensure safety and confidentiality of the records of customers' conversations made while using electronic banking facilities.
5. FIs shall ensure placing sufficient controls and measures to protect the confidentiality of the customers' data and ensure the safe collection, use and disposal of customers' documents, data and records under a defined policy.
6. FIs may hire/acquire the services of third party for printing, stuffing and delivery of statement of customers' accounts provided that FI's own employee shall supervise the entire process.
7. The third party employee shall neither be placed in areas/functions where decision-making is involved nor in areas or functions, where customer data or information can be compromised.
8. FIs shall establish adequate controls at their call centers to ensure the confidentiality of consumers' data, including but not limited to continuous CCTV vigilance, physical entry and exit checks, non-accessibility to portable devices or cell phones, controlled accessibility to printers, emails, etc. Access to customers' data shall be on a "Need-to-Know" basis. Proper logs of this access to customer's information shall be maintained and periodically monitored, preferably through automated/ artificial intelligent surveillance.
9. FIs shall not divulge, share or sell customers' data/information to anybody or institution. This restriction, however, shall not apply providing customers' credit information to e-CIB at SBP and/or any approved credit bureau of which the FI is a member and/or to the companies who have agreement with the FIs for data sharing because of outsourcing arrangements. Nevertheless, the outsourcing agreements must enforce the confidentiality clause for third party.
10. FIs shall implement mechanism and tools to consistently monitor and restrict access to resources such as data, networks, systems, databases, applications, operating systems, security modules, etc. They shall also create, store and analyze appropriate logs, including activities relating to viewing of account balances and/or account statements, and audit trails. User profile and user transaction patterns shall be maintained with a high level of confidentiality and integrity.
11. FIs shall ensure that in case of change in role or responsibilities of an employee (including third-party), all IT access rights no more required shall immediately be withdrawn, and any additional rights shall be assigned through approved process. In addition, regular reviews of employee (including third-party) IT access rights shall be carried out to ensure that there are no anomalies.
12. FIs shall not require the customers to provide OTPs verbally to their officers including the call center agents.

#### 4.3.2 Anonymization of Customer Data

1. FIs shall ensure that data/information is encrypted in transit and at rest throughout all stages of transaction, based on classification and sensitivity of data.
2. FIs shall strictly ensure that the information collected shall not appear or be disclosed in whole to any processing employee (including third party) and shall appear in partially anonymized/tokenized/hashed/masked form as applicable, while rendering assisted banking

services or reporting and management of banking service operations - to minimize its disclosure. Any information required to be displayed internally shall be strictly on Need-to-Know basis.

3. The access and initiation of transactions shall be protected by robust and tamper resistant authentication, encryption and authorization to ensure confidentiality of the data and processes.
4. FIs shall ensure masking of critical information, e.g. Permanent Account Number (PAN) during any stage of the end-to-end process of the service, unless specifically requested by the customer or deemed vital for operations. Banks shall ensure masking of the credit or debit card numbers so that the call agents could only view the last four digits of the cards.
5. FIs offering Mobile Banking Services shall implement end-to-end application layer encryption of consumer sensitive data.
6. FIs shall ensure that biometric information of customers shall neither be stored nor transmitted in unencrypted form.

#### 4.4 CONFIDENTIALITY & SECURITY OF CUSTOMER DATA UNDER THIRD PARTY ARRANGEMENTS

1. FIs, before providing data to third party, shall ensure that proposed arrangement complies with the relevant statutory requirements related to confidentiality of its customers/clients, specifically the provision of relevant laws, regulations and instructions issued by SBP from time to time.
2. FIs, while deciding to outsource any function, activity or process shall ensure that outsourcing shall neither reduce the protection available to depositors or investors, nor be used as a way of avoiding compliance with regulatory requirements. It shall be the responsibility of FIs to ensure compliance with all legal/regulatory requirements issued as amended from time to time, while entering into any outsourcing arrangement.
3. Before outsourcing any material function, the FIs shall assess the impact on the customer in case the service provider fails to perform the service or encounter a breach of confidentiality or security.
4. FIs shall not outsource any decision making function and those activities which on breach confidentiality of data/information of the customers.
5. FIs may outsource storage/archival of Account Opening Forms subject to the condition that appropriate controls are put in place to ensure confidentiality/integrity of customer data/information before transferring such records to the service provider for storage/archival.
6. FIs shall ensure to place sufficient controls and measures to safeguard the confidentiality of customer's Personally Identifiable Information (PII) under their outsourcing arrangements, and where such data is stored and processed outside the FIs software/applications (i.e. in office productivity software/tools).
7. FIs, in cases, where outsourcing arrangement involves confidential customer information, FIs shall seek specific consent of the customer or encrypt PII of customers so that their identities cannot be readily inferred.
8. Third Party Service Providers (TPSPs), telecom operators and FIs shall meet the relevant quality of service benchmarks issued by SBP and/or PTA from time to time regarding network availability, resource availability and reliability, priority SMS, message delivery and security standards

required for protecting consumer data, consumer sensitive data, customer financial data as well as consumer(s)' rights protection.

9. FIs shall ensure that TPSPs shall not use customers data for any commercial purposes.
10. FIs shall ensure that the information obtained/collected by TPSP during the course of operations is used/processed, disclosed, and retained as committed or agreed.
11. FIs shall have the right to terminate an outsourcing agreement in the event of default, or where there has been a breach of security or confidentiality. TPSPs shall immediately inform the FI in case of any breach in the data, and in case of termination, all the data will be returned to the FI by the TPSPs entirely and would not be stored in any way by the TPSP.
12. Outsourcing of any activity/process or systems shall not absolve the FI from its primary responsibility of security, integrity and confidentiality of data/information.

#### **4.5 SECURITY OF CUSTOMER DATA/INFORMATION** (This section is not applicable on EMIs)

1. FIs shall conduct comprehensive information security review of new digital products and services and for any modification in their existing digital products and services, including but not limited to people, complete process and technology. The weaknesses and all critical/high and medium vulnerabilities, identified from the information security review, shall be rectified and controlled through validation, before deployment to the production/operations and launch of products/services.
2. FIs shall ensure continuous monitoring of the services extended to the customer for which FIs shall implement an Enterprise Fraud Management (EFM) solution that shall support detection, analysis and management of fraud across users, accounts, products/ services, processes and channels.
3. FIs shall enforce security mechanisms that are commensurate with the risks associated with their digital banking and payments products and services (such as using Card, Browser, App, Voice or e- Commerce) through channels like (Internet or Mobile Banking etc.)
4. FIs shall set reasonable default transaction limits on the digital channels and permit the customers to enhance or reduce these limits after due authentication. Further, the customers shall also be provided with the option to manage transaction limits for all digital channels.
5. FIs shall ensure that initiation of mobile payments through mobile application apps, as well as access to sensitive payment and personal data is protected by strong customer authentication mechanism including but not limited to:
  - a. implementing multi-factor authentication (MFA) for registration of mobile app user-account;
  - b. strong and configurable PIN/password/pattern or a biometric credential such as face recognition or fingerprint recognition;
  - c. time-based one-time passwords (TOTP) for authentication and OTP auto-fetching functionality;
  - d. configuring maximum number of failed authentication attempts after which access to the mobile payment service is blocked;
  - e. defining maximum duration for termination of inactive mobile payment service sessions;
  - f. ensuring that user authentication shall be processed only at the app owner's server-end;

- g. ensuring that authentication attempts are logged and monitored to detect login anomalies and possible breaches.
6. FIs shall ensure that the OTPs used for authentication are of reasonable length with appropriate validity (i.e. time out).
  7. FIs shall ensure that any new device registered shall be notified to the customer immediately on its registered contact number and if available, on registered email address.
  8. FIs shall apply a reasonable limit on the maximum number of registered devices. FIs shall implement a 2-hours cooling-off period before activation of mobile apps for newly registered customers. Further, cooling-off period shall also be introduced before implementation of requests for key account changes such as device, customer's mobile number, email ID, transaction limits, password reset etc. Customer may be intimated beforehand in this respect through SMS, as well as through alternate channels such as email.
  9. FIs shall define a reasonable limit on number of accounts accessed per device, and implement additional authentication controls (i.e. CBC, obtaining and recording the justification for exceeding the limit along with customer verification) for devices exceeding the defined limit.
  10. For branchless banking accounts, FIs upon receipt of a successful credit, shall allow cash out, on-line purchases or mobile top-up against the transferred funds after two (02) hours. During this period, funds will remain on "in-progress" status. Customer may be intimated beforehand in this respect through SMS, as well as through alternate channels such as email. However, for their trusted customers, beneficiary FI may allow cash withdrawal, online purchases or mobile top-up.
  11. FIs shall send free transaction alerts for every financial transaction performed using RTGS and all other digital channels including but not limited to ATM, POS and internet banking etc.
  12. FIs shall also send instant (free of cost) alerts on; sign-in from a new device not already registered, password reset, failed login attempts and request for availing lending products. FIs shall prioritize these alerts and also arrange for sufficient capacity/bandwidth for instantly sending these alerts.
  13. FIs shall acquire/upgrade the capability to enable their customers to activate or block their cards for online/cross-border transactions as and when required.
  14. FIs shall ensure that confidential data is deleted from caches and memory after it is used and/or uninstalled. Further, it shall be ensured that mobile app erase all application-specific sensitive data stored in all temporary and permanent memories of the device during logoff or on unexpected termination of app instance.
  15. FIs shall ensure that the credential reset (such as change in user ID/password of mobile banking/internet banking channel of customers) is only performed using customers' registered device. Further, for credential reset, FIs shall implement OTP auto-fetch or auto-fill functionality, with sender binding control restricting manual entry of OTP. However, where the FIs face limitation(s) in implementation of aforementioned controls then Robo Call Back (RCB) or Call Back Confirmation (CBC) or in-app NADRA biometric verification must be implemented in order to authenticate genuine customers for ensuring non-repudiation by the customers.
  16. FIs shall define and implement rules for management of PIN/Password standards, expiry, failed authentication limits, account locking and unlocking policy and process, time outs for idle, valid or active sessions.

17. FIs shall offer transactional insurance to their customer at reasonable and competitive charges, the insurance shall be activated upon explicit customer's consent or request.
18. FIs shall be responsible for any financial loss to the customer due to delay on their part in taking timely remedial and control measures, such as delay in blocking digital channels, delay in raising dispute requests, etc. In this regard, the FIs shall compensate in whole the customers for such losses. Further, FIs shall follow the liability structure as prescribed under BPRD Circular No. 04 of 2023, 'Measures to Enhance Security of Digital Banking Products and Services' as amended from time to time.
19. In case of any data security breach where the customers' data has been compromised, the FIs shall immediately take steps to protect their customers from further losses and inform them within 48 hours about the steps being taken by the FIs in this regard. In case of a financial loss to customers due to such incidents, the FIs shall compensate them within two (02) business days.
20. FIs shall strengthen their internal controls as well as reporting mechanism so that frauds/data breaches are detected and reported to SBP within the stipulated time without any delay. In this regard, FIs must fix employee accountability in respect of delay in reporting of fraud cases to the State Bank of Pakistan.

## Pillar 5: DISPUTE RESOLUTION MECHANISM

### 5.1 COMPLAINT HANDLING MECHANISM AT FIs

#### 5.1.1 Banks/DFIs

Instructions given under this section 5.1.1 are applicable on all banks and DFIs. However, banks having limited branch network (less than 50), digital banks, and DFIs may follow these guidelines keeping in view of their scale of operations.

##### *5.1.1.1 Structure:*

1. Banks/DFIs shall establish a separate function responsible for overall service quality of the institution, complaint handling unit ideally being a part of it. Banks/DFIs shall ensure that no conflict of interest arises, while adopting the relevant structure of Service Quality/ complaint handling function.
2. Banks/DFIs shall ensure that the Complaint Handling function works independently and have adequate powers and resources.
3. With respect to the monitoring of service quality of the Banks/DFIs, clause no. 1.3 ((1)(a)(xii)) of Pillar 1- Governance and Oversight of this framework shall be referred.
4. The structural arrangement with respect to receipt and disposal of complaints shall not in any way hinder accessibility and visibility of the process and ensure capturing all complaints irrespective of their channel of lodgment.

##### *5.1.1.2 Policies and procedures:*

1. Banks/DFIs shall put in place a complaint handling policy and delineate detailed procedures to deal with complaints.
2. The procedures shall clearly define the complaint resolution process, roles and responsibilities of people involved right from the receipt of a complaint to its resolution or disposal.
3. The procedures shall also outline the mechanism of review and analysis of the complaints and how corrective measures shall be undertaken to fix the lacunae in a product or service or procedure, as identified through analysis of complaints.

##### *5.1.1.3 Information system:*

1. Banks/DFIs shall ensure that the complaint handling function/department is adequately supported in terms of human resources, IT needs, trainings, etc.
2. Banks/DFIs shall have a Complaint Management System (CMS) that commensurate with the size, complexity and scale of their operations to support complaint handling. The system must capture vital information related to each complaint and store it in a centralized data base. The information, inter alia, shall include name of the complainant, CNIC/ Passport Number, complaint number, date of lodgment of complaint, product or service area, nature or type of complaint, date of interim reply and the date the complainant was sent final response and decision (accepted or declined). The information kept in the data base shall be treated as permanent record.

##### *5.1.1.4 Process visibility and accessibility:*

1. In order to enhance ease for customers in complaint lodgment, Banks/DFIs shall ensure that following mandatory modes are available:

- Call Center
- Email
- Websites
- E-forms
- Surface Mail
- Written complaints or claim forms to be submitted in branches
- Complaint Boxes/Registers
- ATM Hotlines

Complaint Boxes/Registers, ATM hotlines and Surface Mail are not mandatory for digital banks.

2. Complaint/Suggestion Box shall also be made available in ATM vestibule which shall be cleared at the time of cash replenishment and shall be forwarded on same day to the Dispute Resolution Team/Call Centre for resolution. In addition to mandatory modes of complaint lodgment, Banks/DFIs are encouraged to invest and focus on adopting innovative modes of complaint lodgment that best suit their customers' profile e.g. complaints lodgment through SMS/ call back service/ mobile application, self-service kiosks, social media platforms like Facebook and WhatsApp, etc.
3. CMS of Banks/DFIs shall allow and accommodate complaints received through any source of communication channel including but not limited to Sunwai and other channels as mentioned at point (1) and (2) above. Further, the complaints forwarded by the State Bank of Pakistan, Banking Mohtasib Pakistan (BMP) etc., shall also be recorded in CMS. Further, branches being the focal point of contact be given access to the CMS and at least one person in the branch be entrusted with the responsibility to log every complaint that is reported to the branch regardless of the fact that it is resolved at the branch level or escalated to the region or at the head office. In this regard, Banks/DFIs need to ensure that arrangements made are working effectively according to the requirement.
4. The consumers who have no customer relationship with the Banks/DFIs shall not be refused to lodge a complaint relating to a Banks/DFI service for which a bank account is not required.

#### *5.1.1.5 Resolution Process:*

1. Banks/DFIs shall make sure that all complaints that qualify the definition of a complaint regardless of how they are transmitted are recorded and processed through CMS.
2. FIs shall have a clear and transparent criterion of categorizing / differentiating complaints from general service requests according to definition given in this framework. Any complaint shall not be treated as service request.
3. Once a complaint is logged in CMS, it shall be assigned a complaint tracking number. This tracking number shall be provided through SMS and emails (if email is available). The tracking number must not be given through calls alone. Further, it shall preferably be system generated. Similarly, the complainants shall be adequately informed about the modes through which they can track status of their complaints.
4. An acknowledgement shall be sent via SMS, email, recorded line or surface mail confirming the receipt of the complaint. In case, the complaint is received after the working hours, the acknowledgement shall be sent no later than the following working day. The acknowledgement of the complaint in anyway shall be provided within 48 hours of the receipt of the complaint. The

acknowledgement shall briefly describe the complaint process, the time line to resolve or decide the complaint and the contact details for follow up on his/her complaint.

5. On receipt of complaints, the Banks/DFIs shall segregate these into two broad categories; (i) major and (ii) minor complaints and the same shall be properly incorporated in CMS. Any complaint that require more than 7 working days for resolution shall be treated as 'major complaint'. These sorts of complaints may include issues relating to fraud, embezzlement of funds, repayment disputes, etc. If resolution requires 07 or less than 07 working days, complaint shall be considered minor.
6. Category wise Turn Around Time (TAT) shall be monitored as per following details;
  - *Minor Complaint:* Banks/DFIs may further bifurcate minor complaints into two categories. (i) Resolution within 3 working days (ii) Resolution within 7 working days. The complaints that may be categorized to be resolved within 3 working days may include small issues, like non-delivery of statement of account, activation of account/ internet banking, cheque book issuance, change of address, etc. The complaints that may be categorized to be resolved within 7 working days may include complaint of misbehavior, malfunctioning of system, repayment or settlement disputes etc. Instances where an extra ordinary investigation is required, an interim reply shall be provided and the complaint must be resolved within 15 working days.
  - *Major Complaint:* An interim reply shall be provided after 10 working days which shall briefly describe the scrutiny required to find facts and expected time during which final reply would be provided. Interim responses can also be in form of SMS, emails etc. In any case the complaint must be disposed of within 15 days. However, the final reply in the fraud related cases must be issued to the complainant within 30 days from the lodgment of the complaint.
7. These timelines shall be observed for all the complaints excluding ATM related claims. In case of ATM related complaints, Banks/DFI shall follow relevant instructions issued by PSP&OD- SBP from time to time. However, for international transactions/disputes, TAT of the relevant vendor/entity shall be followed.
8. With regard to the complaint Resolution of Credit Card, Banks/DFIs shall;
  - a. resolve the disputed transactions/complaint of the Credit Card holder promptly and as per the franchise rules of VISA, MasterCard, AMEX or any other international card association, taking into account nature of the transaction, distances and time zones, etc. However, in no case complaint resolution time shall exceed 45 working days from the date of complaint for the transaction(s) under dispute originated within Pakistan.
  - b. not charge mark-up amount to customer during investigation period. Banks/DFIs shall recover mark-up amount accumulated during investigation period only when the dispute is settled in favor of them. If decision turns in favor of the customer, the Bank/DFI shall refund the amount of disputed transactions, even to those customers who had made the payment of disputed transaction and cancelled the card after lodging complaint.
  - c. provide related evidence to customer without any charges, if complaint turns to be in favor of Bank /DFI.
  - d. be responsible to get reversed the erroneous information provided to e-CIB or any other approved credit bureau, within reasonable time period.
9. Not all complaints can be resolved to the satisfaction of the complainant. In such cases, it is mandatory to finally inform the complainant that his/her grievances cannot be resolved. The reply shall include: the reasons /justification/evidence on the basis of which the complaint is being



denied and alternate grievance redressal forum available to the complainant and their contact details.

10. The resolution of the complaints/ final replies shall be centralized, integrated with CMS, so that the nature of disposal/ decision made can be tracked for analysis. Further, final responses shall be communicated in writing and not only through calls, especially in cases where the complaint is declined.
11. In case of complaint lodged in Urdu, the banks/DFIs shall respond in the same language.
12. It is important that complaint shall be resolved as early as possible and complacency in dealing with complaints shall not be tolerated. For the purpose, Banks/DFIs shall establish an escalation procedure whereby a complaint not resolved or disposed of within particular timeframe shall be escalated to next hierarchy. It is up to the Banks/DFIs to devise a suitable escalation mechanism.
13. FIs, in case of delay in provision of relief to the customer, shall adequately compensate for the period of delay.
14. In case complaints are escalated to second forum (for example Banking Mohtasib of Pakistan (BMP) in case of banks-excluding MFBs), the banks shall ensure compliance of the decision made at that level. With particular reference to BMP, non-compliance of decision made by BMP is a violation of Section 82 E (5) of BCO 1962. Banks are advised to devise a control mechanism for implementation of decisions made by BMP.

#### *5.1.1.6 Dealing with Vulnerable Person:*

1. Banks/DFIs shall exercise extra care while dealing with complaints of vulnerable person. It shall be ensured that the understanding capacity of the vulnerable person is given ample weightage while processing the complaint. Any instance where Bank/DFI is found guilty of exploiting customer's level of understanding shall be resolved immediately to the satisfaction of the customer.
2. Pensioners and senior citizens shall be treated empathetically and to the maximum possible extent, their complaint shall be resolved on priority basis.

#### *5.1.1.7 Record keeping:*

1. Bank/DFIs shall keep a record of complaints and its resolutions permanently, except for electronic fund transfer for which the retention period is for 05 years or as per FI's internal policy whichever is higher.
2. Banks/DFIs shall make available records of complaints to State Bank of Pakistan or any other body authorized by it, as and when required. However, record of complaints under investigation by any Law Enforcement Agency, challenged in honorable court of law etc., shall be retained till the resolution/ verdict of the case or as required by the law.
3. Where CCTV footage is considered part of circumstantial evidence, it must be retained at least for two months.
4. For complaints escalated to Courts, all the related evidences shall be retained till the final decision.

*5.1.1.8 Disclosure in annual accounts:*

1. For the purpose of transparency, the Banks/DFIs shall make appropriate disclosures regarding their performance in relation to complaint handling in their annual accounts. The information disclosed in annual accounts shall, inter alia, contain:
  - a. A brief commentary of bank's/DFI's internal complaint handling mechanism and initiatives taken during the year; and
  - b. Total number of complaints received directly by banks and average time taken to resolve the complaints

*5.1.1.9 Reporting to SBP:*

1. Banks/DFIs shall submit quarterly returns to Director, Consumer Protection Department (CPD), regarding the performance of their Complaint Handling as per the format given at **Annexures-5A & 5B** after review and endorsement by FTC owner of the bank and Head of Compliance respectively within fifteen working days after the end of each quarter, in hard copy via post and in soft copy via email.
2. The complaint categories in **Annexure-5A** must be adopted as bare minimum requirement. In case of more categories defined by the Banks/DFIs internally, same must be mapped with regulatory categories for reporting purposes for consistency and accuracy. The classification of complaints in appropriate category shall be monitored regularly. The change in category of complaint in the CMS may be allowed with caution so that it may be reviewed by senior officer in hierarchy and corrective action may be taken later, where required.

*5.1.1.10 Monitoring and Assessing Complaint Handling Mechanism:*

1. Banks/DFIs shall categorize every complaint relating to each product and/or service area and conduct periodic analysis to identify service pitfalls as complaints are valuable source of information which can be used to bring improvements in products, services, processes and delivery channels.
2. The internal complaint handling mechanism of Banks/DFIs shall be subject to internal audit at least annually and any deviation or non-compliance of internal procedures as well as legal /regulatory requirement shall be recorded and reported to Board of Directors.
3. The internal audit shall also review complaint data including complaint escalated to second forum level and compliance of decisions made at that level and highlight any significant operational risk that the bank may encounter.
4. Banks/DFIs shall ensure availability of feedback mechanism on complaint resolution and grievance handling mechanism.
5. In addition to internal audit, the Banks/DFIs may also take measures to gauge the effectiveness of their complaint handling mechanism. These measures may include but not limited to;
  - *Mystery shopping*: Banks/DFIs are encouraged to use anonymous market research technique like mystery shopping aimed at gauging the effectiveness and efficiency of their complaint handling procedures/mechanism. It is advised that such activities may be conducted at least once in two years either covering all elements of complaint handling or some specific areas. Outcome of such techniques shall provide the top management with an insight of gaps in CGHM adopted by the Bank/DFI.

- *Consumer Satisfaction Surveys:* Banks/DFIs shall hold surveys aiming to measure their customer's satisfaction with regard to grievance handling mechanism in place at their end. This shall be done, at least, once in a two years and the report thereof shall be sent to Director, Consumer Protection Department, State Bank of Pakistan. The findings of such surveys must also be reported to the Board of Directors and remedial steps shall be taken thereon to address the defective service areas.

#### 5.1.2 EMIs

1. EMI, shall have board approved dispute resolution mechanism to settle all disputes between EMI and e-money payment instrument holders. This mechanism should have defined turnaround time (TAT) for disputes resolution.
2. EMIs shall have a proper and separate complaint management mechanism for resolution of the customer complaints against the agent(s).

#### 5.1.3 PSOs/PSPs

1. The PSOs and PSPs shall have comprehensive Complaint Redressal Mechanism to ensure effective Consumer protection with defined turnaround time (TAT).
2. A report of the outstanding complaints and disputes is required to be submitted to Consumer Protection Department (CPD) on quarterly basis.

### 5.2 POLITICALLY EXPOSED PERSONS (PEPS) RELATED COMPLAINTS

1. For efficient resolution of grievances/complaints against discriminatory practices, all FIs shall put in place an internal mechanism for speedy handling of complaints related to discrimination in provision of financial services to customers in particular to PEPs. For this purpose, FIs shall nominate a focal person at senior level for coordinating with aggrieved PEPs and attending their complaints. Similarly, a special unit of Consumer Protection Department (CPD) of SBP will look into the issues not resolved by FIs.
  - a. The focal person of FI shall guide PEP and ensure early resolution of the issue in light of applicable policies, rules and regulations;
  - b. If the grievance of PEP is not resolved within 15 working days after registration of his/ her complaint with FI's focal person or dissatisfied with the conclusion, then he/ she may directly contact the focal person appointed by SBP;
  - c. The FI's focal person shall maintain a proper MIS for all requests/grievances received from PEPs (allocating unique identification number) in order to monitor its progress at different stages;
  - d. The focal person shall be responsible to facilitate PEPs and monitor the progress of their request(s);
  - e. FI shall provide special assistance to PEPs and treat them with respect and due care during the account opening process.

### 5.3 CALL CENTRE MANAGEMENT (This section is not applicable on EMIs)

#### 5.3.1 Policy and Oversight

1. FIs shall establish and implement a comprehensive call center management policy, approved by their Board of Directors/CEO. This policy shall outline Standard Operating Procedures (SOPs) for call center operations, ensuring compliance with SBP's guidelines and best practices.
2. FIs that outsource call center operations must adhere to SBP's outsourcing guidelines, ensuring customer data confidentiality through robust contractual security clauses. Supervision functions, including quality assurance checks, shall not be outsourced.
3. Call centers shall have an independent reporting line to avoid conflict of interest. In addition to a senior officer heading the function of call centers, FIs shall ensure periodic reporting on performance of call centers to the management committee as is defined in pillar-1 of this framework at least on quarterly basis. It shall be explicitly made part of the Term of References of the committee to monitor the overall service quality and performance of call centers. FIs shall also ensure that the minutes of the committee's meetings are recorded along with the status of implementation of decisions taken and the same shall be made available for review of SBP inspection team.

#### 5.3.2 Ease of Lodgment/ Convenience/ Fairness and Integration with complaint management

1. All FIs are encouraged to deploy toll-free numbers /UAN for their call centers. It shall be ensured that call center numbers are displayed prominently on FIs' websites and also on notice boards in branches. In case of more than one call center number, FIs shall clearly mention the line of business or product in front of each number for convenience so that only the relevant number may be dialed by the customers. FIs shall also conduct consumer testing/ consumer recalls at least on an annual basis to assess customer awareness regarding call centers and take actions for improvement where required.
2. Measures shall be taken to reduce the call wait time as much as possible to avoid inconvenience to the customers. FIs shall develop internal standards/Key Performance Indicators (KPIs) regarding call wait time for different types of calls. The performance, in this respect, shall be monitored by the management level committee referred above in point (3) of 5.3.1 through periodic reporting. However, the call wait time for card lost/ card stolen/ card block request shall not be more than one minute.
3. 'Card lost/ Card stolen/ Card Block' request shall be the first option on IVR menu after call connects to the call centers of the FIs. Further, the customers shall also be provided with an automated option for blocking of cards/ accounts/ digital channels (preferably through TPIN). Besides, the FIs are encouraged to introduce IVR options for regional languages while ensuring the availability of appropriate resources for such options.
4. The FIs shall ensure that call agents do not refuse to lodge complaint of the customers/ callers.
5. FIs shall adopt appropriate call management tools/functionality including but not limited to self-banking options, queue management, etc. It is encouraged that the callers/ customers are apprised of their number/order in the call queue with option of call back in a specified reasonable time. Further, it shall be ensured that all call centers have feedback option and the caller/customer are adequately informed and encouraged to provide their feedback through the given option.

6. FIs shall ensure that the consumers are explicitly informed about their calls being recorded at the call center. FIs shall not market their products/ services except on toll free numbers. The FIs are encouraged to play awareness messages during call wait time.

### 5.3.3 Call Center Resources

1. FIs shall have adequate IT controls, contingency and disaster recovery set-ups for their call centers.
2. FIs shall ensure that their call centers are adequately staffed. Further, it shall also be ensured that the call center staff is adequately trained particularly on digital fraud management, relevant policies and initiatives of FIs and query & complaint handling. Further, the impact assessment of such training shall also be conducted by FIs for improvements in future trainings.
3. All inbound and outbound calls at the call centers shall be recorded. The recordings shall at least be retained for one year. However, for digital transactions where customers' consent to be obtained in specific instances, FIs shall comply with the relevant/ applicable rules and regulations. The custodian of these call recordings and archival/ retrieval mechanism may explicitly be developed and monitored while ensuring that only relevant officials have access to such records.

### 5.3.4 Performance Review/ Management of Call Center

1. FIs, shall at a minimum, use the following parameters/ KPIs for reviewing performance of call centers with appropriate benchmarks as per international best practices:

Key Result Areas	Parameters/ KPIs
Quality	Courtesy Accuracy
Productivity	Average Wait Time/ Average Speed of Answering Average Handling Time Abandoned Call rate Ring No Answer First Call Resolution
Attendance	Manned hours Punctuality Attrition rate

2. Further, the role of call centers in complaint handling function shall also be reflected in the KPIs of the call center staff and adequately covered in the respective policy.
3. FIs shall also assess the performance of their call centers through monitoring tools like mystery calls, customers' person feedback as well as call center own staff's feedback etc., at least once a year. Service quality and data confidentiality of call center shall also be assessed/ reviewed annually by the FI's internal audit function. Further, FIs shall ensure that TAT of their call center especially related to blocking of cards and lodgment of complaints are monitored on regular basis.

### 5.3.5 Collection of Digital Banking Frauds Information

1. At the time of receiving the calls from customers for reporting of frauds/scams (attempted or committed), the agents at call centers of all FIs will record the information relating to attempted and committed fake call frauds as per the format available on DAP of SBP.

2. Further, all FIs shall additionally submit data of all digital frauds and scams as per the format available on DAP of SBP. This will include all frauds and scams reported at call centers or through other means such as email, letters, etc. or otherwise detected by the banks/ MFBs themselves.
3. Banks/MFBs will submit data on DAP of SBP on monthly basis within 10 days from the close of every month.
4. Banks/MFBs are advised to ensure that the call center agents are sufficiently trained to handle calls received by the customer for reporting of such digital frauds/scams. They must be capable of identifying attempted digital banking frauds related calls when a naive customer unaware of fraudulent attempt reports such instances.
5. Banks/MFBs will report the relevant information to PTA for blocking SIM/Device of the fraudsters used for committed/attempted digital banking frauds as soon as identified.
6. As a control mechanism to avoid any further financial loss, the authorized call center agents and branch staff shall be provided with the functionality to block individual as well as all digital channels of a customer with a single option with consent of the customer, before seeking detailed verification from the customer. The verification required from the customer as per procedure will subsequently be acquired on the same call.
7. For blocking of digital channels, the requirement to call from registered numbers would not be necessary since the customer may not have access to his/her registered telephone number; however, the banks may conduct enhanced verification in cases where the request for blocking of channels was received from an unregistered number.
8. In order to unblock the account/continue services, the Banks/MFBs will guide the customers as per their relevant policies.

## PILLAR 6: AWARENESS RAISING AND CAPACITY BUILDING MEASURES

### 6.1 CAPACITY BUILDING

1. FIs shall develop a comprehensive Training & Development Policy to inculcate the culture of responsible business conduct and FTC within the organization. Ideally, this policy shall be a standalone document; alternatively, it may be incorporated as a distinct component of overall Training & Development Policy of FI. The policy, along with corresponding Standard Operating Procedures (SOPs), shall cover broader parameters, *inter alia*, such as scope, process of training need assessment, training budget, mandatory training man-days, and the assessment and monitoring of the initiatives undertaken under the policy etc.
2. FIs shall develop annual plan under the policy, ensuring that training is an ongoing activity, with regular updates and refresher courses. The plan must include distinct programs for newly hired as well as for existing employees across the organization. The plan shall also specify training requirements for third party employees.
3. The annual plan, amongst other items, must include training sessions for:
  - a. effective dissemination and comprehension of regulatory instructions which are issued by SBP from time to time;
  - b. orientation with local and global developments in the field of FTC and financial frauds, particularly digital financial frauds;
  - c. training requirements prescribed by SECP with regard to the selling of third party products. The training module, *inter alia*, shall also cover the employees' code of conduct and potential disciplinary actions in case of mis-selling, fraud, etc.
4. Capacity building of employees to facilitate PWDs by conducting mandatory awareness/sensitization programs and practical training for branch staff on ways to interact and accommodate PWDs providing them with special assistance and due care. Additionally, Financial Institutions (FIs) shall ensure that all employees are aware of the organization's inclusion policy for PWDs. FIs shall establish robust systems for monitoring and evaluating of the effectiveness and quality of training and capacity-building initiatives. Further, they shall also develop and use effective assessment mechanism /tools to ensure active participation, engagement and learning.

### 6.2 AWARENESS RAISING

1. FIs shall develop a dedicated Awareness Policy aimed at enhancing consumers' understanding of financial products and services, and to equip them with the knowledge about their rights and responsibilities. This policy shall ideally be a standalone document; alternatively, it may be included as a distinct component of overall Awareness Policy of FI. FIs must capitalize on customers' data analytics to improve the design of such awareness policy. The policy shall specify mechanisms/tools to target vulnerable segment, in addition to focus on mass awareness. FIs shall also develop annual plan to meet the objectives defined under the policy.
2. FIs shall ensure that the annual plan contents, at minimum cover:
  - a. consumers' rights and responsibilities;
  - b. prohibited banking conduct;
  - c. use of Key Fact Statement (KFS);

- d. use of e-money instruments;
  - e. risk based KYC requirement;
  - f. rules & regulations of eCIB, particularly issues related to negative reporting (reporting of over dues/late payments, write-offs/waivers, etc.) and its implication to avoid unnecessary complaints/ legal proceedings;
  - g. charges/fees, calculation of payments (mark up, return, profit/loss etc.), repayment schedules, consumers' obligations and other terms and conditions of financial products & services (financing, deposit, insurance/takaful, payments etc.) that FI offers;
  - h. financial frauds including digital frauds and safeguard mechanisms, particularly for payment instruments such as credit and debit cards, cheques etc.;
  - i. overall complaint handling mechanism and avenues for escalating the complaints to other relevant forums, in case of dissatisfaction with response of FIs. FIs shall also ensure to aware customers about postal and email address, helpline/call centers, inclusive of SBP UAN, URL of Sunwai Portal, eCIB helpdesk etc., through which they can submit their complaints;
  - j. programs for PWDs. This may include but not limited to; (i) Financial literacy and awareness sessions through education and experiential learning interventions including account opening, account operation, and timely processing of their financing requests and (ii) Orientation sessions on the usage of accessible digital banking platforms such as mobile banking, internet banking, and telephone banking.
3. FIs shall conduct awareness programs in collaboration/coordination with the external stakeholders such as but not limited to; academia (e.g. educational institutions/universities/ colleges/madaris etc.), chambers of commerce and trade bodies etc. Further, FIs are encouraged to collaborate to develop joint awareness programs for consumers' empowerment, capitalizing on technological solutions.
4. FIs shall strategize to utilize various channels and linguistic approaches (English and Urdu languages mandatory) to reach a wider range of consumers. The strategy shall mainly include but not limited to;
- a. in person/ direct contact, seminars, workshops, etc., pamphlets/ leaflets/brochure may be used in programs to disseminate information;
  - b. SMS, email, in-app notification;
  - c. print and electronic media;
  - d. social media, chat bots etc.;
  - e. digital initiatives like digital financial literacy page, podcasts, video tutorials on the web portals, digital apps etc.;
  - f. notices/ banners throughout their network, websites, ATMs and other digital platforms;
  - g. women leaders/champions at local level as brand ambassadors to reach out to more women consumers/diversified consumers for creating awareness on business conduct and FTC.
5. FIs shall allocate a dedicated page on their website for consumers' awareness. All relevant information including complaint avenues and FAQs etc., shall be available on that page and be regularly updated to address the commonly asked questions regarding the products and services offered as well as trending digital frauds.
6. FIs shall develop and use appropriate KPIs to assess the effectiveness of initiatives taken under awareness policy.



### 6.3 REPORTING TO SBP

1. For oversight purpose, the bi-annual data on measures undertaken by FIs on training & capacity building as well as for consumers' awareness about business conduct and FTC shall be submitted to Banking Policy & Regulations Department (BPRD) of State Bank of Pakistan as per format enclosed as **Annexure-6A** by the 15th of month following each half year.

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## Annexure 2A

Key Fact Statement (KFS) for Deposit Accounts <sup>4</sup>									
ABC Bank Limited					Date:				
<b>IMPORTANT:</b> Read this document carefully if you are considering opening a new account. It is available in English and Urdu. You may also use this document to compare different accounts offered by other banks. You have the right to receive KFS from other banks for comparison.									
<b>Account Types &amp; Salient Features:</b> This information is accurate as of the date above. Services, fees and mark-up rates may change on -----basis. [Provide the frequency]. For updated fees/charges, you may visit our website (Website link) or visit our branches									
Particulars	Islamic				Conventional				
	Type <sup>5</sup> 1 (name of current account)	Type 2 (name of saving account)	Type3 (name of remunerative account /Term Deposit)	Type4 (mobile wallet)	Type1 (name of current account)	Type2 (name of saving account)	Type3 (name of remunerative account/Term Deposit)	Type4 (mobile wallet)	
<b>Currency</b> (PKR, US, EUR, etc.)									
<b>Account Maintenance Fee</b> (if any, provide the amount)									
<b>Is Profit Paid on account</b> (Yes/No)  Subject to the applicable tax rate:									
<b>Indicative Profit Rate.(%)</b>									
<b>Profit Payment Frequency</b> (Daily, Monthly, Quarterly, Half yearly and yearly)									
<b>Provide example:</b> (On each Rs.1000, you can earn Rs.-- on given periodicity)									
<b>Premature/ Early Encashment/Withdrawal Fee</b> (If any, provide amount/rate)									
<b>Service Charges</b>									
<b>IMPORTANT:</b> This is a list of the main service charges for this account. It does not include all charges. You can find a full list at [specify channels – e.g. “our branches, on our website at xxx”]. Please note that all bank charges are exclusive of applicable taxes.									
Services	Modes	Islamic				Conventional			
		[Provide amounts for the all type of service charges given below or used above. Highlight the services being opt by the customer. In case of no fees write zero]							
		Type 1	Type 2	Type 3	Type4	Type 1	Type2	Type 3	Type4
<b>Cash Transaction</b>	Intercity								
	Intra-city								
	Other Bank ATM								
	CDM Charges for bank customer								
	CDM charges for other								

<sup>4</sup> The template has to be adopted as per the given design and content with font size not less than 9. Bank specific information like name of products, amounts of fees and charges etc. will be added by the bank in the template, where required. The text in 'green' color is for the guidance of the banks and may be omitted from the template to be used for the customers. The KFS shall be printed on a colored paper.

<sup>5</sup> Types indicate different deposit products being offered by a bank i.e. current, savings, term deposits and mobile wallets etc. Banks may use names of the deposit products being offered by them.

	bank customers								
<b>SMS Alerts</b>	ADC/Digital								
	For other transactions								
<b>Debit Cards</b>	Classic <sup>6</sup>								
	Gold								
	Premium								
	Paypak								
	Others								
<b>Cheque Book</b>	Issuance								
	Stop payment								

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<sup>6</sup> Banks may use names/type of debit cards being offered by them.

Services	Modes	Islamic				Conventional			
		[Provide amounts for the all type of service charges given below or used above. Highlight the services being opt by the customer. In case of no fees write zero]							
		Type 1	Type 2	Type 3	Type 4	Type 1	Type 2	Type 3	Type 4
Statement of Account	Duplicate								
Fund Transfer	ADC/Digital Channels								
	Others								
Digital Banking	Internet Banking subscription (one-time & annual)								
	Mobile Banking subscription (one-time & annual)								
Clearing	Normal								
	Intercity								
	Same Day								
<b>You Must Know</b>									
<b>Dormant Accounts:</b> If no customer initiated transaction (debit or credit) or activity (e.g. login through digital channels) has taken place during the previous one year, your account will become Dormant or In-Operative Account. Further, Debit transactions/ withdrawals will not be allowed until the account is activated. To reactivate your account, you must [specify briefly, how to reactivate the account (required documents) with special focus/inclusion of overseas customers].					<b>Unclaimed Deposits:</b> In terms of Section 31 of Banking Companies Ordinance, 1962 any financial liability owed by a bank/ DFI in local or foreign currency, by reason of a deposit (all kinds including time and demand) or a financial instrument (all kinds including bill of exchange, pay slip, pay order, demand draft, telegraphic transfer, money transfer, and banker's cheque), not being held to the title of a government (except for instruments issued in favour of government), or a court of law or a minor, in respect of which no transaction has taken place and no statement of account has been requested or acknowledged by the customer, and in case of instrument not paid during last fifteen years, shall be classified as unclaimed deposits.  The surrendered deposits can be claimed through the respective banks. For further information, please contact [Provide relevant contact points of the bank].				
<b>How can you get assistance or make a complaint?</b>  <b>Contact Information:</b> ABCDE Bank Limited, Complaint Management Unit, 123 Floor, Building, Road, City Helpline: Email: Website:  <b>Sunwai Link:</b>					<b>If you are not satisfied with our response, you may contact:</b>  [Insert details of Banking Mohtasib Pakistan (BMP). Only MFBs to include State Bank of Pakistan (SBP)]				

(Portion to be used for the post-shopping stage)

I ACKNOWLEDGE RECEIVING AND UNDERSTAND THIS KEY FACT STATEMENT		
Customer Name:		Date:
Product Chosen:		
Mandate of account:	Single/Joint/Either or Survivor	
Address		

Contact No.:	Mobile No.	Email Address	
Customer Signature		Signature Verified	

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## Annexure 2B

NAME OF THE BANK			
PRODUCT KEY FACT STATEMENT			
PERSONAL FINANCE			
<b>A. Your financing need:</b>			
Name of the product	Specify the name of the product.		
Finance amount	Rs. 100,000/- (This is notional amount and same will be used to calculate amounts in table below)		
Term of the finance	xx months		
Mark-up type	<input type="checkbox"/> Fixed <input type="checkbox"/> Variable		
<b>B. Estimated cost of this financing:</b>			
What Mark-up (fixed/variable) will you be charged? * In case of variable mark-up, specify that if mark-up rate increases/(decreases) by X% the monthly installment amount will increase/(decrease) by Rs. XXX approximately.	Amount	Rate	
	Rs. xxxx (calculated amount on the basis of notional amount) /- to be paid per month	X % (rate per month)	
	Rs. xxxx (calculated amount on the basis of notional amount) - to be paid per year	X % (rate per year)	
What other charges will you have to pay?	Rs. xxxx/- (Enlist charges i.e. one time charges, ongoing charges. The banks/MFBs may refer to their Schedule of Charges.)		
What will be the monthly installment payable? * Specify that in case of a variable rate financing, installment amount may vary with the change in benchmark/reference rate as agreed at the time of contract	Rs. xx,xxx/- (calculated amount on the basis of notional amount)		
What total amount will you pay for the financing?	Rs. x,xxx,xxx/- (calculated amount on the basis of notional amount)		
<b>C. Early payments:</b>			
Can you repay finance before the maturity?	DD-MM-YYYY (Specify the lock-in period in which the early repayments are not allowed)		
Will you have to pay any additional amount/charges for pre-payment/ early retirement of the finance?	Specify the pre-payment/early retirement penalties/charges of the finance along with time of the imposition, if any.		
<b>D. Default/late payment information:</b>			
What happens if you fail to fulfill your obligations?	Specify the implications of not paying installments on time. This will include recovery methods/rights of the bank as well as default reflection in credit reports.		
What penalty will you be charged for not repaying on time?	Default charges	Rate Applied	Manner of computing late payment charges
	Rs. x,xxx (calculate amount on the basis of notional amount)/-	X%	Computation
Can Bank/MFB exercise right of set-off?	Inform consumer clearly about bank's/MFB's right to set-off any credit balance in the consumer's deposit accounts against any outstanding balance in the financing accounts.		
<b>E. Other material information:</b>			
What happens in case of death of borrower(s)?	Specify implications on the finance facility in the event of death of the borrower(s) or joint borrower(s) during the tenor of financing.		
What are the guarantor's obligations?	Mention obligations of the guarantor(s), if any, in case of default.		
What documents will be provided to you?	Enlist all documents that will be provided to the borrower(s).		
<b>You Must Know</b>			

<p><b>How can you get assistance or make a complaint?</b></p> <p><b>Contact Information:</b>          ABCDE Bank Limited, Complaint          Management Unit, 123 Floor, Building,          Road, City          Helpline:          Email:          Website:</p> <p><b>Sunwai Link:</b></p>	<p><b>In case of non-payment, overdue or late payment, what will happen to your e-CIB reporting?</b></p> <p>In case of non-payment, overdue, written off loan or late payment, the eCIB report will reflect negative credit history, which may adversely affect borrower's creditworthiness for future.</p>
<p>_____</p> <p><b>Borrower's Signature and Date</b></p>	<p>_____</p> <p><b>Authorized Banker's Signature, Stamp and Date</b></p>

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NAME OF THE BANK			
PRODUCT KEY FACT STATEMENT			
HOUSING FINANCE			
<b>A. Your financing need:</b>			
<b>Name of the product, if specified</b>	Specify the name of the mortgage finance product.		
<b>Type of the product</b>	Outright Purchase/Renovation/Construction		
<b>Finance amount</b>	Rs. 1000000/- (This is notional amount and same will be used to calculate amounts in table below)		
<b>Term of the finance</b>	xxx months		
<b>Mark-up type</b>	Fixed/Variable/Hybrid		
<b>Loan to value ratio</b> *specify that the reference ratio is based on pre disbursement value	Loan to Value Ratio*= Mortgaged Amount/Appraised Value of the Property.		
<b>B. Estimated cost of this loan:</b>			
<b>Annual Percentage Rate (APR)</b>	x.x% (Specify formula as per Housing Finance Prudential Regulation requirement)		
<b>What Mark-up (fixed/variable) * will you be charged approximately?</b> *In case of variable mark-up, specify that if mark-up rate increases/ (decreases) by X%, the monthly installment amount will increase/(decrease) by Rs. XXX approximately.	<b>Amount</b>	<b>Rate</b>	
	Rs. xx,xxx (calculate amount on the basis of notional amount)/- to be paid per month	X % (rate per month)	
<b>What other charges will you have to pay?</b>	Rs.xxxx (calculate amount on the basis of notional amount)- (Enlist charges i.e. one time charges, ongoing charges etc. The banks/MFBs may refer to their Schedule of Charges)		
<b>What will be the monthly installment payable?</b>	Rs. xx,xxx (calculate amount on the basis of notional amount)- (Specify that in case of a variable rate loan, installment amount may vary with the change in benchmark/reference rate as agreed at the time of contract)		
<b>What total amount will you pay for the finance?</b>	Rs. x,xxx,xxx (calculate amount on the basis of notional amount)- (Specify that in case of a variable rate loan, total loan amount may differ from the amount disclosed at the time of contract due to change in benchmark/reference)		
<b>When will the existing variable mark-up rate as per finance agreement expire?</b>	Specify the expiry date of the term of the finance as calculated in accordance with variable rate.		
<b>When will the mark-up rate as per finance agreement be renewed?</b>	Specify the renewal dates over the period of finance and mention the upcoming renewal date.		
<b>What additional documents will be required for renewal of finance agreement?</b>	Enlist documents required for renewal of the finance agreement.		
<b>C. Early payments:</b>			
<b>Can you repay finance facility before the maturity?</b>	DD-MM-YYYY (Specify the lock-in period in which the early repayments are not allowed)		
<b>Will you have to pay any additional amount/ charges for pre-payment/ early retirement of the financing facility?</b>	Specify the pre-payment/early retirement penalties/charges along with time of imposition, if any.		
<b>D. Default/late payment information:</b>			
<b>What if you fail to fulfill your repayment obligations?</b>	Specify the implications of not paying installments on time. This will include the recovery methods/rights of the bank as well as default reflection in credit reports.		
<b>What penalty will you be charged for not repaying on time?</b>	<b>Default charges</b>	<b>Rate Applied</b>	<b>Detail of computing late payment/default charges</b>
	Rs. x,xxx (calculate amount on the basis of notional amount)/-	X%	Computation
<b>E. Other material information:</b>			
<b>What insurance avenues do you have?</b>	Specify details of insurance coverage required as a condition of the loan facility from bank's panel of insurers and whether the insurance is mandatory.		



<b>What happens in case of death of borrower(s)?</b>	Specify implications on the finance facility in the event of death of the borrower(s) or joint borrower(s) during the tenor of the loan.
<b>What are the guarantor's obligations?</b>	Mention obligations of the guarantor(s), if any, in case of default.
<b>What documents will be provided to you?</b>	Enlist all documents required under PRs to be provided to borrower(s).
<b>You Must Know</b>	
<b>How can you get assistance or make a complaint?</b> <b>Contact Information:</b> ABCDE Bank Limited, Complaint Management Unit, 123 Floor, Building, Road, City Helpline: Email: Website:	<b>In case of non-payment or late payment, what will happen to your e-CIB reporting?</b>  In case of non-payment, overdue, written off loan or late payment, the eCIB report will reflect negative credit history, which may adversely affect borrower's creditworthiness for future.
<b>Sunwai Link:</b>          <hr/> <b>Borrower's Signature and Date</b>	<hr/> <b>Authorized Banker's Signature, Stamp and Date</b>

Name of the Bank			
Product Key Fact Statement			
Auto Finance			
<b>A. Your financing need:</b>			
Name of the product	Specify the name of the product.		
Vehicle required	New /used/locally manufactured/imported Vehicle		
Financing required	Rs. 500,000/- (This is notional amount and same will be used to calculate amounts in table below)		
Term of financing	xx months		
Mark-up type	<input type="checkbox"/> Fixed <input type="checkbox"/> Variable		
<b>B. Estimated cost of this financing:</b>			
Annual Percentage Rate (APR)	x.x%		
What Mark-up (fixed/variable) will you be charged? * In case of variable mark-up, specify that if mark-up rate increases/(decreases) by X% the monthly installment amount will increase/(decrease) by Rs. XXX.	Amount	Rate	
	Rs. xx,xxx (calculate amount on the basis of notional amount)/- - to be paid per month	x % (rate per month)	
What other charges will you have to pay?	Rs.xxx (calculate amount on the basis of notional amount)/- - (Enlist charges i.e. one time/ongoing charges etc.)		
What will be the monthly installment payable? *Specify that in case of a variable rate loan, installment amount may vary with the change in benchmark/reference rate as agreed at the time of contract.	Rs. xx,xxx (calculate amount on the basis of notional amount)/- -		
What total amount will you pay for the financing?	Rs. x,xxx,xxx (calculate amount on the basis of notional amount)/- -		
	Specify that in case of a variable rate loan, total loan amount may differ from the amount disclosed at the time of contract due to change in benchmark/reference.		
<b>C. Early payments:</b>			
Can you repay loan/finance before the maturity?	DD-MM-YYYY (Specify the lock-in period in which the early repayments are not allowed)		
How can you repay loan/finance before the maturity?	Briefly specify the procedure for early retirement of the loan.		
Will you have to pay any additional amount/charges for pre-payment/ early retirement of the loan/finance?	Specify the pre-payment/early retirement penalties/charges of the loan along with time of the imposition.		
<b>D. Default/late payment information:</b>			
What if you fail to fulfill your repayment obligations?	Specify the implications of not paying installments on time. This will include the repossession/auction of vehicle subject to serving of mandatory notices as well as default reflection in credit reports.		
What will you have to do to acquire back your repossessed vehicle?	Specify the procedure through which the borrower(s) can acquire back his repossessed vehicle.		
What penalty will you be charged for not repaying on time?	Default charges	Rate Applied	Manner of computing late payment charges
	Rs. x,xxx (calculate amount on the basis of notional amount)/-	X%	Computation
<b>E. Other material information:</b>			
What insurance avenues do you have?	Specify details of insurance coverage required as a condition of the loan facility from bank's panel of insurers and whether the insurance is mandatory.		

<b>What happens in case of death of borrower(s)?</b>	Specify implications on the loan facility in the event of death of the borrower(s) or joint borrower(s) during the tenor of the loan.
<b>What are the guarantor's obligations?</b>	Mention obligations of the guarantor(s), if any, in case of default.
<b>What documents will be provided to you?</b>	Enlist all documents that will be provided to the borrower(s).
<b>Can you sell your vehicle to a third party during the tenor of the loan/finance?</b>	Inform the borrower about the prohibition of sale of vehicle to a third party during the term of the contract.
<b>You Must Know</b>	
<b>How can you get assistance or make a complaint?</b> <b>Contact Information:</b> ABCDE Bank Limited, Complaint Management Unit, 123 Floor, Building, Road, City Helpline: Email: Website:  <b>Sunwai Link:</b>	<b>In case of non-payment or late payment, what will happen to your e-CIB reporting?</b>  In case of non-payment, overdue, written off loan or late payment, the eCIB report will reflect negative credit history, which may adversely affect borrower's creditworthiness for future.
<hr/> <b>Borrower's Signature and Date</b>	<hr/> <b>Authorized Banker's Signature, Stamp and Date</b>

### CREDIT CARD SUMMARY BOX

(The box must be printed in Arial or Times New Roman font of minimum 10 Size)

The information contained in this Box summarizes key features of Credit Card and is not intended to replace any term & condition of the product. It is very important that customer should carefully read the full terms & conditions before agreeing and signing this information.	
INFORMATION	EXPLANATION
Joining Fee / Annual Fee	<p>Mention whether the card is issued free of charge or any fee is to be paid by the consumer:</p> <p><b>EXAMPLE TEXT</b></p> <ul style="list-style-type: none"> <li>➔ No Card Issuance or Joining Fee.</li> <li>➔ Card Issuance or Joining Fee: <b>Rs xx</b></li> </ul> <p>Fee levied in order to hold the account, whether annual or other should also be specified and if no fee is to be charged, the same may also be mentioned in bullet point format. If there is any condition attached to waiver of fee, the same may also be narrated here. If there is fee on supplementary credit card, the same may also be given here.</p> <p><b>EXAMPLE TEXT</b> ☐ No Annual Fee.</p> <ul style="list-style-type: none"> <li>➔ Annual Fee: <b>Rs xx</b> (The fee will be waived if your annual expenditure exceeds Rs xxxx)</li> </ul>
Annualized Percentage Rate (APR)	<ul style="list-style-type: none"> <li>➔ Specifically mention APR along with formula in bullet format.</li> <li>➔ The APR must be at least 1.5 times in font size of other financial information.</li> <li>➔ „From“ and „To“ rates should also be mentioned if APR differs for different features of product.</li> </ul> <p><b>EXAMPLE TEXT</b> Typical <b>x.x%</b> APR Variable</p>
Mark-up/Profit Rates	<ul style="list-style-type: none"> <li>➔ Rates for different product features must be mentioned in the tabular format given below (including any introductory rates).</li> <li>➔ The duration of any introductory rate, and any conditions applicable to any rate, must also be included here.</li> <li>➔ Ideally, monthly mark-up/profit rates should be expressed by up to three decimal points, and introductory and annual markup rates expressed to one decimal point.</li> <li>➔ Where a monthly mark-up/profit rate is introductory or promotional that reverts to a standard or other rate, this condition must also be specified here.</li> </ul>

	<b>EXAMPLE TEXT</b>			
		<b>Introductory Rate</b>	<b>Monthly Rate</b>	<b>Annual Rate</b>
	<b>Purchases</b>	x.x% p.a. for Y months or not applicable	x.xxx% p.m. etc.	x.x% p.a.
	<b>Cash Advances</b>	x.x%	x.xxx% p.m. etc.	x.x% p.a.
	<b>Balance Transfers</b>	x.x%	x.xxx% p.m. etc.	x.x% p.a.
<b>Mark-up/Profit Free Period</b>	Should be expressed in maximum days, for those types of transactions for which a markup -free period applies. If there is no mark-up/profit -free period, this must be stated. If there are conditions associated with any mark-up/profit -free period, these should also be explicitly shown here.			
<b>Markup Charging Information</b>	Information should be given on the dates between which mark-up/profit is charged for the different product features i.e. purchases, cash advances and balance transfers (where applicable) <b>EXAMPLE TEXT</b> No mark-up/profit would be charged on new purchases if the payment is made in full within the due date for each billing cycle and no balance is carried forward from the previous months. Otherwise, the period over which mark-up/profit is charged for different product features will be as mentioned below:			
		<b>From</b>	<b>Until</b>	
	<b>Purchases</b>	Transaction date	Paid in full	
	<b>Cash Advances</b>	Transaction date	Paid in full	
	<b>Balance Transfers</b>	Date debited to your account	Paid in full	
<b>Payments Allocation</b>	Concise description of the order in which the payment will be allocated to the account. <b>EXAMPLE TEXT</b> “If the balance is not paid-off in full, payments received are applied to the highest mark-up/profit bearing transactions first.”			

<b>Minimum Monthly Repayments</b>	Specify in bold with a brief description. <b>EXAMPLE TEXT</b> x% of outstanding balance. “If you make a minimum payment, mark-up/profit will be charged on the remaining balance after due date so it will cost more and take longer to clear the balance. mark-up/profit free period is also lost if any balance of the previous months” bill is outstanding.”	
<b>Card Limits</b>	<b>Maximum Card Limit</b>	<b>Cash Withdrawal Limit</b>
	Rs xx	Rs xx
<b>Charges</b>	It is not possible to provide a definitive list of those charges to be covered here, but it should, for example, cover the following mentioned below. Further, the consumers may refer to Schedule of Charges placed at websites or the banks” branches. <b>EXAMPLE TEXT</b>	
	Cash advances fee	Rs xx
	Balance transfer fee	Rs xx
	Foreign currency transaction charges	Rs xx
	Utility bill payment charges	Rs xx
	SMS alert charges	Rs xx
	Cash payment fee	Rs xx
	Card replacement charges	Rs xx
	Copy of statement fee	Rs xx
<b>Default Charges</b>	<b>Late Payment Charges</b>	<b>Cheque Return Charges</b>
	Rs xx	Rs xx
<b>Cancellation Charges</b>	Rs xx (if any)	
<b>Renewal Charges</b>	Rs xx (if any)	
<b>Expiry</b>	Specific card expiry in years e.g. 3 years from the date of card issuance.	
<b>Insurance Coverage</b>	Specify the detail of Bancassurance and bank’s role in the capacity of distributor.	
<div style="border: 1px solid black; height: 100px; width: 100%;"></div>		

Customer's Signatures & Date	Authorized Banker's Signature, Stamp and Date
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**Minimum Required List of Stationery/ Documents to be made available in Braille Script**

1. Account Opening Form (AOF)
2. Addendum to AOF (FATCA)
3. Form W9 (FATCA)
4. Form W8 – BEN (FATCA)
5. AOF Terms & Conditions
6. Deposit slip
7. Cheque Book Requisition Slip
8. Locker Application Form
9. Debit/ Credit Card – Application Form
10. Request for Re-activation of a Dormant or In-operative Account
11. Term Deposit Application
12. Indemnity/ undertaking



**1) General Guidelines:**

- 1.1 The banks/DFIs shall render the same services to visually impaired/blind person as it would to any other person without discrimination through all branches.
- 1.2 Before establishing banking relationship with visually impaired/blind persons, the banks/DFIs must clearly explain them all possible risks involved in the operation and usage of any product/ services being offered.
- 1.3 The banks/DFIs shall not equate literate visually impaired/blind persons with illiterate customers.
- 1.4 If the visually impaired/ blind customers need to complete a form, deposit slip, cheque etc., the branch staff member shall read out the questions, and write down the answers on the customers' behalf in the presence of witness who is personally known to the customer, if so desired.
- 1.5 The bank/DFIs shall clearly mark the account of all such customers as "Visually Impaired/ Blind Person Account".
- 1.6 The banks/DFIs shall develop and put in place internal control procedures to deal with any possible financial exploitation of visually impaired/blind customers.
- 1.7 The banks/DFIs shall arrange special training programs for its staff working at branch level or in a Call Centre so that they can support and facilitate banking for visually impaired/ blind customers in a dignified manner.
- 1.8 When the visually impaired/ blind customers intend to leave the branch premises, the branch staff shall ensure that they have picked up all of their belongings.

**2) Opening and Operation of Account:**

- 2.1 The banks/DFIs shall not deny opening of individual account by a visually impaired/person.
- 2.2 Clear option shall be provided to a visually impaired/blind person for opening of an account either singly or jointly with any other person.
- 2.3 No restriction shall be placed on opening of a joint account including with person(s) who is/ are visually impaired/blind.
- 2.4 Minimum documentation requirements under related regulation will also be applicable to all such accounts.
- 2.5 The Manager/ Operations Manager of the branch shall read out the rules of business/ terms and conditions governing the operation of the account in the presence of a witness known to the concerned illiterate visually impaired/ blind person before signing the account opening forms/ documents. However, the same may not be required in case of joint account and for literate visually impaired/ blind customer.
- 2.6 The Manager/ Operations Manager of the branch must inform a visually impaired/ blind customer of his/ her rights and obligations before opening an account.
- 2.7 Illiterate visually impaired/ blind person shall operate the bank account personally in the presence of a witness. The banks/DFIs will not be responsible for any losses, claims, demands and consequences that may arise out of operation in the absence of any witness. However, in case of a literate visually impaired/ blind person, the condition of presence of witness may not be required on

providing duly witnessed undertaking by him/ her stating that he/ she would be responsible for all the transactions made in the account.

- 2.8 Visually impaired/blind customer, if desires, may be allowed to appoint a person/ persons as Power of Attorney or Mandate Holder to operate his/ her bank account. This appointment will be duly witnessed by a person known to the concerned visually impaired person in the presence of a banks/DFIs official.

### **3) Cash Withdrawal/ Cheque Book:**

3.1 The banks/DFIs may allow the operations of the account of illiterate visually impaired/ blind customers as it may deem feasible.

3.2 On the basis of undertaking (as stated at 2.7 above) by a literate visually impaired/blind person, the banks/DFIs shall:

- 3.2.1 not restrict the operations of account to self-withdrawal only;
- 3.2.2 provide cheque book facility in a manner as provided to other customers;
- 3.3.3 adopt the same procedure for use of cheque as is being used for other customers;
- 3.3.4 honor the cheques issued in favor of third party(ies), if otherwise found in order;
- 3.3.5 allow over the counter cash payments in the presence of another bank official;
- 3.3.6 allow to get banking instruments issued through transfers from the account;
- 3.3.7 allow transfer of funds/ online transaction in the account;

### **4) Phone/ Internet Banking Facilities:**

4.1 If requested, visually impaired/blind customer shall be provided with mobile or tele/ phone banking facilities as are available to other customers.

4.2 Internet banking facility will be provided to literate visually impaired/ blind persons.

4.3 The banks/DFIs are encouraged to develop web, desktop and mobile applications accessible to visually impaired/ blind customers as per internationally recognized accessibility standards. Further, the banks/DFIs shall device alternate methods of user authentication/ password verification for its visually impaired/ blind customers.

### **5) ATM/ Debit Cards:**

5.1 The banks/DFIs shall not deny issuance of ATM/ Debit card to literate visually impaired/ blind account holders against duly witnessed undertaking.

### **6) Credit Cards:**

6.1 The banks/DFIs shall allow issuance of credit card to visually impaired/ blind customers upon duly witnessed request, if otherwise found eligible. However, prior to signing of contract, all such customers must be made aware of the likely risks associated with the handling/ usage of the credit card.

### **7) Loans:**

7.1 While dealing loan applications of visually impaired/blind persons, the banks/DFIs shall adopt the same procedure/ criteria as it follows in the case of other applicants.

7.2 The banks/DFIs shall not impose additional terms and conditions on loan offering to visually impaired/ blind persons except requisite/ standard conditions.

## **8) Lockers**

**8.1** Visually impaired/ blind persons shall be provided with locker facility on the same terms and conditions as are applicable for other customers.

**8.2** The banks/DFIs shall preferably allot conveniently located lockers to visually impaired/ blind customers.

**8.3** Visually impaired/ blind customers shall be allowed locker operations with the assistance of any person of their choice to ensure that all their belongings have been safe in/ out in the locker properly. That person needs to be registered by the visually impaired/ blind person at the time of account opening.

**8.4** The Branch Manager/ Operations Manager shall ensure that the locker has been properly closed by the visually impaired/ blind customers and nothing has been left behind.

Record of Capacity Building & Awareness Measures							
Reporting Period:							
<b>A. General Information</b>							
a)Name of RE							
b)Type of Institution							
c)Questionnaire completed by (Contact Person):		Name:		Designation:			
		Phone:		Email:			
<b>B.</b>	<b>Banking Network</b>	Number of Banking branches					
<b>C.</b>	<b>Total no. of Employees</b> (without overlapping in the given categories)				<b>Regular Employees</b>	<b>Contractual Employees</b>	<b>Outsourced Employees</b>
		1. Key Executives / Group Heads					
		2. Regional Offices Staff					
		3. Departmental or Unit Heads / Middle Management					
		4. Branch Staff					
		5. Customer Touch Points Staff etc.					
		6.Others					
Total Number of Employees							
<b>D.</b>	<b>Details of Banking Conduct &amp; FTC related Trainings (Customized and In-House)</b>						
<b>S.N</b>	<b>Title / Category</b>	<b>Duration (in days)</b>	<b>Frequency</b>	<b>Rank of Participants/Empl oyee</b>	<b>No. of participants</b>	<b>Trainer Name (s)</b>	<b>Month/Year</b>
1							
2							
3							
4							
5							

E.	Details of External Training / Executive Education Programs on Banking Conduct & FTC Regime(Local & Foreign)						
S.N	Title / Category	Rank of Employee	Duration (in days)	Frequency	No. of participants	Institute Name (s)	Month/Year
1							
2							
3							
4							
5							

  

F.	Training Statistics		Remarks (if any)
1	Total No. of Training Programs undertaken		
2	Total No. of Days of Training Programs		
3	Total No. of Participants attended		
4	Average no. of Days of Training per employees		

  

G.	Details of Annual Awareness Programs / Seminars						
	Title	Category	Duration (in days)	No. of participants	Institute Name (s)	Venue	Month/Year
1	e.g., Customers' rights and obligations, Key Fact Statement (KFS), Service Charges etc.	e.g., Women, PWDs, Students etc.					
2							
3							