



مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.

معايير حماية المستهلك Consumer Protection Standards

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Introduction

These Regulatory Standards form part of the Consumer Protection Regulation (Circular No. 8 – 2020). All Licensed Financial Institutions must comply with these Standards when the Licensed Financial Institution carries out licensed financial activities. These Standards are mandatory and enforceable in the same manner as the Regulation.

The Standards follow the principles-based structure of the Regulation, with each Article corresponding to the specific Article in the Regulation.

This document must be read in conjunction with other regulations, including Shari'ah compliance regulations and the Standard Re. Shari'ah Governance For Islamic Financial Institutions.

Article 1: Definitions

The Definitions set out in Article 1 of the Consumer Protection Regulation (Circular No. 8 – 2020) apply to these Standards

Article 2: Disclosure and Transparency

2.1 Disclosure

2.1.1 General Provisions for all Financial Products and/or Services

General Requirements

- 2.1.1.1 Licensed Financial Institutions must apply the Disclosure and Transparency requirements to all Financial Products and/or Services provided through all communication channels of service including branches, telephone banking, mobile applications, internet banking and all other channels.
- 2.1.1.2 All disclosure information must be available in Arabic and English. Refer to Clause 2.3.1.3.
- 2.1.1.3 Disclosure information must be easily available in all branches and all other communication and distribution channels.
- 2.1.1.4 Information must be available in a format accessible and in a manner suitable for People of Determination or a representative nominated by such a Consumer. The Licensed Financial Institutions must assess and provide the information in the format best suitable for the Consumer.
- 2.1.1.5 Information must be in clear and plain language and presented using user-friendly sized font, color and spacing. It should incorporate appropriate visual graphics and provide examples using text boxes and tables to help educate Consumers about key financial concepts.
- 2.1.1.6 Licensed Financial Institutions must use official documents for all transactions when dealing with its Consumers. In particular, the name of the Licensed Financial Institution and a regulatory disclosure statement stating that the Licensed Financial Institution is licensed by the Central Bank must be accurately displayed in the documents. Documents must not

- use any other term that might indicate any out of scope unlicensed activities.
- 2.1.1.7 Licensed Financial Institutions must clearly and prominently display the full legal/trade name of the Licensed Financial Institution on the main signage of the licensed premises, websites, letterheads, business cards, transaction receipts and all other marketing/branding materials.
 - 2.1.1.8 When Licensed Financial Institutions provide Advice of any kind, they must not make statements that are untrue, misleading or omit information that is necessary to understand the nature, costs, risks, terms and conditions of the Financial Products and/or Services.
 - 2.1.1.9 When Specific Advice is provided to a Consumer by the Licensed Financial Institution, the Specific Advice must be documented. If a Financial Product and/or Service is sold, a copy of the Specific Advice must be provided to the Consumer.
 - 2.1.1.10 Licensed Financial Institutions must continuously monitor and, improve the effectiveness of its disclosures with techniques such as Complaint analysis, Consumer satisfaction surveys, mystery shopping and Call- backs to Consumers.
 - 2.1.1.11 Licensed Financial Institutions must inform Consumers about account services that are included and the account services that are optional and if there is an additional fee.
 - 2.1.1.12 Licensed Financial Institutions must inform Consumers about the terms and conditions related to termination, expiry date, unclaimed balances and Fees for all payment instruments that it offers.
 - 2.1.1.13 Where Licensed Financial Institutions are offering any form of rebate, gift or other incentive on their Financial Products and/or Services, Licensed Financial Institutions must clearly disclose separately the terms and conditions associated with that rebate, gift or incentive and highlight any conditions and/or restrictions. Easy and direct access must be provided to obtain the specific terms and conditions related to the rebate, gift or incentive.
 - 2.1.1.14 Licensed Financial Institutions must include statements in terms and conditions, financial product disclosure documents, Key Facts Statements and application forms that will warn Consumers of consequences in the event of a Consumer's failure to meet the Licensed Financial Institution's terms and conditions before and during the Consumer's relationships with Licensed Financial Institutions.
 - 2.1.1.15 Licensed Financial Institutions must ensure that all warning statements required by these Standards are prominently and clearly displayed in the disclosure document, i.e. they must be in a highlight box and in bold type. Warning statements, as specified in this Standard, are to be provided during all communications with the Consumer regarding a product or service. Additional warning statements must be provided regarding potential negative financial implication on the Consumer.
 - 2.1.1.16 Information on Base Lending / base financing rates or other reference rates including the effective dates of these rates must be made available on the Licensed Financial Institution's website and mobile application and

be displayed at the Licensed Financial Institution's branch. The posting of the rates must be updated on a regular basis with each change in rates.

- 2.1.1.17 Where a contract with a Consumer has a provision for annual automatic renewal of the contract, the Licensed Financial Institution must send a written notice to the Consumer at least 30 calendar days in advance from the date of renewal. The notice must also inform the Consumer how and when the automatic renewal can be cancelled.
- 2.1.1.18 Licensed Financial Institution's schedule for Fees, including Third Party Fees, must be clearly on display in all branches and on the Licensed Financial Institution's website.
- 2.1.1.19 Licensed Financial Institutions must provide Consumers with a Key Facts Statement prior to providing a Financial Product and/or Service or on the Consumer's request.
- 2.1.1.20 The Key Facts Statement should be the first document provided to the Consumer during the sales process and must be individually and clearly presented. Prior to signing the contract, the Consumer must sign to acknowledge receipt of a Key Facts Statement for the product or service being purchased.
- 2.1.1.21 Key Facts Statements specific for a Financial Product and/or Service must be offered to Consumers for any Financial Product and/or Service that is being distributed, advertised, marketed, sold or otherwise provided by Licensed Financial Institutions (including insurance/takaful and structured products).
- 2.1.1.22 The Key Facts Statement must:
 - a. Be a stand-alone document;
 - b. Be concise (preferably within 2 pages) and use plain language which is easy to understand;
 - c. Provide an accurate description of each Financial Product and/or Service;
 - d. Specify whether the Licensed Financial Institution reserves the right to change terms and conditions at a later date;
 - e. Specify the notice period to be provided before implementing any future and Permissible change in terms and conditions;
 - f. Specify, as applicable, related interest/profit rates, Fees, key terms & conditions, key obligations, limitations and key requirements of the financial product in a legible font size;
 - g. Use "Warning" boxes to highlight key risks related to the purchase of Financial Products and/or Services. This should include disclosure of any assumptions made that may affect the performance of the Financial Product and/or Service, any risks that would create the potential for monetary losses or the lack of any potential gains/profit and any limitations on potential monetary gains; and
 - h. For loan/financing products, Licensed Financial Institutions must disclose to Consumers the expected Annual interest/profit rate, any possible fees on the Credit Product and the standard formula of

computing interest/profit amount as may be prescribed by the Central Bank. In addition, Licensed Financial Institutions must disclose in a prominent manner in the Key Facts Statement whether the product has a fixed, variable or a combination of fixed and variable interest/profit rate basis.

Section 2.1.2, 2.1.3, 2.1.4 and 2.1.5 of this Article apply to Key Facts Statements.

2.1.1.23 Licensed Financial Institutions must provide appropriate information to the potential and existing Consumer at all stages of the relationship. All information, disclosures and other communications by Licensed Financial Institutions to Consumers must be accurate and comprehensive at each of the following 3 stages of the Consumer relationship:

- a. Prior to providing a Financial Product and/or Service to a Consumer: The information gathering stage before the point of sale or at the application stage. Disclosure should be made so that the Consumer has an understanding of the financial product's features, pricing, benefits, risks, Fees and Consumer's rights and obligations before making a decision;
- b. At point of entering the contract: The stage in which the Consumer is being provided with an offer and is at the stage of accepting the Financial Product and/or Service offer made by the Licensed Financial Institution; and
- c. During the term of the contract: The stage after the acceptance of the contract and until the end of the contract.

2.1.1.24 Disclosures relating to the privacy and use of personal information must be made to the Consumer in accordance with Article 6: Protection of Consumer Data and Assets of these Standards.

Prior to Providing a Financial Product and/or Service

2.1.1.25 Licensed Financial Institutions must provide inquiring Consumers with a copy of the terms and conditions of the Financial Product and/or Service that pertains to the inquiry. Licensed Financial Institutions must answer in Writing, any queries of Consumers relating to terms and conditions.

At Point of Entering the Contract

2.1.1.26 In case of rejection of any Consumer's application for a Financial Product and/or Service by the Licensed Financial Institution, the Licensed Financial Institution must disclose the reason for rejection to the applicant except where the reason of rejection is related to Financial Crime Compliance risks or as may be prohibited by law.

2.1.1.27 Licensed Financial Institutions must provide Consumers with a copy of the contract to read and with appropriate time to review before signing it.

2.1.1.28 Licensed Financial Institutions must provide Consumers with all final documents involved in a transaction including any document that contains the signature or indication of approval of the Consumer. This applies to all

documents including but not limited to the offer, contract, terms and conditions, security and guarantee. Documents must be provided free of charge regardless of how they are provided.

- 2.1.1.29 Where there is a guarantor or more than one Person signing a contract for a Financial Product and/or Service, each Person must be given copies of the documents free of charge.
- 2.1.1.30 Consumers must be offered a choice of which document format they wish to receive the initial copies of the documents.
- 2.1.1.31 Where a Cooling-off Period is required to be provided by these Standards or prescribed by the Central Bank, Consumers must be informed of their right to a Cooling-off-Period at time of signing the contract for the purchase of a Financial Product or Service. Where a longer Cooling-off period is specified by way of other legal or regulatory requirements, the longer period must be applied.
- 2.1.1.32 Consumers may waive the Central Bank's required Cooling-off Period of complete 5 business days by signing a written waiver provided by the Licensed Financial Institution containing a warning about agreeing to an immediate commitment.
- 2.1.1.33 The underlying Shari'ah contracts for Shari'ah-compliant financial products should include a clause granting the Consumer Cooling-off option (Khiyar Al-Shart) for a period of 5 complete business days in accordance with the provisions contained in the Civil Transactions Law and the relevant Shari'ah standards.
- 2.1.1.34 Where a Licensed Financial Institution is required to carry out an assessment of a Consumer regarding the suitability, affordability and/or appropriateness of a Financial Product and/or Service, a copy of the summary of the results of the assessment must be provided to the Consumer without charge except as may be prohibited by law.
- 2.1.1.35 Licensed Financial Institutions must disclose in a prominent manner to a Consumer whether the interest/profit rate charged on a Credit Product is variable or fixed or a combination of the variable and fixed rate, where applicable, and the method of calculation of the rate.
- 2.1.1.36 Where a Base Lending / base financing Rate forms part of the final interest/profit rate offered to a Consumer, Licensed Financial Institutions must disclose to the Consumer the separate components of the rate i.e. Base Lending / base financing Rate + X basis points. Licensed Financial Institutions must explain and provide a clear example of the concept of the Base Lending / base financing Rate and the potential frequency at which the rate will be revised as well as where the rates will be publicly posted.
- 2.1.1.37 Licensed Financial Institutions must disclose all Fees that are applicable to Consumers and provide Consumers with a copy of the Fees specific to the Financial Product and/or Service, at the time of signing a contract or upon a Consumer's request at any time. Licensed Financial Institutions must explain the amount and calculation methodology of all applicable Fees. The Licensed Financial Institution must disclose to the Consumer that Third Party Fees may apply and disclose the amount. If the amount is not known,

the Licensed Financial Institution should endeavor to provide an estimate or range.

- 2.1.1.38 Licensed Financial Institutions must disclose whether the Fees to be charged to the Consumer are one time or recurring. In cases where Fees are recurring, Licensed Financial Institutions must disclose the frequency of recurrence and the time period over which the amount will continue to be charged to the Consumer.
- 2.1.1.39 Licensed Financial Institutions must advise Consumers on what they can do to protect their accounts from fraud and misuse and must ensure that Consumers are fully aware of the consequences of granting an unauthorized Person and/or Third Parties access to their bank accounts and any other Financial Product and/or Service. In particular, Licensed Financial Institutions must inform Consumers of the consequences of sharing their personal information, personal identification number (PIN) and other security information.
- 2.1.1.40 Licensed Financial Institutions must inform Consumers of the process and contact method to follow in reporting a lost or a stolen card and in case of Unauthorized Transactions on their accounts.
- 2.1.1.41 Licensed Financial Institutions must inform Consumers that they are responsible for:
 - a. Keeping their banking correspondence secure for future reference;
 - b. Verifying the accuracy of any account / transaction statements sent to them; and
 - c. Confirming to the Licensed Financial Institution, their contact information and identification when changes occur or as requested. Requests for subsequent confirmation of information from a Licensed Financial Institution must be executed in a secure manner.
- 2.1.1.42 Islamic Financial Institutions (IFIs) which offer Shari'ah compliant products must disclose the Shari'ah basis of the Financial Product and/or Service and the approval from the Internal Shari'ah Supervision Committee. The Shari'ah basis should also be included in the Key Facts Statement.

During the Term of the Contract

- 2.1.1.43 During the term of the contract, Licensed Financial Institutions must provide Consumers with a regular detailed statement including all transactions that occurred in an account for a Financial Product and/or Service:
 - a. The statement must include key information that fully informs the Consumer as to the amount, type and status of the transactions in the account(s); and
 - b. No Fees can be charged for original statements provided to the Consumer.

Sections 2.1.2, 2.1.3, 2.1.4 and 2.1.5 of this Article contain further details on statements to be shared during the term of the contract.

- 2.1.1.44 Licensed Financial Institutions must inform Consumers of all transactions on their accounts as they occur, by sending a free SMS to a mobile phone or, if requested, to the Consumer's email address. The details of such transactions must be available on the Consumer's mobile or internet banking platforms.
- 2.1.1.45 In case of digital transactions, the Licensed Financial Institution must communicate specific information to the Consumer upon receiving transaction requests and upon execution of the transaction as prescribed by the Central Bank.
- 2.1.1.46 Licensed Financial Institution cannot change terms and conditions of a contract unless this has been clearly, separately, and prominently disclosed and agreed by way of expressed consent by the Consumer.
- 2.1.1.47 If the Licensed Financial Institution decides to make Permissible changes to the contract, the Licensed Financial Institution must give Consumers a minimum of 60 calendar days' notice before changes to the terms and conditions of a Financial Product and/or Service, including changes to Fees, can take effect, with exception provided by Clause 2.1.1.36 and 2.1.3.21 regarding lending Rates.
- 2.1.1.48 In the notification to Consumers of Permissible changes to the terms and conditions of a contract, the Licensed Financial Institutions must provide a plain language summary of the key changes along with a copy of the revised Terms and Conditions.
- 2.1.1.49 Where there is a Permissible change in the methodology to calculate rates and Fees, the Licensed Financial Institution must disclose the revised methodology to the Consumer by way of written notice that must be provided 60 calendar days in advance of the change taking effect.
- 2.1.1.50 When a Consumer or the Licensed Financial Institution transfers or closes a Consumer's account except for credit cards and investment accounts, the Licensed Financial Institution must issue to the Consumer a final closing account statement, identified as such, within 7 complete business days of the Consumer requesting the transfer or closure of the account.
- 2.1.1.51 When intending to close, merge or move a branch of a Licensed Financial Institution, the Licensed Financial Institution must:
- a. Notify the Central Bank immediately in the manner as may be prescribed by the Central Bank;
 - b. Provide at least 60 calendar days' written notice to affected Consumers to enable them to make alternative arrangements;
 - c. Post a notice that is clearly visible to Consumers in the closing branch and stating the date of closing of the branch;
 - d. Disclose how continuity of service will be provided to the Consumer; and
 - e. Disclose this information on their website.

2.1.2 General Provisions for Deposit Products

General Requirements

2.1.2.1 Licensed Financial Institutions that offer Deposit Products must comply with the requirements in Section 2.1.1 of this Article as applicable, in addition to complying with the requirements of this Section.

Prior to Providing a Deposit Product and/or Service

2.1.2.2 Where a Licensed Financial Institutions offers low cost savings account and / or current account, they must be transparent and inform the Consumer of the availability of a low cost savings account and / or current account and disclose the key features of such accounts.

2.1.2.3 Licensed Financial Institutions must disclose if the account type requires an initial deposit to open the account and a minimum balance to be maintained in that type of account. The disclosure must warn the Consumer of the consequence of not maintaining a minimum (daily / monthly) balance in the account including the imposition of any Fee.

2.1.2.4 Licensed Financial Institutions must disclose the expected Annual Interest/Profit Rate that will be paid on the deposit, the frequency of interest/profit payments and any circumstances that might affect the amount or frequency of the interest/profit payments.

2.1.2.5 Licensed Financial Institutions must disclose all Fees on both standard and additional/optional services applicable to the deposit account to Consumers.

At Point of Entering the Contract

2.1.2.6 Licensed Financial Institutions must inform Consumers of the implication of redeeming a fixed deposit before maturity. Licensed Financial Institutions must disclose any penalty applied to the interest/profit rate or Permissible Fees applicable to early closure of deposit account within a specified time frame.

2.1.2.7 For accounts with a cheque book facility, Licensed Financial Institutions must inform Consumers in Writing of:

- a. Any limit on the number of cheques permitted in their cheque book; and
- b. The repercussions of returned cheques including fees, closure of the current account and / or a negative report to the Credit Information Agency.

2.1.2.8 Licensed Financial Institutions must inform Consumers of the communications channel that Consumers can use to obtain periodic transaction account statements on their deposit accounts.

During the Term of the Contract

2.1.2.9 Licensed Financial Institutions must, at minimum on a monthly basis, provide the Consumer with a free transaction account statement

(electronic or paper) which must include, where applicable:

- a. Account Number/ID;
- b. Name(s) on the Account;
- c. The time period covered by the statement;
- d. The opening balance;
- e. Each deposit;
- f. Each withdrawal;
- g. Breakdown of any interest/profit credited;
- h. Breakdown of all Fees by amount and type;
- i. The end of statement period closing balance;
- j. Term dates on fixed deposits;
- k. Early redemption penalties;
- l. Explanations of the interest/profit rate applied if fixed, or if variable, the annual rate on the account during the period covered by the statement; and
- m. Information on how to file a Complaint with the Licensed Financial Institution which includes, at minimum, the contact details of the Licensed Financial Institution's Complaint function, channels for lodging Complaints (e.g. by email, phone, fax etc.) and response time to address Complaints.

2.1.2.10 Licensed Financial Institutions must inform Consumers of any Permissible changes in Annual Interest/Profit Rates on their deposit products. Refer to Clause 2.1.3.21.

2.1.2.11 If an account is to become dormant, free reminders must be sent to the Consumer informing them about the impending dormancy, as may be prescribed by the Central Bank.

2.1.2.12 Licensed Financial Institutions must inform Consumers of their decision to close a Consumer's account 60 calendar days in advance of the account being closed and provide in Writing, the reasons for closure. If the Licensed Financial Institution has reasonable grounds to believe there may be financial crime risks and potential fraud, Licensed Financial Institutions can immediately close or block an account without providing the advanced notice or reasons to the Consumer.

Disclosure Requirements for Shari'ah Deposit Products

2.1.2.13 IFIs which offer Shari'ah compliant Deposit Products must comply with the requirements in Section 2.1.2 of this Article as applicable, in addition to complying with the below requirements.

2.1.2.14 IFIs which offer Shari'ah compliant Deposit Products to Consumers must:

- a. Explain briefly the Shari'ah concepts applicable to the Deposit Product, including the rights and obligations of the Consumer;
- b. Disclose that funds are invested and managed in accordance with

Shari'ah requirements;

- c. Disclose the profit-sharing ratio, weights and profit distribution method by the Licensed Financial Institution for deposits under the mudarabah concept, including the frequency of profit payment. For Deposit Products with fixed tenor, the Licensed Financial Institution should disclose the historical profit rates to facilitate comparison by the Consumer; and
- d. Disclose if a minimum deposit amount is required for the account to be eligible for profit sharing.

2.1.3 General Provisions for Credit / Financing Products

General Requirements

- 2.1.3.1 Licensed Financial Institutions that offer Credit Products must comply with the requirements in Section 2.1.1 of this Article as applicable, in addition to complying with the requirements of this Section.

Prior to Providing a Credit Product and/or Service

- 2.1.3.2 Licensed Financial Institutions must provide Consumers with the expected Annual Percentage Rate that will be charged on the offered Credit Product to facilitate comparison between Credit Products and between institutions.
- 2.1.3.3 Licensed Financial Institutions must disclose whether security, a guarantor, co-signer or collateral is required for a Credit Product before the consumer signs the contract. Licensed Financial Institutions must fully disclose the purpose of these requirements and the conditions placed on the pledging of security and any other collateral including the Licensed Financial Institution's rights to dispose of them and the manner in which they may be disposed.

At Point of Entering the Contract

- 2.1.3.4 Licensed Financial Institutions must disclose:
 - a. How the interest/profit on the Credit Product will be calculated (including the date from which interest/profit is incurred) and provide an example of the calculation to the Consumer; and
 - b. How the payments are allocated between outstanding balance and interest / profit as per the Reducing Balance Method.
- 2.1.3.5 Licensed Financial Institutions must disclose that they are not permitted to charge interest/profit on accrued interest/profit of any Credit Product granted to Consumers in accordance with Article (121), Clause 3 in Decretal Federal Law No. (14) of 2018, Regarding the Central Bank & Organization of Financial Institutions and Activities.
- 2.1.3.6 For variable rate loans/financing, Licensed Financial Institutions must disclose to Consumers the potential impact of an increase in the Annual Interest/Profit Rate on the loan/financing. The disclosure must explain via an illustrative example:

- a. The potential consequences of an increase to the rate on the loan/financing payment amounts;
 - b. The change in the allocation of the payment between interest/profit amount and a reduction in outstanding balance;
 - c. The impact on the tenor if any; and
 - d. The consequences of any increase in rates on the amount of a deferred payment or an accumulated balloon payment during or at the end of the loan/financing tenor.
- 2.1.3.7 Licensed Financial Institutions must disclose whether early settlement is possible and which Permissible Fees are payable if the Credit Product is terminated before the end of the tenor along with, how the Fees will be calculated and when they are payable.
- 2.1.3.8 The Key Facts Statement on a financing product must set out a detailed example relevant to the product with the calculation and cost of the applicable Early Settlement Fees where applicable.
- 2.1.3.9 When a Licensed Financial Institution decides to sell a Credit Product to a Consumer, the Licensed Financial Institution must issue a written offer that contains the approved loan/financing amount, all the terms and conditions and for financing with a tenor, the cumulative total of all repayment/payment amounts to be paid by the end of the tenor based on the initial interest / profit rate, and a separate amount that will total the expected amount of interest/profit that would be paid over the tenor.
- 2.1.3.10 Licensed Financial Institutions must inform Consumers that funds approved on a Credit Product, except for mortgages and credit cards, will be disbursed within 10 complete business days of signing the contract or within such other time frame that is agreed to and specified in the contract. Complying with the period of time for disbursement of funds is subject to the Consumer and / or third party providing the required and properly completed documents and meeting the agreed conditions. If it is not possible to release the funds within the time limit, the Licensed Financial Institution must advise the Consumer in Writing immediately as to the reason for the delay and the date by which the funds will be available. As a consequence of the delay caused by the Licensed Financial Institution, the Consumer retains the option to cancel the contract without cost or penalty before the funds are made available.
- 2.1.3.11 At the point of entering the contract, except for credit cards, Licensed Financial Institutions must provide Consumers with a complete repayment/payment schedule document including the following but as may be applicable:
- a. The initial amount of the loan/financing;
 - b. The Annual Interest/Profit Rate including whether it is fixed or variable;
 - c. The expected tenor;
 - d. The date of the first installment;
 - e. The number of installments to be paid;

- f. The frequency of repayment/payment;
- g. The amount to be paid for each installment;
- h. The allocation of each installment between the principal and interest/profit payments;
- i. The decline in principal amount of the loan/financing with each payment; and
- j. The total cost of the loan/financing in terms of the total interest/profit paid by the Consumer.

2.1.3.12 For Shari'ah compliant financing products:

- a. Licensed Financial Institutions must inform a Consumer when late payment Fees/commitment for contribution towards charity will be imposed and the amount to be imposed. Licensed Financial Institutions must also disclose to Consumers the manner in which the late payment Fees/commitment for contribution towards charity will be calculated; and
- b. Late payment Fees/commitment for contribution towards charity must be based on an administrative cost and must not include any remuneration to the Licensed Financial Institution that could be considered unlawful charging of interest/profit on accrued interest/profit.

2.1.3.13 Where Licensed Financial Institutions offer or market insurance/takaful products and/or services associated with the credit/financing product, Consumers must be informed in Writing that they have the choice to accept or reject the offer of insurance/takaful.

2.1.3.14 In addition to any other UAE regulator's requirements regarding the sale and marketing of insurance/takaful, Licensed Financial Institutions must at a minimum:

- a. Explain the nature, purpose, coverage and limitations of coverage;
- b. Disclose its suitability for the Consumer;
- c. Disclose termination conditions including any obligations related to future insurance/takaful payments/ premiums; and
- d. Disclose the Fees (including associated commissions) paid with the sale of such an insurance/takaful product.

The Licensed Financial Institution must obtain the Consumer's expressed consent for insurance/takaful independently of signing application forms or the contract for offering insurance/takaful. The appropriate Cooling-off Period will apply. This Section must be read in conjunction with the Section on Cooling-off Period of Article 5: Business Conduct of these Standards. Refer to Clause 2.1.1.31.

2.1.3.15 Where insurance/takaful coverage is a mandatory component of the Credit/Financing Product and/or Service, the Licensed Financial Institutions must disclose the purpose of the insurance/takaful. The Licensed Financial Institution must disclose the costs of the Licensed Financial Institution's insurance/takaful product in Writing to the Consumer and inform the Consumer that the Consumer has the right to

choose an insurance/takaful provider from minimum choice of 3 insurance/takaful providers approved by the Licensed Financial Institution. The Consumer should inform the Licensed Financial Institution of the choice of insurance/takaful provider within a reasonable period of time. If the Consumer does not inform Licensed Financial Institutions of the choice of a provider, the Licensed Financial Institution has the right to choose an insurance/takaful provider from the approved insurance/takaful providers presented to the Consumer.

The Licensed Financial Institution must also disclose to the Consumer if the insurance/takaful provider belongs to the same group of institutions as the Licensed Financial Institution.

- 2.1.3.16 If the Consumer decides to acquire insurance/takaful through the Licensed Financial Institution, the Consumer must be informed of any additional costs that may be incurred if the insurance/takaful costs are added to the loan/financing principal and thereby incurring the additional interest/profit costs.
- 2.1.3.17 When a Credit Product that is offered to a Consumer includes a balloon or deferred payment(s), or the option of a balloon or deferred payment, Licensed Financial Institutions must explain to the Consumer verbally and in Writing the concept of a balloon or deferred payment and the risks associated with the credit/financing product. Specifically before entering the contract, Licensed Financial Institutions must provide the Consumer with an explanation of the repayment/payment schedule and clearly outline the scheduling and amount of the balloon or deferred payments. The Consumer must acknowledge in Writing that this has been fully disclosed to him/her by the Licensed Financial Institution.
- 2.1.3.18 Licensed Financial Institutions must disclose to Consumers that a Credit Product cannot exceed its authorized limit or be allowed to draw on an overdraft facility and that any transaction resulting in the limit being exceeded may be rejected and may incur Fees.

During the Term of the Contract

- 2.1.3.19 Licensed Financial Institutions must, at minimum, on a quarterly basis for credit/financing facilities and at minimum on a monthly basis for credit / payment instruments, provide Consumers with a free statement of transactions (electronic or paper) which must include:
 - a. Account Number/ID or Card Number/ID;
 - b. Name(s) of Consumer(s);
 - c. The date of the statement and the period covered by the statement;
 - d. Next payment due date;
 - e. The opening balance;
 - f. Each transaction and the date of the transaction;
 - g. The allocation of each payment between the outstanding balance and interest/profit payments (for loan/financing facilities);
 - h. All interest/profit charged (for credit cards, Annual Interest/Profit

Rate charged must be disclosed separately);

- i. All Fees transactions identified and totaled separately;
- j. Foreign exchange rate applied to each foreign exchange transaction (applicable to credit / payment card statements);
- k. The outstanding balance due;
- l. In case of balloon payments, the statement must clearly identify the balloon payment and future date due;
- m. In case of deferred payments, the statement must clearly identify the deferred amount and future date due;
- n. Details of the Annual Interest/Profit Rate applied during the period covered by the statement; and
- o. Information on how to file a Complaint with the Licensed Financial Institution which includes, at minimum, the contact details of the Licensed Financial Institution's Complaint channels for reporting disputed transactions and lodging Complaints (e.g. by email, phone, fax etc.) and response time to address Complaints.

2.1.3.20 In addition to the above, a Credit Product statement for credit cards must also explain the cost that would be incurred if the Consumer does not make a full payment for the total amount outstanding by the payment due date by disclosing:

- a. The length of time it would take to fully settle the cardholder's actual existing balance outstanding including the costs of total interest/profit if the Consumer only pays the minimum payment and there is no new transaction on the credit card during that period;
- b. The minimum payment amount that would be due; and
- c. The following warning statement:

Warning: If you make only the minimum repayment/payment each period, you will pay more in interest/profit/fees and it will take you longer to pay off your outstanding balance.

2.1.3.21 Where any change in the Annual Interest/Profit Rate of a Credit Product is permitted, Licensed Financial Institutions must notify Consumers of the change. Where the rate change is an increase to the part of the Consumer's interest/profit rate that is added to the variable Base Lending Rate/Financing Rate, the Licensed Financial Institution must not increase that part of the interest/profit rate until after the 30 calendar days' notice period. This notification must include:

- a. The date from which the new rate will change;
- b. Details of the old and new rate;
- c. The details of the impact on the allocation of payments towards principle and interest/profit amount;
- d. If applicable, the revised repayment/payment amount; and
- e. The contact information for the unit in the Licensed Financial

Institution that will respond to Consumers regarding the change and / or where the Consumer anticipates difficulties meeting any resulting higher repayments/payments.

- 2.1.3.22 Licensed Financial Institutions must ensure that a Consumer is immediately advised in Writing when a payment is missed for more than calendar 30 days past its due date.
- 2.1.3.23 When the Consumer is 2 payments in Arrears, the Licensed Financial Institution must advise the Consumer in Writing of the possible consequences of the Arrears as deemed appropriate by the Licensed Financial Institution, including:
- a. Legal action;
 - b. Foreclosure;
 - c. Redemption of security;
 - d. Demand for payment from the guarantor; and
 - e. Negative reporting with the Credit Information Agency.
- 2.1.3.24 Licensed Financial Institutions must disclose to Consumers the amount of late payment Fees and the dates they were incurred.
- 2.1.3.25 In the event of sale or transfer by a Licensed Financial Institution of a Consumer's Credit Product to a Third Party, the Licensed Financial Institution must ensure that a Consumer is advised in Writing, 60 calendar days in advance of the sale or transfer and notified of the name of the Third Party unless otherwise instructed by the Central Bank.

Disclosures Requirements for Shari'ah Financing Products

- 2.1.3.26 IFIs which offer Shari'ah compliant financing products must comply with all the requirements in Section 2.1.3 of this Article, in addition to complying with the below requirements.
- 2.1.3.27 IFIs which offer Shari'ah compliant financing products to Consumers must:
- a. Explain briefly the Shari'ah concepts applicable to the financing product; and
 - b. Indicate any takaful/insurance that is required as a condition of the financing product.
- 2.1.3.28 IFIs must comply with the specific early settlement disclosure requirements set by the Central Bank.

2.1.4 General Provisions for Structured Investment Products / Shari'ah Compliant Structured Products

General Requirements

- 2.1.4.1 Licensed Financial Institutions that offer structured investment products must comply with the requirements in Section 2.1.1 of this Article as applicable, in addition to complying with the requirements of this Section.

Prior to Providing a Structured product

- 2.1.4.2 Licensed Financial Institutions must disclose to the Consumers the details of the bank or entity issuing the structured product including the name and contact information of the entity.
- 2.1.4.3 Licensed Financial Institutions must disclose to the Consumers the responsibilities of the Consumer's Licensed Financial Institution and that of the entity issuing the product regarding the sales, performance and management of the structured product.
- 2.1.4.4 Licensed Financial Institutions must disclose the name of the regulatory entity who regulates the product. Where a Licensed Financial Institution intends to use a Third Party to develop a structured product on its behalf for its Consumers, it must disclose this fact and whether the Third Party is regulated within the UAE.

At Point of Entering the Contract

- 2.1.4.5 Licensed Financial Institutions offering any structured product must provide Consumers with disclosure information on the structured product as may be relevant to the Consumer including:
 - a. Capital security (any guarantee provided on the whole or portion of the principal amount of investment);
 - b. The level, nature, extent and limitations of any guarantee on the principal and/or returns;
 - c. The name of the guarantor of any guarantees and the credit worthiness of the guarantor if rated by an accredited credit rating agency;
 - d. The risk that some or all the investment may be lost;
 - e. The risk of using leveraging on an investment and an explanation with an example as to the full cumulative effects on losses of initial capital investment, the potential extraordinary losses possible due to leveraging and that it could result in the possible liquidation of the Consumers pledged assets;
 - f. Any limitations/restrictions on the sale or early redemption of the funds invested;
 - g. The consequences, including the cost, of exiting the product early;
 - h. Description of any assumptions or calculations used to determine performance/cost of the investments including detailed, clear examples where the assumptions are met and failed to be met, and the consequences it has on the investment;
 - i. The risk or likelihood that the estimated or anticipated return on the product will not be achieved;
 - j. The potential effects of volatility in price and fluctuation in interest/profit rates and/or movements in exchange rates and underlying securities on the value of the investment; and
 - k. Separate disclosure of each type of fee and amount associated with

the management, purchase, sale, set up and administration of the product and investment account.

- 2.1.4.6 Licensed Financial Institutions must provide a copy of its assessment as to the suitability of the product based on the financial and risk profile of Consumer including the following warning statement with all numerical illustrations of investment performance:

Warning: These figures are estimates only. They are not a reliable guide to the future performance of your investment.
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During the Term of the Contract

- 2.1.4.7 Licensed Financial Institutions must, at minimum, on a quarterly basis, provide to Consumers a statement on their investment which must include, as applicable:
- a. The date of the statement and the period covered by the statement;
 - b. The initial value of the investment at the time the investment was first made;
 - c. The opening balance or value at the start of the quarter;
 - d. Each addition to the account including additional amounts invested and the respective dates of the transaction;
 - e. Each withdrawal and the respective dates of the transaction;
 - f. The total actual balance at end of the quarter;
 - g. The number of units held;
 - h. Disclosure as to the net interest/profit and loss when comparing the cumulative total amount invested at the start against the market value of the investment shown at the end of this quarterly statement;
 - i. Separate disclosure of each type of Fee and amount associated with the management, administration, sale, set up and ongoing administration of the structured product and investment account; in addition, a cumulative total of these Fees since the investment was initiated must also be disclosed; and
 - j. Information on how to file a Complaint with the Licensed Financial Institution which includes, at minimum, the contact details of the Licensed Financial Institution's Complaint function, channels for disputing a transaction or lodging Complaints (e.g. by email, phone, fax etc.) and response time to address Complaints.

Disclosure Requirements for Shari'ah Compliant Structured products

- 2.1.4.8 IFIs which offer Shari'ah compliant structured products must comply with the requirements in Section 2.1.4 of this Article as applicable, in addition to complying with the below requirements.
- 2.1.4.9 IFIs which offer Shari'ah compliant structured products to Consumers must:

- a. Explain in plain language the Shari'ah concepts applicable to the investment accounts including the rights and obligations of Consumers;
- b. Disclose to Consumers that any losses arising from the investment (other than losses caused by misconduct, negligence or breach of terms and conditions by the Licensed Financial Institution) must be borne by the Consumers;
- c. Disclose that investment account funds are invested and managed in accordance with Shari'ah requirements; and
- d. Disclose the minimum amount required to open an investment account. Consumers should also be warned of the consequences of premature termination of the investment account, including forfeiture of profits.

2.1.4.10 In the case of a Licensed Financial Institution offering Shari'ah compliant profit-sharing investment account to Consumers, Licensed Financial Institutions must provide:

- a. The profit-sharing ratio between the Licensed Financial Institution and Consumer;
- b. The profit distribution method;
- c. How and when the Licensed Financial Institution will pay profit and repay the principal;
- d. How funds may be dealt with upon maturity; and
- e. Additional Fees or change in profit rate resulting from a withdrawal in advance of maturity.

2.1.5 General Provisions for Remittances, Transfers and Foreign Exchange

General Requirements

- 2.1.5.1 Licensed Financial Institutions that offer remittance, transfer and foreign exchange products and/or services must comply with the requirements in Section 2.1.1 of this Article as applicable, in addition to complying with the requirements of this Section.
- 2.1.5.2 Licensed Financial Institutions must provide to Consumers clear information about all applicable Fees imposed on any services and the applicable buy and sell exchange rate. Where available, the Licensed Financial Institution should endeavor to disclose the Fees imposed by the correspondent bank or financial institution or the disbursing remittance service provider. Where Fees are not available, the Licensed Financial Institution should endeavor to provide an estimate or range and provide a disclaimer that states that the transfer may be subject to additional charges.
- 2.1.5.3 Licensed Financial Institutions must prominently display the following at all public locations where consumers are served, during working hours and in a prominent place of the Licensed Institution's premises clearly visible to Consumers:
 - a. Buy and sell rates for money exchanged against the local currency

(i.e. AED) for all major foreign currencies that the Licensed Financial Institution deals and posted under the headings “we buy” and “we sell”; and

- b. Buy rates for remittances in major foreign currencies that the Licensed Financial Institution deals in against the local currency.

Pre-Transaction

2.1.5.4 Licensed Financial Institutions who carry on money changing and / or other foreign exchange activities must disclose the exchange rate, the difference between the buy and sell rate on a transaction and the Fees imposed by the Licensed Financial Institution for transactions prior to providing the money exchange, remittance, transfer and foreign exchange product and/or service. The exchange rate, the difference between the buy and sell rate on a transaction and Fees must be shown separately to the Consumer.

2.1.5.5 Licensed Financial Institutions who carry on remittance activities, must, where possible, disclose to Consumers the following prior to undertaking any remittance transaction:

- a. The information set out in Clause 2.1.5.4;
- b. The amount in the currency that is expected to be paid to the beneficiary with a warning box that the amount may be subject to additional costs;
- c. The Fees imposed by the correspondent bank or financial institution, if known;
- d. A clear warning that there may be additional and significant costs charged by the receiving entities should there be Errors / omissions in the remittance information provided by the Consumer causing a rejection of, or delays in the transfer;
- e. The estimated time for the funds to be transferred to the beneficiary with a warning box that the time taken to transfer funds can be delayed;
- f. The name of the correspondent bank or financial institution, contact information and location where the funds will be available for collection by the beneficiary; and
- g. Clear information on procedures for the cancellation of transactions by Consumers which must include the period of time within which the cancellation request can be made by a Consumer, the fact that exchange rate used for the refund of money paid by the Consumer may differ from the original rate used for the transfer, and any costs which could be incurred for the cancellation caused by the Consumer.

Post Transaction

2.1.5.6 Licensed Financial Institutions must include the following information in a receipt issued to its Consumers:

- a. Licensed Financial Institutions who carry on money changing or wholesale currency activities:
 - i. The legal name and contact details (address, phone and email address of the branch) of the Institution;
 - ii. The date and time of the transaction;
 - iii. The remittance, transfer and foreign exchange product name;
 - iv. The serial number for the receipt;
 - v. The amount paid and the type of currencies tendered by the Consumer;
 - vi. The amount and the type of currencies issued to the Consumer;
 - vii. The rate of exchange applied and the buy and sell rate;
 - viii. The transaction Fees for services rendered to the Consumer including where possible charges that maybe levied by correspondent banks or financial institutions or agents;
 - ix. Terms and conditions and additional Consumer information as prescribed by the Central Bank; and
 - x. Information on how to file a Complaint with the Licensed Financial Institution which includes, at minimum, the contact details of the Licensed Financial Institution's Complaint function, channels for lodging Complaints (e.g. by email, phone, fax etc.) and response time to address Complaints.
- b. Licensed Financial Institutions who carry on remittance activities:
 - i. Requirements outlined in sub-clause a.;
 - ii. The name of the sender;
 - iii. The name of the beneficiary;
 - iv. The beneficiary bank account details (account number and branch name);
 - v. The destination country;
 - vi. The amount paid of funds to be remitted in AED and its equivalent in foreign currency to be received by the beneficiary;
 - vii. Where the correspondent institution is not a bank, the name of the correspondent institution or the name of the instant money transfer service provider through which the remittance is routed, contact information and location, where known; and
 - viii. Information on how to file a Complaint with the Licensed Financial Institution which includes, at minimum, the contact details of the Licensed Financial Institution's Complaint function, channels for lodging Complaints (e.g. by email, phone, fax etc.) and response time to address Complaints.

2.2 Transparency

2.2.1 General Provisions for Transparency

2.2.1.1 The Consumer Protection Regulation and the accompanying Standards

focus on the best interests of Consumers by ensuring that Licensed Financial Institutions:

- a. Provide competent Advice that is sound, constructive and understandable;
- b. Advise Consumers of all reasonable options, substitutes and choices available from the Licensed Financial Institution based on Consumer needs;
- c. Eliminate the use of fine print and legal jargon;
- d. Correspond in clear and plain language;
- e. Explain the full impact of any risks, key restrictions and obligations;
- f. Explain the possible negative impact of fluctuations in interest/profit rate and exchange rates on remittances, transfers and foreign exchange products and/or services; and
- g. Disclose and explain any potential conflicts of interest between the Consumer and the Licensed Financial Institution.

2.2.1.2 Information must be timely, up-to-date and provided at each stage of the contractual process to ensure Consumers have the information required to facilitate informed decision-making.

2.2.2 Providing Comparative Information/Options

2.2.2.1 Before the sale of a Financial Product and/or Service, Licensed Financial Institutions must present all reasonable product comparisons/options for the type of products that are being considered by the Consumer. This will include comparison of benefits, options, pricing, Fees, risks, terminations costs etc. of the various Financial Products and/or Services that the Licensed Financial Institution offers.

2.2.2.2 Licensed Financial Institutions must not deliberately withhold or conceal the existence of reasonable alternative Financial Products and/or Services that may be appropriate to the Consumer including those with lower costs, financing rates and Fees.

2.3 Responsible Advertising

2.3.1 General Provisions for Responsible Advertising

2.3.1.1 This Section must be read in conjunction with Article 5: Business Conduct of these Standards.

2.3.1.2 Licensed Financial Institutions must apply these Standards to any Advertising activity through any and all channels, including branches, websites, mobile applications, ATMs, telephone banking, account statements, social media and public media comprised of any form of audio, visual and print content.

2.3.1.3 All advertisements must be available in both Arabic and English. At the discretion of the Licensed Financial Institution, other languages can be chosen based on the Consumer target market. Where advertisement is targeted to one linguistic market, Licensed Financial Institutions can target and tailor the advertisement for that linguistic market.

- 2.3.1.4 An advertisement by the Licensed Financial Institution must:
- a. Be accurate, honest and understandable and not be misleading or contrary to actual factual information. An advertisement is misleading if, in any way, its presentation deceives or is likely to deceive the Person to whom it reaches;
 - b. Highlight key information and, display it prominently;
 - c. Ensure that all information, including footnotes, qualifiers, or disclaimers, is clearly visible, legible and understandable;
 - d. Ensure any footnotes, qualifiers, or disclaimers in Advertising are prominently and clearly displayed and of a font size that is clearly readable by Consumers;
 - e. Ensure that all written text and numbers are of a sufficient font size, minimum 10; and
 - f. Not contain any false statement of fact, or conceal important facts or information that may be deceptive or create a false impression.
- 2.3.1.5 An advertisement must be designed and presented in a manner that allows Consumers to immediately identify it as promotional material.
- 2.3.1.6 Where Licensed Financial Institutions advertise or promote any Financial Product and/or Service, they must disclose the name and logo of the Licensed Financial Institution and its contact details in a prominent manner in the advertisement. The advertisement must also provide the means and manner of easily accessing the details of any qualifying criteria the Consumer will need to meet before obtaining the Financial Product and/or Service. Where the full information is provided through a link on a Digital Channel, the link must provide the ability to re-direct Consumers specifically to the qualifying criteria relevant only for that advertisement/financial promotion.
- 2.3.1.7 Licensed Financial Institutions must ensure that Advertising or promotional material which contains acronyms (e.g. APR) clearly states the full form of the acronym.
- 2.3.1.8 When contacting or meeting Consumers, Licensed Financial Institutions' sales and Advertising/marketing Staff must clearly identify themselves and the Licensed Financial Institution being represented.
- 2.3.1.9 Pursuant to 2.3.1.8 above, Licensed Financial Institutions must ensure that Advertising/marketing Staff explain the key terms, benefits and risks of the financial product being offered to Consumers.
- 2.3.1.10 Where Licensed Financial Institutions use advertisement or promotional material that:
- a. Advertises any kind of bonus, gifts, points or any other incentives, such advertisement must clearly present and convey information that is required by these Standards to be disclosed. For special financial promotions, contests etc., all rules, entry instructions, dates or deadlines and factors likely to influence Consumers' understanding of the financial promotion must be clearly stated and advertisements must explain these requirements accurately, unambiguously and completely. If it is not practical, for valid

reasons, to include all such details in the advertisement, then the means, manner and channel of directly accessing the full information must be included in all material featuring the financial promotion;

- b. Offers introductory low/zero cost Fees, interest/profit rates or pricing, Licensed Financial Institutions must clearly state the expiry date or the specific time period of such an offer and what the regular amount of Fees, interest/profit or pricing will revert to on expiry;
- c. Advertises offers of interest/profit rates with terms such as "rates as low as" on credit/financing facilities or deposit/investment rates advertised as "rates as high as", Licensed Financial Institutions must also state in clear and plain language the conditions, assumptions and chances of the Consumer receiving the lowest interest/profit rate on credit/financing or the highest rate for deposits or investments; and
- d. Describes a Financial Product and/or Service as 'free', the Financial Product and/or Service must in its entirety be free of all Fees and/or interest/profit rates. If the financial product and/or service is 'free' for a certain time period, the advertisement must prominently disclose that the Financial Product and/or Service will not be free upon conclusion of the time period. The Consumer will be advised 30 calendar days in advance before being subject to the amount of expected Fees or the application interest/profit rates. The material must disclose if the product and/or service can be cancelled after the offer had been accepted by the Consumer. If cancellation is possible, disclose how to cancel and the Fees or penalties which apply.

2.3.1.11 Where Licensed Financial Institutions advertise or promote any Financial Product and/or Service that will require the payment of Fees, they must disclose the details of the fees in the advertisement. If it is not practical, for valid reasons, to include the fees in the advertisement, Licensed Financial Institutions must include:

- a. An explanation of the means and manner of easily accessing the information in that advertisement; and
- b. Where the complete information is provided through a link on a Digital Channel, the link must provide the ability to re-direct Consumers specifically to the terms and conditions or fees relevant only for that advertisement/financial promotion and that specific product and/or service. Key information must be prominently displayed. When the Fee is not a set amount, the disclosure must provide the basis on which the Fee is determined.

2.3.1.12 Advertising material must include statements to warn Consumers of the consequences of a Consumer's failure to meet the conditions and requirements before and during his/her relationships with Licensed Financial Institutions. If it is not practical, for valid reasons, to include this information in the advertisement, Licensed Financial Institutions must apply the condition stated in Clause 2.3.1.11.b.

2.3.1.13 Licensed Financial Institutions must ensure that where advertisement materials include an Annual Percentage Rate, the rate must clearly be

labelled as an Annual Percentage Rate and inclusive of all related Fees. It must clearly state if the interest/profit rate is fixed or variable. In the case of a fixed interest/profit rate, the tenor of the fixed interest/profit rate must be displayed. It must state any conditions on which the advertised rate is based upon.

- 2.3.1.14 Where Licensed Financial Institutions have a relationship with a Third Party provider for a particular Financial Product and/or Service, the Licensed Financial Institutions must disclose this fact in all advertisements for the advertised Financial Product and/or Service.
- 2.3.1.15 If advertisement material contains a statement, promise or forecast based on assumptions, Licensed Financial Institutions must ensure those assumptions are reasonable, up to date with market trends and clearly disclosed and labelled as assumptions in the advertisement.
- 2.3.1.16 Advertisements promoting the potential returns of a financial product must state that the forecast is for illustrative purposes only and is not indicative or construed as likely returns. A warning statement must be prominently displayed beside any statement regarding potential returns that states the potential risks of a loss as well. Any statement or forecast must not mislead at the time it is made.
- 2.3.1.17 Where the Advertising material does not refer to the benefits or returns but only names the Financial Product and/or Service and/or invites a Consumer to discuss the Financial Product and/or Service in more detail, a Licensed Financial Institution need not display the related warning statements required by Section 2.3 of Article 2: Disclosure & Transparency of these Standards.
- 2.3.1.18 Where the warning statements required by these Standards do not cover the Licensed Financial Institution's products and services, the Licensed Financial Institution must devise their own with respect to raising awareness of potential risks associated with the product or service.

2.3.2 Advertisement of Deposit Products

- 2.3.2.1 Licensed Financial Institutions which offer Deposit Products must comply with all the requirements in Section 2.3.1 of this Article as applicable, in addition to complying with all the requirements of this Section.
- 2.3.2.2 Licensed Financial Institutions must ensure that where the interest/profit rate for a Deposit Product is quoted in advertisement materials, the advertisement materials must include the following:
 - a. Whether it is fixed or variable and if fixed, for what period of time;
 - b. Where more than one term (period of time) is advertised, it must disclose the relevant Annual Interest/Profit Rate for each term and each rate must be displayed in equal font size and prominence;
 - c. The minimum tenor and/or minimum amount required to qualify for a specified rate of interest/profit, if applicable;
 - d. The frequency in which the accrued interest/profit will be paid to the Consumer;

- e. The basis on which the interest/profit calculation will be made (e.g. monthly/quarterly/annual compounding); and
- f. Any other conditions that are required to be met in order to obtain the rate.

2.3.3 Advertisement of Credit Products

- 2.3.3.1 Licensed Financial Institutions which offer Credit Products must comply with the requirements in Section 2.3.1 of this Article as applicable, in addition to complying with the requirements of this Section of this Article.
- 2.3.3.2 When displaying the Annual Percentage Rate for a term loan/financing in advertisement materials, Licensed Financial Institutions must also display the total interest/profit and Fees to be paid over the term of the loan/financing by means of an example and disclose any conditions that are required to be met in order to obtain the rate. This provision does not apply to the provision of loans/financing for residential mortgages.
- 2.3.3.3 Licensed Financial Institutions must ensure that advertisement materials for a residential mortgage contain the following warning statement:

Warning: If you do not keep up your repayments/payments, you may lose your property.

- 2.3.3.4 Licensed Financial Institutions must ensure that advertisement materials for a loan/financing contain the following warning statement:

Warning: You may have to pay penalties if you pay off a loan/financing early.

Warning: If you do not meet the repayments/payments on your loan/financing, your account will go into arrears. This may affect your credit rating, which may limit your ability to access financing in the future.

- 2.3.3.5 Licensed Financial Institutions must ensure that advertisement materials for a debt consolidation loan/financing contain the following warning statement:

Warning: Refinancing your loans/financing may take longer to pay off than your previous loan/financing and may result in paying more in interest/profit.

2.3.4 Advertisement of Structured Products

- 2.3.4.1 Licensed Financial Institutions which offer structured products must comply with the requirements in Section 2.3.1 of this Article as applicable, in addition to complying with the requirements of this Section.
- 2.3.4.2 Licensed Financial Institutions must assess the suitability of the structured

product to the targeted Consumer segment prior to launching the product advertisement and limit the Advertising to that appropriate Market segment.

2.3.4.3 Licensed Financial Institutions must disclose the name of the entity issuing the structured product in the advertisement and promotional material and the regulator of the structured product.

2.3.4.4 Licensed Financial Institutions must not advertise a structured product solely based on the projected or expected return of the structured product. Where a Consumer may not receive 100% of the initial capital invested, Licensed Financial Institutions must ensure that advertisement materials for a structured product, contain the following warning statement:

Warning: If you invest in this product, you may lose some, all or more than the amount of money you invested.

2.3.4.5 Where the invested funds provide for early redemption, Licensed Financial Institutions must ensure that advertisement materials for the structured product contain the following warning statement:

Warning: If you cash in your investment before [specify the particular time], you may lose some or all of the money you invest and incur early redemption fees.

2.3.4.6 Licensed Financial Institutions must ensure that advertisement for a structured product where the funds are locked in i.e. no access to funds for the term of the product contain the following warning statement:

Warning: If you invest in this product, you will not have any access to your money for / until [insert time required before the product matures].

2.3.4.7 Where Licensed Financial Institutions give information about past performance when Advertising a structured product and/or service, this information must:

- a. Be based on actual performance;
- b. Be based on a structured product similar to that being advertised;
- c. Not be selected so as to exaggerate the success or disguise the lack of success of the advertised structured product and/or service;
- d. State the source of the information relied on regarding the performance;
- e. State clearly the period chosen during which the actual performance occurred and how it relates to the structured product being advertised;
- f. Include the actual performance during the most recent period;

- g. Indicate, where they arise, details of all transaction costs, Fees and interest/profit that have been taken into account or not taken into account in the calculation of the actual performance; and
- h. State, where applicable, the assumptions upon which the actual performance was calculated.

2.3.4.8 Licensed Financial Institutions must ensure that advertisement materials which contain information on past performance, must also contain the following warning statement:

Warning: Past performance is not a reliable guide to future performance.

2.3.4.9 Licensed Financial Institutions must ensure that advertisement materials which contain illustrations or information on simulated performance must also contain the following warning statement:

Warning: These figures are estimates / examples only. They are not a reliable guide to the future performance of this investment.

2.3.4.10 Licensed Financial Institutions must ensure that advertisement materials do not describe a structured product as guaranteed or partially guaranteed unless:

- a. There is a legally enforceable contract with a credible Third Party who undertakes to meet, to whatever extent is stated in the advertisement and marketing materials, the Consumer's claim under the guarantee;
- b. The Licensed Financial Institution has made and can demonstrate that it has made an assessment of the quality and value of the guarantee;
- c. It clearly states the level, nature and extent of limitations of the guarantee and the name of the guarantor; and
- d. Where it is the case, the advertisement materials must state that the guarantee is from a Third Party approved by a Licensed Financial Institution.

2.3.5 Advertisement of Remittances, Transfers and Foreign Exchange

2.3.5.1 Licensed Financial Institutions that offer remittance, transfer and foreign exchange products and/or services must comply with the requirements in Section 2.3.1 of this Article as applicable, in addition to complying with the requirements of this Section.

2.3.5.2 Licensed Financial Institutions must ensure that advertisement material contains the following warning statement:

Warning: Additional fees may be levied by the correspondent bank/financial institution or entity providing financial services to the beneficiary of remittances.

Warning: Penalties and Fees may be applied if there is a customer error or omission in providing correct or incomplete information for remittances.

- 2.3.5.3 Licensed Financial Institutions must ensure that where an advertised remittance, transfer and foreign exchange product and/or service is denominated or priced in a foreign currency, or where the value of an advertised remittance, transfer and foreign exchange product and/or service may be directly affected by changes in foreign exchange rates, the advertisement contains the following warning statement:

Warning: This product/service may be affected by changes in foreign currency exchange rates.

- 2.3.5.4 Where Licensed Financial Institutions advertise an attractive promotional foreign exchange rate, Licensed Financial Institutions must specify the period of applicability and any restrictions/conditions/assumptions associated with the offer.

- 2.3.5.5 Where the estimated time for completing a remittance is advertised, it must include the following statement:

Warning: The actual time to complete a transaction may differ from estimates due to increased scrutiny of transactions by the correspondent bank/financial institution or entity providing financial services to the beneficiary of remittances.

Article 3: Institutional Oversight

3.1 Institutional Oversight and Governance

3.1.1 Monitoring by Central Bank

General

3.1.1.1 Regulatory oversight of Licensed Financial Institutions by the Central Bank is an essential pillar of strengthening Consumer confidence and trust in the financial services. The Central Bank expects Licensed Financial Institutions to be effectively managed by establishing appropriate organizational oversight and structure, a supportive and constructive corporate culture, engaging well-qualified Staff, defining clear policies and procedures and creating proper monitoring and control frameworks supported by proper overall governance oversight.

3.1.2 General Provisions

Effective Institutional Oversight

- 3.1.2.1 Effective Oversight includes requiring Licensed Financial Institutions to:
- a. Integrate into the management of the Licensed Financial Institution, the general principles which the Consumer Protection Regulation and the accompanying Standards are based upon;
 - b. Maintain effective Board governance and oversight of the management of conduct and compliance risks. With respect to the term Board and any assigned roles or responsibilities required by these Standards, these shall, for the purpose of licensed foreign bank branches, be the same requirements of the foreign bank branch representative or committee that have been designated by Licensed Financial Institution in accordance with the Central Bank Regulation on Corporate Governance;
 - c. Establish a governance structure that provides assurance and evidence that there is effective oversight of conduct risks. The governance structure must cover the breadth of the Licensed Financial Institution's financial products, services and related Retail Operations including the use of Third Parties;
 - d. Develop and implement an effective control framework to manage conduct risks and ensure compliance with the Consumer Protection Regulation and the accompanying Standards. The control framework must be approved by the Board of the Licensed Financial Institution;
 - e. Develop, document and integrate conduct risk tolerance into the Licensed Financial Institution's decision-making process and overall strategy;
 - f. Ensure the Licensed Financial Institution's key control and assurance functions, Compliance, Risk and Audit, are each mandated appropriately for the identification, prevention, monitoring, detection, verification and mitigation/resolution of conduct and related risks;

- g. Ensure all appropriate Staff are qualified at all times to perform their responsibilities and are competent in their understanding and application of the Consumer Protection Regulation and the accompanying Standards;
 - h. Establish management and Staff remuneration structures that promote responsible business and Market Conduct with the aim of preventing mis-selling practices, unreasonable risk taking, or other irresponsible actions and or behaviors;
 - i. Apply strict product and/or service approval processes that must be carried out before a new or updated Financial Product and/or Service is released to the Market;
 - j. Establish effective and efficient Complaint management processes and systems to ensure resolution, analysis and reporting of Complaints;
 - k. Implement appropriate control framework, security and monitoring measures to protect Consumers' Data and information against misuse, unauthorized access and undue processing and analysis;
 - l. Establish a comprehensive Data collection process for Consumer Complaints and inquiries to enable effective trend analysis and the identification of issues regarding Financial Products and/or Services, non-compliance matters, Staff misconduct and the fair treatment of Consumers. The Central Bank may prescribe templates to Licensed Financial Institutions to standardize Data collection, classification and reporting;
 - m. Instill a culture in the Licensed Financial Institution that promotes fair dealing, transparency and behavior that protects the interests of Consumers first;
 - n. Ensure the Licensed Financial Institution's governance framework encompassing the above components is commensurate with the size, complexity and risk profile of the Licensed Financial Institution; and
 - o. Ensure that Islamic Financial Institutions comply with Islamic Shari'ah.
- 3.1.2.2 Licensed Financial Institutions must apply the principles and the requirements of the Consumer Protection Regulation and accompanying Standards to any new product or service, activity, action, change, event or any other situations.
- 3.1.2.3 Licensed Financial Institutions must file by January 31st each year an annual letter of attestation confirming compliance with Article 98 of the Decretal Law and specifically addressing matters related to Chapter 6 of the Decretal Law and the supporting Regulation and Standards. The letter must be filed by the Licensed Financial Institution's most senior compliance officer and approved by the Board. The Central Bank may prescribe the form and details as to the content of the letter.

3.2 Governance of Retail Operations

3.2.1 Governance Framework – Roles and Responsibilities

The Board and Senior Management

- 3.2.1.1 Licensed Financial Institutions must have a Board approved governance framework in place that provides the Board with assurance and evidence that they have effective oversight and control frameworks over Retail Operations. The governance framework must detail the roles and responsibilities for all business, control and assurance functions as well as for the senior management.
- 3.2.1.2 The Board and Senior Management are responsible for overseeing conduct of the Licensed Financial Institution within the financial marketplace in which it operates. The Board must approve the Market Conduct compliance policy that states how the Licensed Financial Institution will comply with the regulatory principles. An annual report on Consumer Protection & Conduct Risk Management must be submitted to the Board or a Committee of the Board of the Licensed Financial Institution and the Board's response must be documented.
- 3.2.1.3 The governance framework must specifically establish and maintain oversight over the design, production, Advertising, marketing, distribution and sales of Financial Products and/or Services with the objectives:
- a. To minimize potential harm to Consumers;
 - b. Avoid potential Conflicts of Interest with Consumers; and
 - c. Ensure that the best interests and well-being of the Consumers are appropriately addressed.
- 3.2.1.4 The Board and Senior Management must adopt and promote a culture that will protect the interests of their Consumers by promoting principles of Consumer service, fairness, transparency and disclosure.
- 3.2.1.5 The Board and Senior Management are accountable for setting the culture and direction of the Licensed Financial Institution to align business practices with the consumer protection regulatory requirements. This requires concerted and wide-ranging measures, in particular:
- a. Ensuring legal and regulatory requirements are being complied with;
 - b. Establishing complete and up-to-date control frameworks;
 - c. Executing effective monitoring, analysis and regular management reporting;
 - d. Ensuring competent frontline Staff, independent control and assurance functions and annually evaluating their effectiveness;
 - e. Establishing a Staff performance evaluation and remuneration system to promote and incentivize treating Consumers fairly;
 - f. Ensuring that Staff have the required qualifications and training to perform their responsibilities in a fully competent manner;
 - g. Establishing effective Complaint management, resolution, analysis and reporting;
 - h. Implementing comprehensive Financial Products and/or Services

- approval processes;
 - i. Ensuring accessibility to branches and ATMs by People of Determination;
 - j. Carrying out effective Consumer education and awareness programs; and
 - k. Addressing issues related to Conflicts of Interest.
- 3.2.1.6 As part of the Consumer Protection & Conduct Risk Management annual report required by Clause 3.2.1.2 the Senior Management must assess and report therein of their activities to support positive conduct and risk culture with evidence of support of the Consumer Protection Regulatory Principles. The review should also assess how Board and corporate messages about conduct and risk are permeated within the organization.
- 3.2.1.7 The Board and Senior Management must ensure independent control and assurance functions of Risk, Compliance and Audit are appropriately resourced to effectively execute at all times the Central Bank's consumer protection regulatory framework and its supervisory requirements.

Control and Assurance Functions (Risk, Compliance and Audit)

- 3.2.1.8 Licensed Financial Institutions must have robust and effective controls to prevent inappropriate conduct and risks towards Consumers.
- 3.2.1.9 The Licensed Financial Institution's control functions are required to be competent in the interpretation and application of the Consumer Protection Regulation and the accompanying Standards. The Board must clearly define the role and responsibilities of the control functions. They must jointly:
- a. Be held accountable for supporting the Retail Operations by providing active oversight and challenge, not just performing an advisory role;
 - b. Be held accountable for their carrying out their assigned roles in the identification, prevention, monitoring, detection, robust controls and resolution of risks that Retail Operations create; and
 - c. Promote a corporate culture of protecting the best interests of Consumers first.
- 3.2.1.10 Licensed Financial Institutions must monitor compliance with the Consumer Protection Regulation and the accompanying Standards. The Licensed Financial Institution's Compliance function must:
- a. Inform and educate operational units of their responsibilities under the Consumer Protection Regulation and the accompanying Standards;
 - b. Ensure the Licensed Financial Institution's code of conduct is complied with within the organization;
 - c. Conduct regular monitoring including mystery shopping, thematic reviews and Complaint Data analysis to monitor adherence to the Consumer Protection Regulation, the accompanying Standards and the Licensed Financial Institution's code of conduct;

- d. Ensure that individual Staff performance includes measurements of non-financial (qualitative) parameters that promote ethical conduct of Staff during their interactions with Consumers;
- e. As a part of the Consumer Protection & Conduct Risk Management annual report required by Clause 3.2.1.2, evaluate and report on the state of the organization's compliance culture and provide recommendations for improvements.; and
- f. Escalate material non-compliance matters with the code of conduct and the Consumer Protection Regulation and the accompanying Standards to Senior Management and the Board, together with rectification plans. Such matters must also be reported to the Central Bank in accordance with Article (98), Clause 1.b in Decretal Federal Law No. (14) of 2018, Regarding the Central Bank & Organization of Financial Institutions and Activities.

3.2.1.11 Licensed Financial Institutions must conduct regular conduct audits of this area. The Internal Audit function must:

- a. Independently assess the effectiveness and efficiency of the Licensed Financial Institution's codes of conduct, the Consumer protection governance, systems, procedures and policies;
- b. Independently assess the effectiveness of Retail Business line functions, Control functions and Senior Management in fulfilling their responsibility to effectively monitor and oversee conduct and regulatory requirements; and
- c. Identify weaknesses in the effective implementation of control framework and regulatory requirements.

Risk Mitigation

3.2.1.12 Licensed Financial Institutions must:

- a. Establish an approved conduct risk framework which enables them to identify, assess, monitor, mitigate and control conduct risk;
- b. Define and document the risk appetite and risk limits that articulate the level and types of conduct risk the Licensed Financial Institution is willing to assume;
- c. Develop mitigation strategies for the conduct risks that are identified; and
- d. As part of the Consumer Protection & Conduct Risk Management annual report required by Clause 3.2.1.2, review and report on the type and level of conduct risks to the Board to ensure they are aligned with the Licensed Financial Institution's risk tolerance and regulatory requirements.

Oversight of Financial Products and/or Services

3.2.1.13 Licensed Financial Institutions must have a comprehensive and effective product approval framework documented in policies and procedures that are approved by the Board of Directors.

- 3.2.1.14 The product approval framework must cover all new Financial Products and/or Services as well as subsequent amendments to existing products and/or services.
- 3.2.1.15 Policies must ensure inherent risks are properly assessed.
- 3.2.1.16 Policies must define all the pertinent procedures with checks and balances that must be complied with before a Licensed Financial Institution launches a Financial Product and/or Service into the financial marketplace. This includes defining the roles and responsibilities of each function involved in the creation, updating and launching a Financial Product and/or Service including the Control functions, the Retail Management, Legal services, marketing, Sales, Information – Technology services, etc.
- 3.2.1.17 The product approval process must include a documented sign-off by all relevant authorized Staff, Senior Management and Control functions.

3.3 Regulatory Reporting

3.3.1 Fees

- 3.3.1.1 Licensed Financial Institutions must submit their up to date schedule of fees and amounts annually to the Central Bank by January 31 of each year in a manner as may be prescribed by the Central Bank from time-to-time.

3.3.2 Financial Products and/or Services

- 3.3.2.1 Licensed Financial Institutions must report to the Central Bank annually by January 31st with the list of Financial Products and/or Services offered to Consumers in the UAE in a manner as may be prescribed by the Central Bank.
- 3.3.2.2 The Central Bank may require detailed information and Data on all Financial Products and/or Services offered by Licensed Financial Institutions. All Licensed Financial Institutions are required to comply with such requests within the stipulated timeframe.
- 3.3.2.3 Licensed Financial Institutions must submit an application to request a “No Objection Letter” from the Central Bank for any new or revised Financial Product and/or Service that the Central Bank may prescribe as requiring an application for a “No Objection Letter”. Where there is a requirement for a “No Objection Letter”, the CBUAE will establish appropriate turn-around times / response times.
- 3.3.2.4 The Central Bank will publish periodically its procedural time frames for the matters required to be submitted and considered by the Central Bank.
- 3.3.2.5 The application for a “No Objection Letter” by the Licensed Financial Institution must include information as may be prescribed by the Central Bank.
- 3.3.2.6 The Central Bank or The Higher Shari’ah Authority may issue additional guidance or standards for certain types of Financial Products and/or Services offered by Islamic Financial Institutions.

3.3.3 Undue Delays in Filing

- 3.3.3.1 Where Licensed Financial Institutions do not comply with the service standards established by the Consumer Protection Regulation and the accompanying Standards, or with any other time requirements for filing or reporting set by the Central Bank, Licensed Financial Institutions may be subject to enforcement measures.

Article 4: Market Conduct

4.1 Responsible Market Conduct

4.1.1 General Provisions for Responsible Market Conduct

Appropriate Market Conduct

4.1.1.1 To encourage Consumers' trust in the safety and the integrity of the financial marketplace, Licensed Financial Institutions must conduct themselves with integrity and in a fair, honest, competent and transparent manner at all times.

Appropriate location for carrying out Business

4.1.1.2 When meeting Consumers in person on any location/premise for carrying out any business, the Licensed Financial Institution must ensure that the location/premise provides an appropriate physical space and environment that ensures confidentiality of the exchange of personal information and security in carrying out transactions.

Qualified Retail Staff

4.1.1.3 Licensed Financial Institutions must ensure that their Staff do not have any past criminal record for fraud or financial crimes or have been previously terminated for misconduct. Stated qualifications by Staff must also be verified.

4.1.1.4 Licensed Financial Institutions must ensure that Staff are appropriately qualified to fulfil their duties and remain at all times fit & proper.

Disclosure of Employer

4.1.1.5 Licensed Financial Institutions must ensure that their Staff clearly disclose their employee identification and whom they work for to the Consumer.

4.1.1.6 Licensed Financial Institutions must require Authorized Agents to ensure that their representatives disclose and explain to Consumers the relationship between the Licensed Financial Institution and the Authorized Agents.

Sales, Pricing and Financial Promotional Activities

4.1.1.7 Licensed Financial Institutions must act with integrity and in a fair, honest, transparent manner, and must take into account the best interests of Consumers in their sales and financial promotional activities. This Section must be read in conjunction with Article 5: Business Conduct of these Standards.

Monitoring of Market Conduct by Management

- 4.1.1.8 Licensed Financial Institutions must monitor their marketplace behavior of sales, marketing, financing / lending and advisory services. They must conduct and document, at minimum, monthly call backs on a sample of Consumers to detect any inappropriate conduct by Staff.
- 4.1.1.9 Licensed Financial Institutions must conduct regular mystery shopping and site visits of locations where the Licensed Financial Institution's business is carried out in order to monitor and ensure that the Advertising, sales, financing / lending and advisory practices are conducted in line with their internal standards and control framework.
- 4.1.1.10 Monitoring must include collection and analysis of Consumer Complaints. Trend analysis reports from all monitoring activities must be reported monthly to Senior Management.
- 4.1.1.11 Licensed Financial Institutions must document their control framework for the monitoring activities described above. The findings and management reporting on monitoring must be documented and available to Central Bank for inspection on a demand basis.

4.2 Promoting Competition

4.2.1 General Provisions for Promoting Competition

Competitive and Level Playing Field

- 4.2.1.1 Licensed Financial Institutions must not collude to limit competition in any manner including the fixing of prices, fees, or limiting contract terms or financial product features which are not in the best interest of the Consumers. This provision does not include any Fee, tariff or premium/takaful contribution rates or policy/takaful certificate terms that have been approved by the Central Bank or any other lawful authority.
- 4.2.1.2 Collusion that results in detriment to Consumers must not be undertaken including actions such as:
 - a. Agreements between Licensed Financial Institutions to restrict the rate of interest/profit offered on Deposit Products for Consumers;
 - b. Setting lending/financing rates;
 - c. Setting currency and foreign exchange Fees, spreads and rates; and
 - d. Coordinated efforts among Licensed Financial Institutions to charge maximum allowable Fees regardless of differences in actual costs between Licensed Financial Institutions.

Promoting Consumer Mobility in the Marketplace

- 4.2.1.3 This Section must be read in conjunction with the Consumer Mobility Section of Article 5: Business Conduct.
- 4.2.1.4 Licensed Financial Institutions must not have policies, procedures, requirements, Fees or any other barrier that unfairly limits or delays Consumers in their ability to transfer their financial activities to another Licensed Financial Institution or other financial service provider of their choice.

- 4.2.1.5 Consumers must be permitted to close or switch accounts (current and saving account) without Fees any time after 6 months of opening the account with the Licensed Financial Institution.
- 4.2.1.6 Licensed Financial Institutions must facilitate the transfer of the Consumer's Product and/or Services to another Licensed Financial Institution or other financial service provider by providing the necessary information, letters, certificates, etc. within the specified time frames in these Standards or as may be prescribed by the Central Bank.

Intervention by Central Bank

- 4.2.1.7 The Central Bank supports a fair and competitive marketplace but may intervene where abuse, unfairness, collusion and/or imbalance occurs. In accordance with the Decretal Law, intervention may include:
 - a. Setting limits on unfair Fees including Fees for early Financial Product and/or Service terminations;
 - b. Limitations on bundling of Financial Products and/or Services;
 - c. Limitations on interest/profit rates;
 - d. Limitations on specific terms and/or conditions in Consumer contracts;
 - e. Limitations on Advertising;
 - f. Limitations on policies and practices by Licensed Financial Institutions which have the impact of unfairly limiting Consumers' ability to easily switch or close accounts in a reasonable time; and
 - g. Other matters the Central Bank may determine necessary to promote fair competition and uphold its Regulatory Principles and Standards and the protection of Consumers.

Article 5: Business Conduct

5.1 Responsible Business Conduct

5.1.1 General Provisions for Promoting Competition

General Requirements

- 5.1.1.1 This Article must be read in conjunction with Article 2: Disclosure and Transparency that sets out the related Disclosure and Transparency requirements applicable to this Section.
- 5.1.1.2 The Board and Senior Management must serve as positive role models in demonstrating the types of behavior expected by the principles set out in the Regulation. Positive behavior and actions should be aligned to the Consumer Protection Regulation and the accompanying Standards and reinforced by regular communication between Senior Management and Staff.
- 5.1.1.3 Licensed Financial Institutions must:
 - a. apply the principles of the Regulation in their business conduct by establishing appropriate standards of organizational behavior, control frameworks and functions, employee training; and
 - b. develop and provide appropriate Financial Products and/or Services that are focused on serving the best interests of the Consumer.
- 5.1.1.4 Pursuant to Article (123) in Decretal Federal Law No. (14) of 2018, Regarding the Central Bank & Organization of Financial Institutions and Activities, Licensed Financial Institutions must respect the Consumer's right to access to all or part of Financial Products and/or Services from Licensed Financial Institutions suited to his/her needs upon presentation of adequate identification and in accordance with UAE laws and Regulations.
- 5.1.1.5 Licensed Financial Institutions must establish and track service performance standards for activities including time to open accounts, approval and disbursement of credit/financing facilities and funds, closure of accounts, issuance of documents including liability and clearance letters and time to acknowledge, respond to and resolve Consumer Complaints. The Central Bank may prescribe service performance standards with which Licensed Financial Institutions must comply.
- 5.1.1.6 Licensed Financial Institutions must endeavor to adopt the highest standards of practices to extend quality Consumer service and achieve high levels of Consumer satisfaction.
- 5.1.1.7 Responsible business conduct requires that the designing, marketing, sales and distribution of Financial Products and/or Services are appropriate for the targeted Consumer segments. There is a duty of care that requires Licensed Financial Institutions to determine the appropriateness and suitability of financial products for their clients and to protect Consumers from mis-selling.
- 5.1.1.8 All direct contact with Consumers for the purpose of Advertising/marketing communications must be conducted in accordance with any Applicable

Laws and with the expressed consent and preferences of Consumers.

- 5.1.1.9 Unless Consumers have given expressed consent to 'opt in', they are regarded as having 'opted out' from receiving promotional communication of any kind. Consumers who have 'opted out' of receiving promotional communications must not be contacted by the Licensed Financial Institution with regards to future sales, Advertising or financial promotional activities.
- 5.1.1.10 Licensed Financial Institutions are prohibited from marketing loans/financing and other services offered to individual Consumers through direct contact by telephone.
- 5.1.1.11 Licensed Financial Institutions must conduct themselves in a professional manner at all times when dealing with Consumers. They must not be unreasonably persistent or place Undue Pressure on Consumers to purchase any Financial Product and/or Service.
- 5.1.1.12 Licensed Financial Institutions must not send direct Advertising and promotional material to Consumers under the age of 18 years.
- 5.1.1.13 Licensed Financial Institutions must have in place policies, procedures, controls and trainings that will assist Staff with a consistent approach to assessing the Consumer's financial needs and objectives as well as carrying out an assessment as to the appropriateness, suitability and affordability of products and / or services. Any assessments conducted for profiling Consumers for the purposes of sales and marketing initiatives must be documented and retained for a minimum of 5 years. Only relevant information must be requested from the Consumer for carrying out such assessments and all information must be treated as confidential. The assessment and/or profile of the Consumer should be updated as appropriate by the Licensed Financial Institutions.

Best Interest of the Consumer

- 5.1.1.14 Licensed Financial Institutions must have a corporate objective clearly stated in its codes of conduct that it will work in the best interest of their Consumers.
- 5.1.1.15 Licensed Financial Institutions must, with due skill, care and diligence, act at all times with integrity and in a fair, honest and professional manner in their relationship with Consumers.
- 5.1.1.16 Acting in the best interest of Consumers starts from the beginning of any relationship with the Consumer and continues for as long as the Consumer remains with the Licensed Financial Institution. It includes assessing the Consumers' financial needs, current and future financial situation, financial dependencies, attitude towards incurring risk and the Consumers' level of literacy and understanding of the Financial Product and/or Service being requested or offered.
- 5.1.1.17 Where Financial Products and/or Services are not suitable or appropriate for certain groups of Consumers, Licensed Financial Institutions must not target those groups and must not carry out the distribution of marketing and sales efforts for such Financial Products and/or Services to those

groups. This requirement must be considered in the product approval processes to ensure that the Financial Products and/or Services are fit for the targeted groups.

- 5.1.1.18 All Licensed Financial Institution Staff that provide Specific Advice on financial or investment matters must have the appropriate experience, current knowledge and qualifications to provide Specific Advice and to assess what is suitable for a Consumer.

Fees

- 5.1.1.19 Licensed Financial Institutions must comply with the directions issued by the Central Bank regarding the charging of Fees on products and services.

- 5.1.1.20 Licensed Financial Institution must not exceed the maximum Fee limits as prescribed by the Central Bank from time-to-time.

- 5.1.1.21 Licensed Financial Institutions must provide Consumers with a copy of the schedule of applicable Fees when providing a Financial Product and/or Service, signing a contract or as requested by a Consumer at any time.

- 5.1.1.22 Licensed Financial Institutions must apply for and have Fee approval from the Central Bank in relation to any Fees for products and services that are subject to the authorities of the Central Bank. Fees or increases in fees must be appropriate and justified. Approval is required for:

- a. Introduction of a new Fee; or
- b. Increases of any existing Fee greater than 5%.

Any increase of Fees that are capped by the Central Bank must not exceed the limit imposed by such caps.

Refer to Maximum Fees Annexure contained in the Consumer Protection Standards.

- 5.1.1.23 The Fee approval application form and required documentation must be submitted to the Central Bank during the first 5 complete business days of April and October of any given year.

- 5.1.1.24 As an exception to Clause 5.1.1.23, the Central Bank will accept a Licensed Financial Institution's application for approval of new Fees on an ad hoc basis where it is shown to the Central Bank's satisfaction that these relate to new Financial Products and/or Services. This will be assessed on a case-by-case basis.

- 5.1.1.25 Licensed Financial Institutions cannot impose a transaction or payment Fee on any transfers or payments between a Consumer's accounts within a Licensed Financial Institution, including credit and payment card accounts issued by that Licensed Financial Institution.

- 5.1.1.26 Islamic Financial Institutions must comply with the specific Early Settlement Fee requirements prescribed by the Central Bank and comply with disclosure requirements as provided in Article 2: Disclosure and Transparency.

- 5.1.1.27 Pursuant to Article 2: Disclosure and Transparency, Licensed Financial Institutions must provide a statement to Consumers that includes clear explanation for Fees related to the Financial Products and/or Services held.

Cooling-off Period

- 5.1.1.28 When an agreement, in principle, has been reached with a Consumer to purchase a credit, insurance/takaful, structured product or any other product regulated by the Central Bank, the Licensed Financial Institution must provide the Consumer with copies of all related documentation and disclosures. Licensed Financial Institutions must inform the Consumer as to the right to a Cooling-off Period of 5 complete business days after the signing of the contract unless a longer Cooling-off Period is required/allowed for that product and/or service by way of other legal or regulatory requirements. The Consumer may be advised of the right to waive the Central Bank's Cooling-off when permitted. For investment and structured products that may be price sensitive to the time of execution, Licensed Financial Institutions must warn Consumers about the potential change in pricing and costs that may occur when the Consumer requires the Cooling-off Period and that it may be unable to execute the purchase until the expiry of that period. Refer to Clause 2.1.1.31 and 2.1.1.32 of Article 2: Disclosure and Transparency.
- 5.1.1.29 The Consumer may choose to consult other persons including a lawyer or any advisor in order to make an informed decision. By the 6th business day, the Consumer must decide to choose to reject or negotiate an amendment to the contract or otherwise the contract may be in force in accordance with its terms and conditions.
- 5.1.1.30 If the Consumer decides not to proceed with the Financial Product and/or Service within the Cooling-off Period, Licensed Financial Institutions must refund any related Fees net of any reasonable and direct costs already incurred. The Licensed Financial Institution must have disclosed to Consumers in advance and in Writing, any details of those costs that could be deducted from the amount of refund.
- 5.1.1.31 With regard to transactions that require immediate implementation including foreign exchange, the Licensed Financial Institution must disclose such circumstances to the Consumer and that the Consumer will need to waive the Cooling-off option for the transaction to occur. Refer to Article 2.1.1.32 of Article 2: Disclosure and Transparency.

Consumer Mobility

- 5.1.1.32 Consumer Request for account closure: Upon receiving an account closure request from a Consumer, Licensed Financial Institution must:
- a. Acknowledge in Writing within 2 complete business days, the account closure request by the Consumer;
 - b. Disclose to the Consumer the process for account closure;
 - c. Not exert Undue Pressure to cancel the request;
 - d. Not impose a closing fee / penalty if the account has been open for a period of 6 months or more;
 - e. With the exception of credit card, payment and investment accounts (as defined by the Central Bank from time to time), close all other

accounts within the prescribed time limit of 7 complete business days from the date of the Consumer's request. By the 8th business day, the Licensed Financial Institution must also:

- i. Produce and provide the Consumers with all documentation including clearance and liability letters that are required to facilitate the closure and transfer; and
 - ii. Provide the Consumer with Written confirmation of the closure;
- f. With respect to credit card and payment accounts, Licensed Financial Institution must close the account within 45 calendar days and provide the Consumer with Written confirmation of the closure except where there is a negative balance outstanding. The credit card / payment accounts should be frozen or blocked once the Consumer has requested the closure. During this interim period no unauthorized Fees can be charged.

Where an account cannot be closed due to an outstanding balance remaining after 45 calendar days, the Licensed Financial Institution must provide a written notice to the Consumer and may follow normal collection procedures.

5.1.1.33 Licensed Financial Institutions cannot require Consumers to provide information regarding their decision to transfer their financial activities to another Licensed Financial Institution or to require Consumers to provide information regarding the competing offer from the other Licensed Financial Institution. Consumers can be asked to provide this information only when the Licensed Financial Institution has evidence for suspecting a risk of financial crime.

5.1.1.34 Licensed Financial Institutions may communicate with and make offers to retain Consumers who wish to transfer or end their relationship with the Licensed Financial Institution. Any such offers by the Licensed Financial Institution in relation to the retention of the Consumer must be provided to the Consumer in Writing. Unless the Consumer withdraws the request for transfer/closure, the Licensed Financial Institution must complete the transfer/closure formalities within the prescribed time.

Service Interruptions

5.1.1.35 Licensed Financial Institutions must advise their Consumers in advance of any planned interruption to digital services of more than 4 hours, e.g. online banking, ATM system, card payment system. Such interruption includes any foreseen events, such as planned system updates and maintenance and must be properly planned to limit disruption to Consumers.

5.1.1.36 For unforeseen events where the interruption for services is expected to last more than 4 hours, a notice must be posted on the Licensed Financial Institution's website if available and by way of sending a short message service (SMS)/email if possible. Where possible, Consumers must be provided with or advised of alternative service solutions during the interruption. The Licensed Financial Institution must inform and provide an incident report to the Central Bank when such an event is occurring.

Errors or omissions by Licensed Financial Institutions

- 5.1.1.37 Licensed Financial Institution must monitor and document the trends in Errors or omissions to identify systemic issues within the Licensed Financial Institution.
- 5.1.1.38 Where an Error or omission by the Licensed Financial Institution involves one or more Consumers, the Licensed Financial Institution must correct the Error or omission for all affected Consumers. When a Consumer has incurred a deduction from their accounts or incurs costs due directly to the Error or omissions, a refund must be paid to the Consumer immediately.
- 5.1.1.39 Licensed Financial Institutions must issue a communication to any affected Consumer within 10 complete business days of identifying the Error or omission to advise of the matter and the steps to be taken for corrective action, including the amount of the refund to be provided to the Consumer(s).
- 5.1.1.40 Licensed Financial Institutions must not benefit from any amounts due to their Error or omission. The full sum must be returned to the affected Consumer's account or in cash immediately and without requiring an affected Consumer to register a claim with the Licensed Financial Institution or to agree to forgo their right for legal redress.
- 5.1.1.41 In case of Errors or omissions by the Licensed Financial Institution with respect to making timely foreign exchange transfers, the Licensed Financial Institution must not pass on the cost or differences associated with any change in exchange rates to the Consumers.
- 5.1.1.42 Licensed Financial Institutions must consider the cause of an Error or omission and ensure appropriate action is taken to mitigate the chance of re-occurrence. In case of a system wide Error or omission, the Licensed Financial Institution must immediately report the incident to the Central Bank with a description and explanation of the incident and corrective actions taken.

Unauthorized Transactions

- 5.1.1.43 Licensed Financial Institutions must provide appropriate and responsive digital and phone channels to assist Consumers 24 hours and 7 days a week to easily report loss, theft, fraud or misuse of their account and/or credit/payment cards/digital instruments.
- 5.1.1.44 The Unauthorized Transaction reporting service must have performance standards and tracking of responsiveness so as not to cause undue delay for the Consumer in blocking further Unauthorized Transactions. All calls or reports must be monitored and regular quality control checks must be conducted on these calls including monitoring waiting times and hang ups. Records of the monitoring must be retained for a period of 1 year. Licensed Financial Institutions must also document the action taken on poor service and performance. Response times towards Consumers must also be recorded.
- 5.1.1.45 All transactions will be considered as authorized if proper and secure

validation procedures have been applied by the Licensed Financial Institution, unless prima facie evidence can be provided by the Consumer to establish reasonable doubt that the transaction in dispute was not executed by the Consumer.

- 5.1.1.46 For reporting Unauthorized Transactions, Consumers must be allowed a minimum of 30 business day to report the transaction to their Licensed Financial Institution after the Consumer has been properly informed of the transaction. When an Unauthorized Transaction is reported to a Licensed Financial Institution or an Authorized Agent, the Licensed Financial Institution must:
- a. Document the reported transaction including date and time it is received and any pertinent information provided by the Consumer;
 - b. Inform the Consumer as to the options of blocking the account / credit/payment card/digital instrument while the matter is being investigated, having the account/card/instrument closed or cancelling and replacing the account /card/instrument; and
 - c. Take all appropriate actions deemed necessary to protect the Consumer from further Unauthorized Transactions.
- 5.1.1.47 Unauthorized payments must be reimbursed to the Consumer after the completion of the investigation or within 30 calendar days of the day the matter was first reported by the Consumer or identified by the Licensed Financial Institution, whichever period of time is shorter. This provision does not apply where there is evidence that the Consumer has acted fraudulently or with gross negligence.
- 5.1.1.48 If no Consumer transaction or payment authorization can be clearly confirmed and documented by the Licensed Financial Institution and there remains a dispute as to the liability and the quality of proof, the complaint shall be immediately referred to a complaint resolution mechanism.

Training, Competency and Ethical Conduct

- 5.1.1.49 The Board is ultimately responsible for ensuring that the Licensed Financial Institution's business is conducted with due skill, care and diligence, integrity and in a fair, honest and professional manner towards Consumers.
- 5.1.1.50 Developing and maintaining the proper level of Staff competence must be integrated into a Licensed Financial Institution's operational risk and conduct risk policies and be reflective of its corporate values and standards.
- 5.1.1.51 Where gaps in Staff competencies are identified and/or fail to meet qualification standards, a Licensed Financial Institution must address them immediately through additional education and training.
- 5.1.1.52 Licensed Financial Institutions must verify and document that their Staff (including Authorized Agents) are properly trained, qualified and fully understand their obligations regarding the Financial Products and/or Services being offered and the standards of assessing Financial Product and/or Service for appropriateness, suitability and affordability.

- 5.1.1.53 Licensed Financial Institutions must demonstrate compliance with the training requirements set out by other responsible UAE regulators of insourced products and services.
- 5.1.1.54 Licensed Financial Institutions must provide suitable training to all Staff to raise awareness of the principles and guidelines relating to treating all Consumers fairly including assistance to People of Determination. Specific sensitivity training programs and helpful aids must be designed for Staff that interact with these Consumers.
- 5.1.1.55 Licensed Financial Institutions must ensure that Staff, especially those who interact directly with Consumers, are required to update and enhance their professional knowledge through programs of professional development on an ongoing basis. The training must enable Staff to acquire and maintain the appropriate level of knowledge and competence.
- 5.1.1.56 The Central Bank may prescribe appropriate qualifications, training and development programs for the Staff of the Licensed Financial Institutions.
- 5.1.1.57 Licensed Financial Institutions must ensure Staff involved in the sale or marketing of any products or services from third parties including insurance/takaful products or structured / investment products must demonstrate appropriate and current qualifications and training requirements as set out by the responsible UAE regulator.
- 5.1.1.58 Licensed Financial Institutions must document and retain a record of an individual Staff person's training and qualification while that Person is employed by the Licensed Financial Institution including Staff of Authorized Agents.
- 5.1.1.59 Licensed Financial Institutions must have in place, methods for ensuring all levels of Staff within Licensed Financial Institutions act with integrity, due skill, care and diligence in carrying and in a fair, honest and professional manner while carrying out their role and responsibilities.

Monitoring Performance and Remuneration

- 5.1.1.60 Licensed Financial Institutions must monitor Staff performance and competence during the course of the Staff's work and their performance must be reviewed in the regular Staff performance appraisal at least once a year.
- 5.1.1.61 In response to changing circumstances, including Market developments, financial product innovation and changes in the regulatory requirements, Licensed Financial Institutions must monitor and review regularly the type and levels of competence that Staff are required to have in order to remain fit and proper for their role of serving Consumers.
- 5.1.1.62 Licensed Financial Institutions must ensure that their remuneration arrangements with Staff in respect of providing, arranging or recommending a Financial Product and/or Service to a Consumer, are not structured in such a way as to potentially impair the Licensed Financial Institution's responsibilities to Consumers. The remuneration arrangements must provide incentives:
 - a. To act in the best interests of Consumers;

- b. To carry out and apply in a competent manner the assessment of appropriateness, suitability and affordability requirements for all Financial Products and/or Services as set out in the Standards; and
 - c. To encourage responsible business conduct, fair treatment of Consumers and to avoid conflicts of interest.
- 5.1.1.63 Licensed Financial Institutions must have adequate policies, procedures and controls in place, so that Staff are not remunerated solely, or in large part, on criteria such as, but not limited to, volume of solicitations, sales, amount of credit financing. Staff performance assessments must include factors such as consumer satisfaction, loan/financing repayment/payment performance, loan/financing delinquency rates, consumer retention, substantiated Complaints, compliance with regulatory requirements/best practices guidelines and codes of conduct.
- 5.1.1.64 Effective Senior Management oversight is required to detect any biases or inappropriate behavior that may be caused by remuneration & incentive schemes. There must be monitoring of actions or activities that may indicate abusive practices such as the volume and type of Consumer Complaints, abnormal sales variance and trends, results of audit/compliance review, etc. Licensed Financial Institutions must be able to demonstrate that such monitoring is in place and effective. Corrective actions taken must be documented and available for review by the Central Bank.
- 5.1.1.65 Staff misconduct identified with respect to aggressive sales behavior and unfair or unethical treatment of Consumers must be addressed and taken into account during Staff appraisals/remuneration and promotional considerations. Licensed Financial Institutions must ensure and be able to demonstrate greater emphasis on proper conduct related performance indicators during appraisal/remuneration consideration of the Senior Management.

Sales, Marketing, Advertising and Financial Promotional Activities:

- 5.1.1.66 This Section must be read in conjunction with Section 2.3 of Article 2: Disclosure and Transparency.
- 5.1.1.67 Licensed Financial Institutions must not apply Undue Pressure or coercion on Consumers to purchase any Financial Product and/or Service.
- 5.1.1.68 Licensed Financial Institutions must not engage in marketing and / or sales conduct that is misleading or deceptive. The following actions fall within the prohibitive practices:
- a. Making repeated solicitations through any channel of communications to promote Financial Products and/or Services to Consumers who have previously opted out of these communications and/or communicated their disinterest in the Financial Product and/or Service;
 - b. Conducting one or more personal visits to the Consumer's home or workplace without the Consumer's permission;
 - c. Exploiting a Consumer's lack of knowledge, apathy or ability to

- understand the Financial Product and /or Service or the proposed transactions;
 - d. Falsely stating that the offer regarding Financial Products and/or Services that includes any promotional gifts, incentives, bonuses is only available for a limited time or is in limited supply, to elicit an immediate decision, when in fact there is no such limitation;
 - e. Misrepresenting conventional products as being Shari'ah-compliant funds or products;
 - f. Omitting material facts that are relevant for the Consumer to make an informed decision, including the use of small print to obscure such facts; and
 - g. Soliciting Consumers with incentives or attractive promises, for example financial promotions or gifts, when the Licensed Financial Institution is aware that it is not able to reasonably fulfil the demand for such promises.
- 5.1.1.69 Where Financial Products and/or Services are promoted or associated with a raffle/draw/lottery/give-away, the Licensed Financial Institution must ensure easy access to clearly disclosed rules, terms and conditions and any cost before registration in the promotional activity by the Consumer. Such an activity must be compliant with the rules and requirements (including prior authorization/approval) of any State law or regulatory authority.
- 5.1.1.70 Licensed Financial Institutions must not issue or distribute any marketing or sales information on Financial Products and/or Services publicly or to Consumers that:
- a. Does not provide the required disclosure information and is not in the format as prescribed in this Regulation and its accompanying Standards;
 - b. Gives prominence to and/or exaggerates the returns on a Financial Products and/or Services without giving adequate or equal prominence to significant terms and conditions, risk warnings, or that obscures the terms or conditions, as this may mislead Consumers to form unrealistic expectations on the returns that will be earned;
 - c. Misrepresents the benefits, advantages, conditions or terms of any Financial Products and/or Services;
 - d. Misrepresents the actual pricing, costs or interest/profit rates for acquiring a Financial Product and/or Service; and
 - e. Misrepresents any incentives, gifts, bonuses offered to the public or an individual Consumer.

Solicitation

- 5.1.1.71 When Consumers are presented documentation that requests their approval for solicitations, Consumers must also be informed at the same time of their right to opt out at any time including any previously expressed

consent granted to a Licensed Financial Institution regarding the distribution of sales or solicitation material and electronic messages sent to the Consumer.

- 5.1.1.72 Licensed Financial Institutions must not make unsolicited calls to Consumers by any means for the purpose of marketing their Financial Products and/or Services. Licensed Financial Institutions must obtain expressed consent from the Consumer if the Consumer wishes to be informed about Licensed Financial Institution's Financial Products and/or Services through promotional contacts.
- 5.1.1.73 Exchange Houses must not solicit their Consumers or any other party for selling Credit Products on behalf of local or foreign banks or finance companies and must not be involved in or assist its Consumers or any other party to open bank accounts with local or foreign banks unless otherwise permitted by the Central Bank.

Consent for Financial Products and/or Services:

- 5.1.1.74 When a Licensed Financial Institution offers a Consumer a new Financial Product and/or Service through any channel, the Licensed Financial Institution must not interpret a Consumer's failure to respond or take an affirmative response or action as an affirmative consent to accept the new/modified Financial Product and/or Service, an option, or to be charged any Fee or other cost.
- 5.1.1.75 Licensed Financial Institutions cannot provide any new or optional Financial Products and/or Services to a Consumer without expressed consent provided by the Consumer.
- 5.1.1.76 If expressed consent is given verbally, the Licensed Financial Institution must provide the Consumer with immediate confirmation of the Consumer's expressed consent in Writing and inform the Consumer that he/she retains the right of refusal as well as the 5 complete business days Cooling Off period. The confirmation must include a method of contacting the Licensed Financial Institution, should the Consumer subsequently decide to refuse the Financial Product and/or Service.
- 5.1.1.77 Where expressed consent is given, this Section must be read in conjunction with the sub-section on Cooling-off Periods in the Section 5.1.1 of Article 5: Business Conduct.

Bundling of Financial Products and/or Services

- 5.1.1.78 Licensed Financial Institutions must not apply Undue Pressure or coerce Consumers into obtaining a Financial Product and/or Service from them or anyone else as a condition for obtaining another Financial Product and/or Service from them.
- 5.1.1.79 Licensed Financial Institutions are allowed to offer Consumers, in conjunction with one of their Financial Products and/or Service, another Financial Product and/or Service on more favorable terms than they normally would, provided the more favorable terms are clearly disclosed. The Consumer has the right to acquire separately one of proposed bundled

Products and or Services and forgo the favorable terms.

Accountability for Authorized Agents

- 5.1.1.80 Licensed Financial Institutions must have a fit and proper policy and perform appropriate due diligence and verification before contracting with their potential Authorized Agents or renewing contracts. These policies must be reviewed on a periodic basis. Licensed Financial Institutions must apply the fit and proper policy based on the type of activity being insourced or outsourced and document the process and results.
- 5.1.1.81 Licensed Financial Institutions are accountable and liable for ensuring that Authorized Agents remain fit and proper and fully understand the Licensed Financial Institutions' control framework and agree to comply with all Applicable Laws and Regulations applicable to the Licensed Financial Institution.
- 5.1.1.82 Licensed Financial Institutions must ensure they include provisions in the contract that provides the Licensed Financial Institutions and the Central Bank the ability to access, verify and ensure compliance with all Applicable Laws and Regulations applicable to the Licensed Financial Institution.

5.1.2 General Provisions for Deposit Products

Current and Saving Accounts

5.1.2.1 Opening Accounts:

- a. Commercial banks can open all types of accounts for their retail Consumers, but in such cases, they must abide by the Consumer Protection Regulation and the accompanying Standards;
- b. Accounts must be opened within 2 complete business days from the date of application except as noted as follows. An exception is provided where the Licensed Financial Institution is acting accordance with UAE's Financial Crime Compliance requirements. Where other valid circumstances require additional time to allow the account to function, the Licensed Financial Institution must explain the delay to the Consumer and document the reason for the delay. The account may still be opened and the low risk Consumer may be provided with the account number, however, the account may have limited transactions until the circumstances or the lack of certain documentation causing the delay are resolved. Licensed Financial Institutions may refuse to open an account when the Licensed Financial Institution has reasonable and justifiable grounds;
- c. When a Licensed Financial Institution refuses to open an account, it must provide a written notice to the Consumer immediately stating that the application to open an account has been refused and that the Consumer may file a Complaint with the Central Bank or any other relevant or delegated authority. The Licensed Financial Institution must internally document the specific reason for refusal for review by the Central Bank;
- d. Licensed Financial Institutions must develop risk-based policies and

procedures for account opening for Consumer accounts and in applying Know Your Customer (KYC) requirements. Such risk based policies and procedures should provide for account opening with limited features and Permissible transactions for low risk Consumers. Limitations may include limits on the number of transactions, the amount and types of transactions, prohibit transfers, remittances, use of cheques, etc. Licensed Financial Institutions must use their internal controls and monitoring to mitigate risks in account openings for Consumers; and

- e. Licensed Financial Institutions must inform a Consumer of the requirements and procedures to open and operate a bank account. As part of the process, Licensed Financial Institutions must disclose to the Consumer all Fees that would be applied and ensure that Consumers are fully aware of the consequences of granting third parties access to their bank accounts, cheques or debit cards.

5.1.2.2 Account closure by the Licensed Financial Institution:

- a. Licensed Financial Institutions must inform Consumers in Writing of their decision to close a Consumer's account 60 calendar days in advance of the account being closed;
- b. The Licensed Financial Institution must provide in Writing, the reasons for the closure except where the Licensed Financial Institution has suspicion as to the use of the account by the Consumer to carry out financial crimes; and
- c. An exception is provided where the Licensed Financial Institution is acting accordance with UAE's Financial Crime Compliance requirements.

5.1.2.3 Account blockage:

- a. A Licensed Financial Institution must not block a Consumer's account, block debit and/or credit transactions; hold funds or remove certain privileges for reasons other than the following or otherwise prescribed by the Central Bank:
 - i. The Licensed Financial Institution may block the Consumer's account privileges and funds when the Licensed Financial Institution is acting in accordance with Central Bank's request and/or relevant UAE laws and Regulations. (refer to Article 6.2.1.5). Licensed Financial Institutions must maintain detailed records of such events for review by the Central Bank;
 - ii. The Licensed Financial Institution may block the account, a privilege on an account or a determined amount of funds in a Consumer's account for a set period of time in the following scenarios:
 - o A court order served on the Licensed Financial Institution to block the account and/or a defined amount;
 - o Upon instructions from the Central Bank;
 - o Recovery of amount of funds owed to the Licensed Financial Institution by the Consumer relating to credit facilities and/or

- unpaid Fees;
 - Evidence that a Consumer has acted dishonestly, fraudulently, or is convicted of a crime; or
 - Evidence that the Consumer has died.
- b. When a Licensed Financial Institution blocks the use of a Consumer’s account, or blocks all or a defined amount of funds, or suspends certain privileges on an account, the Licensed Financial Institution must provide a written notice to the Consumer within 24 hours to inform the Consumer of the blockage details, the action the Consumer is expected to take and the contact information for the Licensed Financial Institution regarding the blockage. This provision is not applicable in instances when Licensed Financial Institutions have a reasonable basis of considering the transaction is related to risks of financial crime or as may be prohibited by law;
- c. The Licensed Financial Institution must not:
- i. Apply any account related Fees to a Consumer account that will result in an overdraft in the account while it is being blocked, including returned cheques Fees caused as a result of the blockage by the Licensed Financial Institution. Once the blockage has been removed, such fees may be collected and the Consumer informed;
 - ii. Block an amount of funds greater than the actual outstanding liability owed to the Licensed Financial Institution by the Consumer at the time of the blockage; and
 - iii. Block funds from a Consumer’s end of service payment for repayment/payment of a Consumers’ mortgage loan/financing.

Digital Instruments

5.1.2.4 Where there is an expiry date associated with a Digital Instrument product that stores or uses digital money, the Licensed Financial Institution that has issued the product must continue to provide a method of access to those funds and to safeguard any remaining balance of funds on behalf of the Consumer.

Debit Cards

5.1.2.5 Licensed Financial Institutions can issue debit cards in a secure manner that are linked to any type of accounts. They may charge approved Fees for issuance of new cards, replacement of lost cards or renewal of expired cards. However, they must disclose these Fees in the manner specified in Article 2: Disclosure and Transparency.

5.1.2.6 Licensed Financial Institutions cannot issue the Consumer’s initial debit card without expressed consent from the Consumer. Licensed Financial Institutions cannot issue a replacement for a lost or stolen debit card unless authorized by the Consumer. A replacement card can be issued automatically to the Consumer due to the expiry date of the current card

or as agreed to by the Consumer. If the Licensed Financial Institution must issue new cards due to its own procedural changes, then the Consumer must be provided with a separate and advanced notice in Writing.

- 5.1.2.7 Licensed Financial Institutions must ensure that cards are issued and delivered to the Consumer named on the card, or to an authorized Persons as approved by the Consumer.
- 5.1.2.8 Licensed Financial Institutions must obtain the Consumers approval of the daily transaction limits that apply to the debit card for use with Automated Teller Machine (ATM) and Point of Sale (POS) transactions at time of issuing of the initial card or the reissuing of cards. If the Licensed Financial Institution has decided to reduce the limit of the Permissible daily transactions or the terms and conditions of the card, the Licensed Financial Institution must provide 60 calendar days' notice in Writing to the Consumer and explain the change and what Consumers can do if they do not agree.

Automated Teller Machines and Point of Sale

- 5.1.2.9 Licensed Financial Institutions must fully investigate problems, Complaints and claims from Consumers, regarding incorrect transactions or any difficulties encountered when using any ATM or POS and where appropriate take corrective action:
 - a. In relation to provision of POS products or services, Licensed Financial Institutions must monitor whether the merchant clients impose any additional and unauthorized Fees onto Consumers when they use the Licensed Financial Institutions' card/digital payment methods for the purchase of goods or services from the merchants; and
 - b. Licensed Financial Institutions must monitor for evidence of fraudulent use of ATMs and POS Terminals. Proof of the monitoring must be documented for review by the Central Bank. Where there is evidence of tampering with an ATM or POS Terminal, a Licensed Financial Institution must review its records and related Consumer Complaints for possible identification of past transactions previously deemed authorized transactions that need to be reversed due to the evidence of tampering.

5.1.3 General Provisions for Credit Products

- 5.1.3.1 Refer to Article 2: Disclosure and Transparency for applicable requirements.
- 5.1.3.2 The criteria for Business Conduct are prescribed by Article 7: Responsible Financing Practice of these Standards.
- 5.1.3.3 Licensed Financial Institutions must in accordance with Article 7 and without undue delay, allow Consumers to transfer their loan/financing from any bank or finance company operating in the UAE. Licensed Financial Institutions may require payment of an Early Settlement Fee as prescribed by the Central Bank.

5.1.4 General Provisions for Structured products

- 5.1.4.1 Refer to Article 2: Disclosure and Transparency for applicable requirements.
- 5.1.4.2 Licensed Financial Institutions are required to submit an application for approval with the relevant details and rationale of the proposed product to the Central Bank for consideration before selling and/or marketing structured products.

5.1.5 General Provisions for Remittances, Transfers and Foreign Exchange

- 5.1.5.1 Licensed Financial Institutions may impose Fees on Consumers for transferring funds external to the Licensed Financial Institution. These Fees must be a fixed amount and not a percentage of the amount being transferred.
- 5.1.5.2 Licensed Financial Institutions must inform the Consumer of the amount of their Fees before confirming the transfer of funds. The Consumer must be informed of the potential of Fees being charged by the receiving correspondent bank or financial institution. This Section is to be read in conjunction with Clause 2.1.5.5 of Article 2: Disclosure & Transparency.
- 5.1.5.3 Licensed Financial Institutions must be transparent and disclose options for low cost services for remittances of funds and avoid excessive Fees that may limit use by low income Consumers.
- 5.1.5.4 Licensed Financial Institutions must provide an official receipt of the transaction including details of all the Fees. Licensed Financial Institutions must ensure that the Consumers receive an official receipt for all the transactions in a manner that allows the Consumer to retain a record of the transaction details.
- 5.1.5.5 Licensed Financial Institutions are responsible for validating the accuracy of payment instructions, specifically the International Bank Account Number (IBAN) and Bank Identifier Code (BIC), before completing the transfer of the funds.
- 5.1.5.6 Licensed Financial Institutions must advise a Consumer within 2 complete business days of the return of funds by a correspondent bank or financial institution. The funds returned must be credited to the Consumer's account as soon as received from the correspondent bank or financial institution. Where the Consumer does not have an account, the returned funds must be available in cash or by cashier's cheque within the 2 complete business days. If Licensed Financial Institutions are required to undertake financial crime investigations, Licensed Financial Institutions are exempt from the 2 complete business days refund requirement.

5.2 Fair Treatment of Consumers

5.2.2 General Provisions for Fair Treatment of Consumers

- 5.2.2.1 The Board of Licensed Financial Institutions, must establish a control framework that articulates and demonstrates clearly its values and culture with respect to treating the Consumer fairly and address such matters as:

- a. Good ethics, values and transparency in promoting and selling Financial Products and/or Services to Consumers;
 - b. Positive Consumers relations, Complaint management and Complaint resolution;
 - c. Assisting People of Determination;
 - d. Equal, Fair treatment of all Consumers;
 - e. Confidentiality and safeguarding of Consumers' information and assets;
 - f. Addressing conflicts of interest;
 - g. Service performance standards that provide timely delivery of Financial Products and/or Services; and
 - h. Identifying and addressing Errors or omissions including systemic and administrative Errors/omissions expeditiously.
- 5.2.2.2 Licensed Financial Institutions must ensure Staff are provided with a copy of the Licensed Financial Institution's Code of Fair Treatment of Consumers that summarizes the Licensed Financial Institution's policy and procedures. Staff must be trained on the Code. Each year, Senior Management must send a reminder to all Staff of their responsibility to comply with the Code.
- 5.2.2.3 The Code of Fair Treatment of Consumer should be a basis for evaluating the annual performance of Staff.
- 5.2.2.4 Licensed Financial Institutions must monitor the performance of Staff regarding the fair treatment of Consumers by undertaking periodic mystery shopping, review of Consumer Complaints and annual Consumer satisfaction surveys.

5.2.3 Conflict of Institution's Interest with Consumers

- 5.2.3.1 Licensed Financial Institutions must have in place and operate in accordance with a written Conflict of Interest policy appropriate to the nature, scale and complexity of the Licensed Financial Activities carried out by the Licensed Financial Institution. The conflicts of interest policy must:
- a. Identify the circumstances which constitute or may give rise to a Conflict of Interest entailing a risk of harm done to the interests of its Consumers; and
 - b. Specify procedures to be followed, and measures to be adopted, in order to mitigate such conflicts and to address non-compliance.
- 5.2.3.2 Where conflicts of interest arise and cannot be reasonably avoided, Licensed Financial Institutions must:
- a. Disclose the general nature and/or source of the conflicts of interest to the Consumer. Licensed Financial Institutions must only undertake those businesses with or on behalf of a Consumer where that Consumer has acknowledged in Writing that the Consumer is fully aware of the Conflict of Interest and agrees to proceed; and
 - b. In case a Conflict of Interest cannot be avoided, Licensed Financial Institutions must put in place proper disclosure and controls to

mitigate them.

- 5.2.3.3 Where Licensed Financial Institutions distribute their Financial Products and/or Services to Consumers through an Authorized Agent and pay commission based on levels of business introduced, Licensed Financial Institutions must be able to demonstrate that these arrangements:
- a. Are disclosed to the Consumer;
 - b. Confirm the agent's duty to act in the best interests of Consumers;
 - c. Do not give rise to a Conflict of Interest between the agent and the Consumer and controls are set in place to mitigate any Conflict of Interest which may arise; and
 - d. Provide for effective monitoring for potential/actual abusive sales and disclosure practices.
- 5.2.3.4 Licensed Financial Institutions must ensure that there are effective controls in place between the different business lines of the Licensed Financial Institution, and between the Licensed Financial Institution and its connected parties, in relation to access and the use of personal information that could potentially give rise to a Conflict of Interest or abuse of Consumers' Personal Data.
- 5.2.3.5 Licensed Financial Institutions must take reasonable steps to ensure that it or any of its Staff do not offer, give, solicit or accept any gifts or rewards (monetary or otherwise) that are likely to be perceived or are a potential conflict with any duties of the recipient in relation to his /her activities involving Consumers or/and the policies of the Licensed Financial Institution.
- 5.2.3.6 The Board of Licensed Financial Institutions must have in place adequate control framework to ensure that any Outsourcing or insourcing arrangement does not create situations of Conflict of Interest. Any Outsourcing or insourcing arrangement must be subjected to appropriate due diligence, fit and proper approvals and ongoing monitoring in order to identify and mitigate risks of any Conflict of Interest.

5.2.4 Fair Treatment of Financially Distressed Consumers

Debt Counselling

- 5.2.4.1 Licensed Financial Institutions must provide Consumers with qualified credit counselling services on debt problems and encourage Consumers to feel confident about approaching the Licensed Financial Institutions and openly discussing their financial concerns. When approached by a Consumer, the Licensed Financial Institution must give reasonable consideration to alternative arrangements that could enable Consumers to overcome their repayment/payment difficulties.
- 5.2.4.2 Licensed Financial Institutions must proactively provide assistance to Consumers when initial irregularities in payments are observed. Licensed Financial Institutions must encourage Consumers to reach out to them to discuss their financial difficulties.
- 5.2.4.3 Licensed Financial Institutions must ensure their counselling Staff is

qualified and adequately trained to handle Consumers facing financial difficulties and treat them with respect and empathy.

Revised Payment Arrangements

- 5.2.4.4 Where Licensed Financial Institutions reach an agreement on a revised repayment/payment arrangement with a Consumer, the Licensed Financial Institution must, within 10 complete business days, provide the Consumer in Writing, with a clear disclosure and explanation of the revised repayment/payment arrangement. The Licensed Financial Institution will provide the Consumer with a copy of detailed and revised payment schedule, and a breakdown of how payments will be allocated to interest/profit and the outstanding balance owing. The Licensed Financial Institution must disclose to the Consumer that reporting relating to the Consumer's Arrears must be shared with the Credit Information Agency.
- 5.2.4.5 Where Arrears arise on an account and a Consumer makes an offer of a revised repayment/payment arrangement that is rejected by the Licensed Financial Institution, the Licensed Financial Institution must internally document its reasons for rejecting the offer and communicate to the Consumer in Writing why the matter was rejected.
- 5.2.4.6 Licensed Financial Institutions must make the following information available for Consumers, including on a dedicated section of its website for debt management that provides the following:
- a. General information to encourage a Consumer to deal with debt issues and problems of Arrears, and stating the benefits of doing so;
 - b. Licensed Financial Institutions' contact information for Staff that deal with debt issues and Arrears management including Staff dealing with counselling;
 - c. Details on the Fees that may be imposed on Consumers in Arrears; and
 - d. Self-help tools for budgeting and managing money.
- 5.2.4.7 The information on the website must be easily accessible with a prominent link on the homepage.

5.2.5 Debt Collection Practice

General Requirements

- 5.2.5.1 Licensed Financial Institutions must have in place written policies and procedures for managing the collection of debts owed to the Licensed Financial Institution by a Consumer. To the extent reasonably possible, Licensed Financial Institutions must discuss financial difficulties with their Consumers before proceeding with collection efforts, redemption of collaterals/guarantees and/or taking legal proceedings. Licensed Financial Institutions must document these discussions.
- 5.2.5.2 Where an account is in Arrears, Licensed Financial Institutions must approach a Consumer, or through the Consumer's authorized

representative and discuss options that will assist the Consumer in resolving the Arrears.

5.2.5.3 Where an account remains in Arrears 30 calendar days after the date on which the Arrears first arose, Licensed Financial Institutions must immediately communicate with the Consumer to establish why the Arrears have arisen. At the Consumer's request and with the Consumer's expressed consent, Licensed Financial Institutions must liaise with the Consumer's authorized representative who may act on the Consumer's behalf in relation to addressing the Arrears.

5.2.5.4 Where an account remains in Arrears more than 60 calendar days after the date on which the Arrears first arose, Licensed Financial Institutions must immediately issue a notice in Writing to inform the Consumer, authorized representative and/or any guarantor of the loan/financing of the status of the account.

The information in the notice must include the following, as may be applicable:

- a. The date the account fell into Arrears;
- b. The number and total amount of repayments/payments (including partial repayments/payments) missed (this information is not required for credit card accounts);
- c. The amount of the Arrears as of a specified date;
- d. The interest/profit rate;
- e. Details of any Fees in relation to the Arrears that may be applied;
- f. Request that the Consumer begin engaging with the Licensed Financial Institution in order to address the Arrears;
- g. The contact information for the responsible Person / function within the Licensed Financial Institution or where an external collection agent is assigned, the name and contact information of the authorized collection agent representing the Licensed Financial Institution;
- h. The consequences of continued non-payment, including:
 - i. Where relevant, sharing of Data relating to the Consumer's Arrears with the Credit Information Agency;
 - ii. Any impact the non-payment may have on other accounts held by the Consumer with that Licensed Financial Institution including the potential for off-setting accounts, where it is Permissible under existing agreed terms and conditions;
 - iii. Potential for the sale of collateral and security;
 - iv. Demand for payment from guarantors and co-signers;
 - v. Legal proceedings; and
 - vi. Continued accumulation of interest charges and related fees.
- i. A statement that advises the Consumer to seek assistance from the Licensed Financial Institution for credit counselling and provides the contact details for the responsible Staff to provide the assistance.

- 5.2.5.5 Where Arrears persist, the Licensed Financial Institution must send the Consumer an updated disclosure notice of Arrears regarding the state of the Arrears. The notice of Arrears is to be sent monthly confirming any payments received by the Licensed Financial Institution or its Authorized Agent and the allocation of those payments between interest/profit, principle and related Fees as well as detailing the balance of accumulated payment Arrears, Fees and interests/profits and the outstanding balance owing on the loan/financing facility.

Communication with the Consumers

- 5.2.5.6 Licensed Financial Institutions must ensure that the frequency and manner of contact and communications of a Licensed Financial Institution with a Consumer regarding Arrears is proportionate and not excessive. A Licensed Financial Institution must apply a fair and due process when communicating with a Consumer before seeking recourse with competent judicial authorities, while observing the following:
- a. A Licensed Financial Institution may communicate with a Consumer or his/her guarantor using the following approved methods:
 - i. E-mail;
 - ii. Registered mail;
 - iii. Courier;
 - iv. SMS messages;
 - v. Phone calls; or
 - vi. Such other method as consented to by the Consumer.
 - b. The Licensed Financial Institution must not:
 - i. Visit the Consumer's place of employment or the Consumer's home unless expressed consent is given by the Consumer or by permission of a court order;
 - ii. Visit the Consumer outside the hours of 9 AM to 8 PM; and
 - iii. Disclose any of the Consumer's information to any Third Party other than a Credit Information Agency, an authorized debt collection agent, as may be legally required or where expressed consent is given by the Consumer.
 - c. In its attempts to contact a Consumer by telephone, a Licensed Financial Institution must not make unreasonable and excessive number of communication attempts /actual communications with the Consumer. Such attempts / actual contact must only be made during the hours of 9 AM to 8 PM. Where the Consumer has not been reached, a message should be left by the Licensed Financial Institution and/or authorized debt collection agent, so that the Consumer will have the ability to Call-back the same number used by the Licensed Financial Institution and/or authorized debt collection agent; and
 - d. During any communication with Consumer the communication

message must include, at minimum:

- i. The name of the Licensed Financial Institution and its collection department or authorized agent concerned with the collection of defaulted payments;
- ii. The contact number of the concerned department / agent;
- iii. Working hours of the concerned department; and
- iv. Name of the employee / agent who contacts a Consumer through a phone call.

5.2.5.7 All communications with Consumers must be recorded and records maintained within Licensed Financial Institutions for 5 years after the credit amount due has been settled or the debt is written off.

5.2.5.8 A Licensed Financial Institution must inform the concerned Consumer, if it has appointed a Third Party to engage with the Consumer in relation to collection of Arrears and must disclose who the Third Party is, the amount that they are to collect and explain the authority granted to the Third Party to act on behalf of the Licensed Financial Institution including the receiving of payments.

Default on Residential Mortgage Loan/Financing

5.2.5.9 In respect of residential mortgages, where a full or partial repayment/payment is missed and remains outstanding and an alternative repayment/payment arrangement has not been put in place, Licensed Financial Institutions must notify the Consumer, in Writing, of the following:

- a. The potential for legal proceedings for collection of payments and proceedings for repossession of the property;
- b. The importance of the Consumer seeking independent Advice;
- c. That, irrespective of how the property is repossessed and disposed of, the Consumer may remain liable for the outstanding debt after consideration of any proceeds of sale of a property and including accrued interest/profit, Fees, legal, selling and other related costs, as may be the case; and
- d. The costs and Fees related to default proceedings charged to the Consumer must be fair, transparent and reasonable.

Licensed Financial Institutions must comply with the above requirements taking into consideration the characteristics of the underlying contracts for such financing.

Article 6: Protection of Consumer Data and Assets

6.1 Consumer Data Protection

6.1.1 Policies, Procedures and Systems

- 6.1.1.1 Pursuant to Article (120) in Decretal Federal Law No. (14) of 2018, Regarding the Central Bank & Organization of Financial Institutions and Activities, Licensed Financial Institutions must have policies, procedures and control frameworks regarding the collection, protection, confidentiality and authorized use of Consumers' Data. Consumers must be informed in Writing with respect to how their personal information will be processed, e.g. collected, used, disclosed, Data mined and profiled.
- 6.1.1.2 Licensed Financial Institutions must protect Consumer Data and maintain the confidentiality of the Data, including when it is held, accessed or used by Authorized Agents.
- 6.1.1.3 Licensed Financial Institutions are responsible for ensuring Data protection and individual Consumer confidentiality with respect to any profiling, Data mining, marketing and sale of financial services through use of new technologies and social media.
- 6.1.1.4 Licensed Financial Institution must provide a safe, secure and confidential environment in all of its delivery channels to ensure a high level of confidentiality and privacy of Personal Data.
- 6.1.1.5 Licensed Financial Institutions have a legal obligation of confidentiality towards a Consumer except:
 - a. When disclosure of Consumer Data is properly imposed by a legal authority; or
 - b. When disclosure is made with the expressed consent of the Consumer, or through a representative nominated by the Consumer.
- 6.1.1.6 Licensed Financial Institutions must have a proper Data Management Control Framework with policies, procedures, system controls, and checks and balances to protect Consumer Data and to identify and resolve any incidents of information security breaches, when they may occur.
- 6.1.1.7 Where the Consumer's identity verification is conducted online, the Licensed Financial Institution must apply more than one evidence of identity verification for electronic services. Licensed Financial Institutions must advise Consumers regarding any directed and repeated attempts of online fraud on their accounts for the Consumers to take additional precautions.
- 6.1.1.8 Licensed Financial Institutions must secure digital transaction processing and controls, implement detailed activity monitoring and enhance Consumer identification methods in accordance with the Central Bank's requirements for strengthening Digital Channels.
- 6.1.1.9 Licensed Financial Institutions must provide employee training and awareness programs on their Data control framework for accessing and handling Consumer Data and reporting security and policy breaches. The

Licensed Financial Institution must promote the importance of protecting Consumer's Data as an ongoing responsibility of Staff with reminders sent on an annual basis.

- 6.1.1.10 Licensed Financial Institutions must ensure that access to personal information and Personal Data of Consumers is limited to authorized business lines and their Staff only. Licensed Financial Institutions must maintain logs for audit and supervisory purposes, recording the names of Staff who have accessed Consumer databases and the timing. Such records must be provided to the Central Bank as and when requested.

6.1.2 Data Management of Data Protection

- 6.1.2.1 The Board must designate responsibility and accountability for the Data Management and Protection function to a senior position in management who reports directly to Senior Management. The function is responsible for ensuring oversight of and compliance with the Data Management Control Framework and any related requirements for Data protection and privacy laws of the UAE and the Central Bank.

- 6.1.2.2 The Data Management and Protection function must ensure that:

- a. Adequate monitoring and preventive controls are in place to detect any unauthorized or accidental loss, misuse, modification, access, disclosure or destruction of Personal Data;
- b. Verifications are regularly carried out on the legitimacy of Data collection, access to Data, Data integrity and the electronic procedures and address any issues identified;
- c. Controls are commensurate with the criticality and sensitivity of the relevant systems and Data handled; and
- d. Detailed monitoring of records and the actions taken are maintained for 5 years.

- 6.1.2.3 The Data Management and Protection Function must:

- a. Annually review and improve the adequacy of the Data Management Control Framework for the collection, classification, storage, usage, transfer, protection, correction and destruction of Personal Data;
- b. Monitor, investigate and report to Senior Management any material incidents of accidental or unauthorized access, loss, alteration, transfer, destruction, use, modification or disclosure of Data; and
- c. Participate in the handling and investigation of privacy related Consumer Complaints and must report the conclusion of the investigation to the head of the Complaint Management function, who will then correspond with the Consumer and provide the Institution's findings in Writing.

- 6.1.2.4 The Data Management and Protection function must issue reports to the Senior Management and the Board on significant Data management violations and breaches immediately. Senior Management must ensure proactive measures are taken to address the violation / breach and to improve Data management systems and safeguard the confidentiality and privacy of Consumers' Personal Data.

- 6.1.2.5 Licensed Financial Institutions must, without delay, inform their Consumers of unauthorized access to, and/or loss, destruction or alteration of Consumers' Personal Data where it may reasonably pose a risk to the Consumer's financial and personal security and/or where it may pose reputational harm to a Consumer.
- 6.1.2.6 Licensed Financial Institutions must notify the Central Bank immediately of all significant breaches of Personal Data.

6.1.3 Expressed Consent by Consumers

- 6.1.3.1 Licensed Financial Institutions must ensure Personal Data is:
 - a. Collected for a lawful purpose directly related to the Licensed Financial Activities of the Licensed Financial Institution;
 - b. Adequate and not excessive in relation to the stated purpose; and
 - c. Collected with appropriate security and protection measures against unauthorized or unlawful processing and accidental loss, destruction, or damage.
- 6.1.3.2 Before requesting the consent of a Consumer to share Personal Data, the Licensed Financial Institution must proactively disclose in Writing to a Consumer its intent to use and/or share Personal Data and with whom the Consumer's Personal Data will be shared.
- 6.1.3.3 The Consumer must give his/her expressed consent freely and explicitly to a request for the use and/or sharing of Personal Data by the Licensed Financial Institution. The request for consent must be expressed in clear and plain language and inform the Consumer of his/ her right to refuse to provide expressed consent.
- 6.1.3.4 Licensed Financial Institutions must obtain informed and expressed consent before using and sharing a Consumer's Personal Data for direct marketing or transferring the Personal Data to Authorized Agents for direct marketing. A copy of the expressed consent must be retained for 5 years after the relationship with the Consumer has terminated.
- 6.1.3.5 The Consumer shall have the right to withdraw expressed consent for the following at any time:
 - a. The processing of Personal Data by the Licensed Financial Institution except where Personal Data is required for business operations related to the Consumer's Products and Services; and
 - b. Personal Data sharing with Authorized Agents and other third parties for purposes such as but not limited to sales and marketing.
- 6.1.3.6 Prior to a Consumer entering any contract with a Licensed Financial Institution, the Licensed Financial Institution must provide the following disclosures to the Consumer:
 - a. That Licensed Financial Institutions will only collect Data / Personal Data for a lawful purpose directly related to a function or activity of the Consumer;
 - b. Whether the collection is obligatory or voluntary for the Consumer to provide the Data / Personal Data;

- c. Where it is obligatory for the Consumer to provide the Data / Personal Data, the consequences for the Consumer for failing to provide the Data / Personal Data as required;
- d. A future withdrawal of expressed consent by a Consumer shall not affect the lawfulness of Data processing based on the prior expressed consent. Unless specified otherwise, the withdrawal must take effect within complete 30 calendar days of the Consumer requesting the withdrawal with the Licensed Financial Institution;
- e. When Data / Personal Data of the Consumer is being processed by or on behalf of the Licensed Financial Institution, provide a description of the Data / Personal Data being processed;
- f. When other external information on the Consumer is collected by the Licensed Financial Institution and the source of that Data / Personal Data;
- g. The Consumer's right and means to request access to and to request correction of the Data / Personal Data and how to contact the Licensed Financial Institution with any inquiries or Complaints in respect of the Data / Personal Data; and
- h. The choices and means the Licensed Financial Institution offers the Consumer for limiting the processing of Data / Personal Data.

6.1.4 Sharing with Authorized Agents

- 6.1.4.1 Licensed Financial Institutions must ensure that any Authorized Agent to whom some part or the entire delivery of the Financial Product and/or Service is outsourced meet the fit and proper policy regarding Data management and protection including secure handling procedures and applying proper controls.
- 6.1.4.2 Licensed Financial Institutions must ensure that access to a Consumer's Personal Data by Authorized Agents is properly authorized in Writing by the Licensed Financial Institution, regularly monitored, and appropriately restricted in line with the purpose of the access given. All legal contracts with Authorized Agents relating to the Outsourcing of functions and services must include appropriate provisions for safeguarding confidentiality of Personal Data and must prohibit the unauthorized disclosure of confidential Personal Data by Authorized Agents. The Authorized Agents must report to the Licensed Financial Institutions Data Management and Protection function significant breaches of Personal Data. The Licensed Financial Institution's obligation to protect all Consumer Data extends to the actions of all Authorized Agents.
- 6.1.4.3 Where Personal Data is shared and retained outside of a Licensed Financial Institution's own network such as with Authorized Agents, Licensed Financial Institutions and Authorized Agents must use encryption techniques to suitably encrypt Consumer Data and take measures for the secure transfer of Data.
- 6.1.4.4 Licensed Financial Institutions are responsible for ensuring any outsourced technology using or retaining Personal Data meets the highest standards of security, encryption and protection and are regularly audited and

verified for vulnerabilities.

- 6.1.4.5 In the event of a termination of an Outsourcing contract with a Third Party, Licensed Financial Institutions must ensure and be able to demonstrate that all Personal Data is either retrieved from the Third Party and/ or is destroyed.
- 6.1.4.6 Where the Consumer provided expressed consent to the Licensed Financial Institution for sharing Data to a Third Party, the Licensed Financial Institution must confirm in any contract with a Third Party that the Third Party has no further right to share the Data or use it for other unauthorized purposes unless required by the laws in UAE.

6.1.5 Sharing With Authorized Credit Information Agencies

- 6.1.5.1 Licensed Financial Institutions are required to provide Consumer Data to government-authorized Credit Information Agencies as may be prescribed. Consumers must be informed of this requirement and be advised as to the possible limitations of accessing future Financial Products and/or Services based on the Consumer records provided to these agencies.
- 6.1.5.2 Correction of Reported Credit Information:
 - a. With respect to any Errors, omissions or inaccuracies of Consumer information and Personal Data provided to the Credit Information Agencies by a Licensed Financial Institution, the Licensed Financial Institution must correct any Errors, omissions and inaccuracies within 7 complete business days of becoming aware of it;
 - b. For Personal Data unlawfully collected and reported by Licensed Financial Institutions, the Licensed Financial Institution must request the deletion of such Data in order to reduce the permanence of erroneous Personal Data in the Credit Information Agencies; and
 - c. When Consumers notify and request a Licensed Financial Institution to make updates or corrections to their Data reported to Credit Information Agencies, the Licensed Financial Institution must acknowledge receipt and verify if the request is accurate. If an update or correction is required, the Licensed Financial Institutions must report the update or correction to the Credit Information Agencies within 7 complete business days of the Licensed Financial Institution having been notified by the Consumer.

6.1.6 Standards for Retention of Consumer Records

- 6.1.6.1 All Personal Data, documents, records and files must be securely retained for a minimum of 5 years. The retention period begins, depending on the circumstances, from the date of the most recent of any of the following events:
 - a. Termination of the Business Relationship or the closing of a Consumer's account with the Licensed Financial Institution; and
 - b. Completion of a casual transaction (in respect of a Consumer with

whom no Business Relationship is established).

All Standards related to confidentiality and security must be maintained after the termination of the relationship until the Personal Data is destroyed.

- 6.1.6.2 Licensed Financial Institutions must not process or use Personal Data for any period longer than is necessary for the fulfillment of the purpose for which that Personal Data is required. After the lapse of the mandatory retention period for retaining Consumer records, Licensed Financial Institutions must take all reasonable steps to ensure that all Data / Personal Data is destroyed or permanently deleted if it is no longer required for the purpose for which it was collected and processed or no longer required by law.
- 6.1.6.3 All Licensed Financial Institutions must hold and store all Consumer and transaction Data within the UAE as prescribed by the Central Bank. At a minimum, Licensed Financial Institutions must also establish a safe and secure backup of all the Consumer Data and transactions in a separate location for the required period of retention specified in Section 6.1.6.
- 6.1.6.4 Licensed Financial Institutions must ensure there is secure retention of Consumer Data that would prevent any unauthorized or accidental loss, misuse, modification, access, disclosure or destruction. Licensed Financial Institutions must review their procedures and methods for retention of Consumer Data on an annual basis.

6.1.7 Notification to the Central Bank

- 6.1.7.1 Where breaches of the Data Management Control Framework occur regarding the unauthorized access or release of Consumer Personal Data, the Licensed Financial Institution must record any disciplinary actions taken against any Staff, agents or contractors responsible for the breach. The Licensed Financial Institution must maintain records of such events for 5 years after the event being recorded. The records must be made available to Central Bank upon request.
- 6.1.7.2 Licensed Financial Institutions must notify the Central Bank of any material Data breaches, losses, destruction or alteration when they occur, in a manner, as may be prescribed by the Central Bank.

6.2 Protection of Consumer Assets, Information and Data against Fraud, Misappropriation and Misuse

6.2.1 Protection of Assets

- 6.2.1.1 Licensed Financial Institutions must ensure that they have clearly assigned responsibility and accountability for security of assets to Senior Management who must ensure internal control structures are in place and monitored including:
 - a. The proper segregation of duties, roles and responsibilities of management and Staff within the Licensed Financial Institution;
 - b. Operational risk mitigation;
 - c. Application of logistical access security;

- d. Access rights and security on electronic Data and to assets;
 - e. Physical security of the Consumer assets and records; and
 - f. Completeness of documentation relating to business processes, policies, controls, and technical requirements in accordance with UAE's anti-money laundering and terrorism financing guidelines.
- 6.2.1.2 Licensed Financial Institutions must implement stringent safeguards and verifications in order to protect unclaimed assets including the assets in the form of Stored Value Facilities, digital money, and dormant accounts and to ensure effective monitoring and reporting of any attempts to access them.
- 6.2.1.3 Collateral provided by the Consumer / guarantor must be properly secured and protected by the Licensed Financial Institution. The Licensed Financial Institution must act honestly, fairly and professionally and take into account the best interests of Consumer, while managing the collateralized assets.
- 6.2.1.4 Unclaimed Funds: Exchange Houses must ensure that unclaimed funds are assessed, documented, monitored and disclosed on a monthly basis as prescribed by the Central Bank.
- 6.2.1.5 Licensed Financial Institutions must have a robust internal risk based policy to update Consumers' KYC documents, including expired identification documentation. Where Consumers have failed to respond to the Licensed Financial Institution's written notices requesting the Consumer to provide required identification details to update the Licensed Financial Institution's records, banks must after a notice period of 90 calendar days or after such period as may be prescribed by the Central Bank, temporarily block Debit & Credit Cards for all types of transactions, including ATM withdrawals. However, all other operations in the accounts of the Consumers are permitted through the branch. Licensed Financial Institutions must not levy any charges on such temporary blockage of the Consumers' use of their cards.
- 6.2.1.6 Licensed Financial Institutions must undertake Consumer education initiatives and undertake fraud awareness campaigns every year and more frequently if there is evidence of heightened fraudulent activity.
- 6.2.1.7 Licensed Financial Institutions have an ongoing duty to educate and advise Consumers in Writing as to the security precautions that need to be taken to access their financial services including:
- a. Avoidance of using simple passwords or numbers associated with personal dates;
 - b. The financial liability on the Consumers if they provide their password or personal identification number (PIN) to anyone or leave them written down and accessible to others to observe;
 - c. Advising Consumers on how they should and can change passwords and PINs periodically;
 - d. Cautiously entering the PIN at an ATM or POS Terminal to ensure they are not being observed; and
 - e. Protecting access to their cheque book.

- 6.2.1.8 Payment instruments/terminals (such as ATMs) and online banking channels must be progressively upgraded with the latest technology, particularly to prevent the use of counterfeit cards, and inspected regularly in accordance with the Central Bank's guideline on preventing ATM Card frauds.
- 6.2.1.9 Licensed Financial Institutions must ensure ATMs are secure. They must:
- a. Install and maintain pin pad shields to prevent the recording of Consumer PINs while using ATMs or POS terminals;
 - b. Install Anti-Skimming devices to prevent the magnetic stripe being read. Operators must immediately withdraw from service any ATM that has been compromised;
 - c. Install sensors to detect the presence of skimming devices and to send alerts to the operator and/or shutdown the ATM;
 - d. Ensure digital security cameras are within the ATM;
 - e. Apply any other advances in security as deemed necessary to protect Consumers; and
 - f. Monitor and investigate reported ATM issues from Consumers.
- 6.2.1.10 Licensed Financial Institutions must conduct periodic maintenance of all ATMs including verification of its proper functionality and ensuring security has not been breached (e.g. illegal keypad replicators and cameras). A record of the verifications on each machine must be maintained for a period of one year and made available for inspection by the Central Bank.
- 6.2.1.11 Licensed Financial Institutions may be liable for any direct losses incurred as a result of any breaches of the Licensed Financial Institutions' security controls.
- 6.2.1.12 Licensed Financial Institutions must effectively perform and document their due diligence measures when verifying the background and competence of any Third Party that will represent the Licensed Financial Institution and/or have access to or possession of the Consumer's assets, information and Data.
- 6.2.1.13 Licensed Financial Institutions must ensure their Authorized Agents have equivalent level of fraud control, coordination and monitoring for all activities performed by their Staff on behalf of the Licensed Financial Institution.
- 6.2.1.14 Licensed Financial Institutions must perform due diligence before hiring Staff and ensure verification of all fit and proper requirements are fully commensurate with responsibilities and functions of the positions.
- 6.2.1.15 Licensed Financial Institutions must provide adequate and up to date Staff training on its control framework to ensure Consumers' assets are securely handled.

6.2.2 Fraud Detection

- 6.2.2.1 Licensed Financial Institutions must have adequate systems and processes in place to monitor and respond to external fraud activities commensurate with the type of risk associated with the Financial Product or Service and

the frequency of Consumer transactions.

- 6.2.2.2 Licensed Financial Institutions must inform the Consumer of the procedures for reporting cases of theft, loss and fraud.
- 6.2.2.3 Licensed Financial Institutions must monitor and document trends on the number and type of incidents for fraud, attempted frauds and Consumer Complaints in order to determine if there is any evidence of weakness in the security and detection measures. Licensed Financial Institutions must report significant fraud events immediately to the Central Bank in a manner as it may be prescribed.

6.2.3 Fraud Investigation and Reporting

- 6.2.3.1 Licensed Financial Institutions must have a fraud reporting function to investigate Financial Crime Compliance.
- 6.2.3.2 When a specific pattern of frauds or deception is identified, a Licensed Financial Institution shall issue timely notifications to Consumers to promote awareness and preventative measures. The Licensed Financial Institution's notice must provide a contact method for Consumers to report fraud incidents or make inquiries.
- 6.2.3.3 Licensed Financial Institutions must report all Consumer Complaints arising from external, internal and attempted frauds, as well as any apparent vulnerabilities in the security and online systems to the Central Bank on a quarterly basis.
- 6.2.3.4 Licensed Financial Institutions must file a summary annual report by January 31st to the Central Bank on the trends and significant incidents of fraud and attempted frauds including a description of the preventative measures taken.

Article 7: Responsible Financing Practice

7.1 Responsible Financing

7.1.1 General Provisions for Responsible Financing

- 7.1.1.1 This Article must be read in conjunction with Article 2: Disclosure and Transparency and Article 5: Business Conduct of these Standards and the Regulation regarding lending/financing and related services offered to Consumers.
- 7.1.1.2 The provisions of this Article apply to any form of lending/financing/Credit Products granted by Licensed Financial Institutions to Consumers through any channel of distribution (e.g. online, mobile apps, branch walk-in, etc.).
- 7.1.1.3 Providing lending/financing to Consumers must be subject to the credit risk policies of the Licensed Financial Institution. The Licensed Financial Institution must assess the ability of its Consumers to meet credit obligations and comply with Debt Burden Ratio (DBR) limits prescribed by the Central Bank.
- 7.1.1.4 The required Consumer assessments in these Standards assists in determining if a Borrower/Finanee could meet both current and future repayment/payment obligations, thereby reducing issues of over indebtedness, insolvency and vulnerability to unexpected adverse events and income shocks.
- 7.1.1.5 Before granting any Credit Product, Licensed Financial Institutions must educate their Consumers by:
 - a. Explaining in plain language the application and approval process;
 - b. Explaining and providing a copy of the Licensed Financial Institutions' offer to provide credit as well as the Key Facts Statement for the type of Credit Product being offered;
 - c. Clearly informing Consumers of any risks associated with the use of lending/financing, including the variance of interest/profit rates/costs, consequences of violating the terms and conditions, late payment Fees, Early Settlement Fees, for Shari'ah financing any Commitment to Donate to charity, etc.;
 - d. Explaining to Consumers and guarantors the implications of pledging any collateral, post-dated payment cheques or other guarantees that are required in obtaining the loan/financing; and
 - e. Informing Consumers of the potential consequences of late payments or non-payment of their liabilities. The consequences to be explained may include, but should not be limited to:
 - i. A negative Credit Information Agency rating and the possible limitations on the ability to borrow/obtain financing in the future;
 - ii. Collection measures involving collateral, collection Fees and claim on guarantees; and
 - iii. Legal actions through the courts.

- 7.1.1.6 Prior to offering, recommending, arranging or providing a Credit Product to Consumers for the purpose of consolidating / refinancing existing loan/financing, Licensed Financial Institutions must provide Consumers, in Writing, a comparison of the total interest/profit charged over the tenor of the loans/financing payable if they continue with the existing facilities versus the total interest/profit payable based on the consolidated facility being offered. Any assumptions used in calculations must be reasonable, justifiable and clearly stated and communicated. The comparison must be retained and a copy is to be provided to the Consumer for review during the Permissible Cooling-off Period.
- 7.1.1.7 Licensed Financial Institutions may agree to defer installment(s) as they deem appropriate, provided that such deferments do not result in the amount of future deductions from salary being in excess of the DBR percentage as prescribed by the Central Bank.
- 7.1.1.8 Licensed Financial Institutions must only take from the Consumer the number of post-dated cheques covering the instalments and of value not exceeding 120% of value of the loan/financing or the debit balance. It is prohibited to take signed blank cheques. When one or more cheques are provided to the Licensed Financial Institution, the Licensed Financial Institution must provide the Consumer with a photocopy of all the properly completed cheques that were provided to the Licensed Financial Institution. The copies are to be stamped as accepted by the Licensed Financial Institution and given to the Consumer as proof of possession. When the lending/financing is paid off early, the remaining postdated cheques must be returned to the Consumer within 7 complete business days of the loan/financing being paid off.
- 7.1.1.9 Consumers can request a written confirmation at any time from their Licensed Financial Institutions confirming if there are any liabilities owing or not. Licensed Financial Institutions must provide a Consumer with a "letter of no liability" in such cases in accordance with Article 5: Business Conduct of these Standards. If liabilities are owed, the Licensed Financial Institution must instead issue a "letter of liability" stating the details and amounts of the liability still owing. The relevant letter must be issued to the Consumer within 7 complete business days from the date of the Consumer's request.

7.1.2 Training and Remuneration

- 7.1.2.1 Representatives of the Licensed Financial Institution involved in providing lending/financing must be properly trained and qualified in assessing and approving the suitability, affordability and appropriateness of applications for credit/financing using established criteria and applying the Licensed Financial Institution's lending/financing policies and procedures. Training of the Staff must cover the characteristics of the Credit Products sold/extended financing, identification of Consumer risks and procedures for carrying out proper verification of Consumer information.
- 7.1.2.2 The remuneration structure for Staff of the Licensed Financial Institutions must be designed to encourage responsible business conduct in lending / financing and fair treatment of Consumers and to avoid conflicts of

interest. Refer to Article 5, Clause 5.1.1.62.

- 7.1.2.3 Licensed Financial Institution must monitor their sales representatives' conduct to ensure they do not apply any unethical measures to profit from volume sales based incentives or commission based lending/financing objectives.

7.1.3 Consumer Assessment for Suitability

- 7.1.3.1 Staff of Licensed Financial Institutions responsible for assessing suitability and granting credit to Consumers must be qualified for the level of credit granting authority that the Person is authorized to give.

- 7.1.3.2 Suitability is defined as the degree to which the Financial Product and/or Service offered by the Licensed Financial Institution matches the Consumer's financial situation, investment objectives, level of risk tolerance, financial need, knowledge and experience.

- 7.1.3.3 Where a Licensed Financial Institution is required to carry out an assessment of a Consumer regarding the suitability, affordability and/or appropriateness of a Credit Product and/or Service, a summary copy of the assessment must be provided to the Consumer without charge.

- 7.1.3.4 The Licensed Financial Institutions' Consumer assessment control framework must include:

- a. Methods for assessing the profile and circumstances of the Consumer for which a Credit product would be suitable; and
- b. Clear lines of authority for approving the offer of a Credit Product and/or Service to a Consumer and the parameters for allowing exceptions from the assessment policy, procedures and established criteria. The basis for the approval or exceptions should be properly documented and supported with information relevant to the decision. Such approvals or exceptions should be subject to independent reviews by appropriate Control functions of the Licensed Financial Institution to ensure that they do not undermine the Consumer assessment procedures that are in place.

- 7.1.3.5 When providing a Credit Product, Licensed Financial Institutions must:

- a. Assess the purpose of the credit/financing and the appropriate amount required;
- b. Verify personal information, employment income and any other sources of regular income and revenue;
- c. Assess the status of the Consumer's credit worthiness including verifying information with the Credit Information Agency;
- d. Provide General Advice on the appropriateness of the lending/financing request and provide any other reasonable options that the Consumer may or should consider; and
- e. Not issue or bundle a credit card with the Credit Product or automatically increase a credit card limit, except upon expressed consent of the Consumer.

Licensed Financial Institutions may offer a Consumer an increase in the

limit of an existing credit card but must comply with the following:

- i. Must perform a new check with the Al Etihad Credit Bureau for an updated credit history of the Consumer; and
 - ii. Must obtain expressed consent of the Consumer before applying the increase in credit/financing to the card.
- 7.1.3.6 Licensed Financial Institutions may decrease the credit limit on a card or close the card due to business reasons; Consumers must be provided a notice and the reason for limit decrease or closure.
- 7.1.3.7 If a Licensed Financial Institution engages in bundling of products and/or services with a Credit Product of any kind, it must provide the Consumer with the option to refuse the other bundled product(s) and retain the right to obtain the amount of credit based on the original offer from the Licensed Financial Institution. Offering Shari'ah compliant products and/or services must comply with the relevant Shari'ah requirements. The Licensed Financial Institution must disclose, in Writing, and explain the benefits of accepting a bundled product. As an exception, where credit insurance/takaful is a requirement of a proposed Credit Product, the Consumer must be informed in Writing that the Consumer must obtain the insurance/takaful from regulated companies proposed by the Licensed Financial Institution.

7.1.4 Consumer Assessment for Affordability

General Requirements

- 7.1.4.1 Affordability refers to the ability of a Consumer to reasonably afford the costs of existing and/or additional liabilities given the Consumer's level of stable income, financial obligations/dependencies and basic personal and life style expenditures.
- 7.1.4.2 A Financial Product and/or service is considered affordable based on compliance with the DBR prescribed by the Central Bank as well as consideration of the level of basic personal and life style expenditures and other financial obligations and dependencies. Affordability assessment methodologies may be prescribed by the Central Bank.
- 7.1.4.3 Licensed Financial Institutions must assess the financial stability and needs of their Consumers before offering them a Credit Product. Licensed Financial Institutions must:
- a. Assess that the Consumer will be able to make the payments without suffering substantial hardship given the Consumer's financial, personal commitments and potential to retire in the near term;
 - b. Apply an appropriate level of stress testing to assess affordability given a scenario of increased interest /profit rates:
 - i. The results of the testing must be taken into consideration by the Licensed Financial Institution before granting the credit;
 - ii. If the stress testing results shows that the potential increase of a future interest/profit means the Consumer would exceed DBR

set by the Central Bank, the Licensed Financial Institutions must document the reasons why they still provided the Credit Product; and

- iii. Licensed Financial Institutions must provide a written summary of the results of the stress testing to the Consumer so that the Consumer is informed of the potential risks of an increase in the interest/profit rate. The Consumer must sign an acknowledgement of receiving the summary.
- 7.1.4.4 Licensed Financial Institutions must examine the credit record of the Consumer to verify his/her solvency, ability to meet monthly credit obligations and past credit behavior. The information obtained must be documented by the Licensed Financial Institution.
- 7.1.4.5 The Licensed Financial Institution must determine the level of affordability of a Consumer from the information collected by the Licensed Financial Institution including information provided by the Consumer and the Credit Information Agency.
- 7.1.4.6 A summary of the completed affordability assessment should be dated and signed by the Consumer and the Licensed Financial Institution credit granting Staff. The Consumer must be given a copy.

Debt Burden Ratio (DBR)

- 7.1.4.7 Licensed Financial Institutions must comply with the DBR prescribed by the Central Bank for Consumers. Licensed Financial Institutions must take reasonable steps to establish that Consumers are offered financing products that are appropriate to their financial circumstances and ability to repay by observing a prudent level of DBR. Licensed Financial Institutions must not grant excessive credit only on the basis of the Consumer's affordability criteria (e.g. attempting to lend/finance in excess of what is required or requested by the Consumer).

Assessment of a Consumer's Debt Repayment/Payment Obligations

- 7.1.4.8 Licensed Financial Institutions must conduct a comprehensive due diligence on the Consumer's overall indebtedness by obtaining information on the Consumer's outstanding debt obligations, including both secured and unsecured financing. Verification with the Credit Information Agency must also be completed.
- 7.1.4.9 With respect to the assessment of the Consumer's credit application, the amount of credit to be approved, shall take into consideration the following:
- a. The amount of the proposed scheduled repayment/payment of principal and interest/profit (including any Fees as part of the financing amount);
 - b. For interest/profit-only residential mortgages extended during the construction phase of new housing development projects, Licensed Financial Institutions must include both the principal and interest/profit payment that would apply at the end of the

- interest/profit-only period;
- c. Where discounted interest/profit rates apply in the early part of a financing plan, the highest applicable rate that will apply to the financing at the point of assessment should be used. Should the higher rate result in payments that will exceed the DBR, this type of financing is not permitted;
 - d. Licensed Financial Institutions cannot use balloon structures/facilities to circumvent any existing or future forecasted DBR, personal loan/financing limits, or loan/financing to value ratio;
 - e. Where discounted rates and/or lower introductory payments are offered by re-allocating a portion of the front-end interest/profit and/or principal by scheduling a large re-payment at a future point in time within the tenor (balloon payments), the Licensed Financial Institution must demonstrate and document how the applicable balloon payment will reasonably be within the Consumer's DBR at that future date when it is due. Where it is not reasonable that the Consumer would be under the DBR when the balloon payment is due, this type of financing is not permitted and Licensed Financial Institutions cannot use balloon structures/facilities to circumvent any existing or future forecasted DBR, personal loan/financing limits, or Loan/financing to Value (LTV) ratio;
 - f. Where there is evidence of financing granted by the Consumer's employer, friends, or relatives and any other finance that must be repaid through instalments on a monthly, semi-annual, or other basis, it must be considered in the assessments; and
 - g. Evidence of financial obligations such as being a guarantor on other debts, having margin and leveraged loans/financing for investments, court order payments, etc. must also be considered in an affordability assessment.

Income Assessment

7.1.4.10 In assessing income for the determination of the DBR, Licensed Financial Institutions must consider:

- a. If variable income is taken into account, Licensed Financial Institutions are to evaluate the variability of such income and only include a prudent portion of the average amount as the Consumer's income while assessing affordability. This flexibility should not be used to manipulate the DBR calculation. Where the Consumer has no permanent employment or is self-employed, Licensed Financial Institutions must evaluate the stability of the primary sources of income by requiring the Consumer to provide reasonable evidence of income;
- b. Where a high month-to-month variance is observed for Consumers, a longer period of evidence of variable income than that specified in the previous paragraph must be applied to establish the amount that may be regarded as the Consumer's stable income; and

- c. The Licensed Financial Institution should exclude one-off variable income such as windfall gains in the assessment of income.
- 7.1.4.11 The Licensed Financial Institutions must obtain a signed confirmation from the Consumer identifying all his/her sources of income and existing liabilities.
- 7.1.4.12 Licensed Financial Institutions must, where reasonably possible, verify the Consumer's income against reliable sources and must not rely solely on the Consumer's self-declaration of income. If the Licensed Financial Institution finds material discrepancies in the information provided by the Consumer, the Licensed Financial Institution must perform further verification. The Licensed Financial Institution must document its verification findings.

Assessing Life Style Expenditures

- 7.1.4.13 The concept of affordability considers the DBR calculation based on income but must also assesses the Consumer's monthly basic personal and life style expenditures and obligations and whether they exceed the level of Disposable Income.
- 7.1.4.14 Licensed Financial Institutions must calculate the Consumer's level of affordability by identifying and classifying the Consumer's basic personal and life style living expenses as well any family and financial dependencies/obligations. The calculation should cover, at a minimum, the following groups of expenses as may be applicable:
- a. Monthly food expenses, which are affected by the number of dependents;
 - b. Housing (rent) and maintenance services' expenses, which depend on whether the Consumer is the owner or tenant of the house or otherwise;
 - c. Property taxes;
 - d. Wages to be paid for domestic workers;
 - e. Average Education expenses, which are affected by the number of dependents;
 - f. Average Healthcare expenses, which are affected by the number of dependents;
 - g. Travel expenses;
 - h. Insurance/takaful expenses (cars, health, life, property);
 - i. Utility, internet and mobile costs;
 - j. Child and spousal maintenance, support for extended family;
 - k. Costs of maintaining services of other owned properties; and
 - l. Any other expected costs or expenses.
- 7.1.4.15 With the calculation of the basic personal and life style expenditures, the Licensed Financial Institution must determine if it exceeds Consumer's Disposable Income. A copy of the calculation must be given to the

Consumer.

- 7.1.4.16 If the life style expenditures and dependencies exceed Disposable Income, the Licensed Financial Institution must discuss with the Consumer and evaluate whether the Consumer can make reasonable reductions in expenses, to an acceptable level. Such agreed to changes must also be documented and signed by the Consumer with a copy maintained on the Licensed Financial Institution credit file.

7.1.5 Terms of Financing

Financing Decision

- 7.1.5.1 Licensed Financial Institutions must comply with the DBR and loan to value (LTV) limits prescribed by the Central Bank when advancing loans/financing to the Consumers and must not lend/finance to the Consumer beyond his/her affordable limit. Licensed Financial Institutions must set a prudent level of DBR & LTV in their risk policies for financing decisions that allows sufficient buffers for expenditures and contingencies, having regard to the stress test results and the relevant circumstances of the Consumer. This may include appropriate consideration of the nature and security of employment, number of dependents, location of residence and other relevant factors that have a bearing on the Consumer's financial obligations and the level of expenditures.
- 7.1.5.2 Licensed Financial Institutions must establish a control framework and systems that include the required financial assessment tools to measure the Consumer's ability to meet monthly credit obligations and to what extent such Credit Products are suitable based on the Consumer's profile, needs and circumstances.
- 7.1.5.3 Licensed Financial Institutions must ensure both the efficiency and effectiveness of their financial assessment tools that are used to measure the Consumer's ability to repay the finance being provided.
- 7.1.5.4 The basis for a financing decision shall be properly documented and backed with information that supports the decision. This should facilitate internal risk management and supervisory reviews of the Licensed Financial Institution's credit underwriting standards and compliance with these guidelines. The consideration of collateral alone should not lead the Licensed Financial Institution to extend financing to a Consumer who has otherwise been assessed by the Licensed Financial Institution to be unable to afford the financing.

Tenor of Financing

- 7.1.5.5 Licensed Financial Institutions must abide by the lending/financing tenor as prescribed by the Central Bank.
- 7.1.5.6 Licensed Financial Institutions must not increase the tenor of the loan/financing to decrease the DBR, with an intention to lend/finance further to the Consumer. For compliance purposes, the Central Bank will supervise loans/financing that have extended the tenor and increased the amount borrowed.

- 7.1.5.7 Licensed Financial Institutions must not purposely avoid the prescribed DBR by closing off a loan/financing as paid only to open another with an extended tenor and amount greater than the closed loan/financing. Licensed Financial Institutions must document from where the funds for the payment to close out the loan/financing came from.
- 7.1.5.8 Licensed Financial Institutions must provide borrowers / financees the funds approved on a Credit Product, except for mortgages and credit cards, within 10 complete business days of Consumer signing the contract or within such other time frame that is agreed to by the Consumer and specified in the financing contract. Complying with the period of time for making funds available by the Licensed Financial Institution is subject to the Consumer and / or third party providing the required and properly completed documents and meeting agreed to conditions. If it is not possible to release the funds in the agreed time limit, the Licensed Financial Institution must advise the Consumer in Writing immediately as to the reason for the delay and the date by which the funds will be available. As a consequence of any delay caused by the Licensed Financial Institution, the Consumer retains the option to cancel the contract without cost or penalty before the funds are to be made available.

Interest/Profit Rate

- 7.1.5.9 This Section should be read in conjunction with Article 2: Disclosure and Transparency of these Standards.
- 7.1.5.10 The Annual Percentage Rate (APR) which includes the total amount of the interest/profit payable and the cost of other Fees compounded over a year must be disclosed.
- 7.1.5.11 Licensed Financial Institution must not charge excessive margins or interest/profit rates.
- 7.1.5.12 Pursuant to Article (121) in Decretal Federal Law No. (14) of 2018, Regarding the Central Bank & Organization of Financial Institutions and Activities, Licensed Financial Institutions are not permitted to charge interest/profit on accrued interest/profit on any Credit Products granted to Consumers. In addition, Licensed Financial Institutions are not permitted to charge future unearned interest from the date of full early settlement of the credit facility. In the event of a partial early settlement, the interest must be proportionately adjusted based on the principal remaining.
- 7.1.5.13 Licensed Financial Institutions must calculate the APR/profit amount charged for the loans/financing and overdraft facilities as well as unpaid credit card balances using the Reducing Balance Method.
- 7.1.5.14 Licensed Financial Institutions, in case of credit cards, must not levy interest/finance Fees on the outstanding balance (excluding cash advance transactions) when the new balance outstanding shown in the statement is paid in full by the payment due date. In the event of part payment of the balance on or before the maturity date (excluding cash advance transactions), interest/finance fees are to be calculated on the outstanding balance from the period from the contractual due date to the date on which payment of the outstanding amount is made.

Fees on Financing Facilities

- 7.1.5.15 Refer to the Annexure on Maximum Limits for Fees and Commission Charged on Retail Customer Service of the Consumer Protection Regulations for the application of approved Fees.
- 7.1.5.16 Also refer to Article 2: Disclosure and Transparency and Article 5: Business Conduct of these Standards.

Article 8: Complaint Management and Complaint Resolution

8.1 Complaint Management and Complaint Resolution

8.1.1 Complaints Management Function

- 8.1.1.1 Licensed Financial Institutions must have in place a Consumer Complaint Management function situated in the UAE. A Licensed Financial Institution may combine this function with another suitable function within its organization depending on the nature, size, potential for Conflict of Interests, and complexity of the business.
- 8.1.1.2 The Complaint Management function must be independent of management of Retail Operations and able to carry out independent review of the escalated Complaints and make its recommendations to resolve a Complaint including provision of redress.
- 8.1.1.3 This Complaint Management function is responsible for:
- a. Defining the Licensed Financial Institution's Complaint handling principles;
 - b. Monitoring all channels for reporting Complaints;
 - c. Defining roles and responsibilities of units involved in the Complaint process including Retail Operations, Risk, Compliance, Audit, etc.;
 - d. Adhering to service standards for turnaround times (TAT) for each step of the Complaint process;
 - e. Providing governance, oversight and regulatory reporting;
 - f. Monitoring, analysis, reporting of all Complaints;
 - g. Promoting Complaint resolution and recommending appropriate redress by the Licensed Financial Institution for harm done; and
 - h. Escalation of Complaints to the separate Complaint Resolution Mechanism.
- 8.1.1.4 The Complaint Management function must ensure:
- a. The Licensed Financial Institution's written Complaint process and procedures are publicly available in branches and given to new Consumers with contact information including an email address and phone number for Consumers to file a Complaint. The email address and phone number must also be printed on all receipts handed over to Consumer, be present on the Licensed Financial Institution's website and be displayed at a prominent location in the Licensed Financial Institution's premises;
 - b. Easy and convenient access for Consumers to file a Complaint;
 - c. Proper processes for the registration all the Complaints received from the various channels, the classification and tracking of Complaints and the monitoring of TAT;
 - d. Acknowledgement of the Complaints with a unique service request (SR) number. The SR number shall be used for tracking and

- escalating the Complaints;
- e. A written response is provided to the Consumer on the decision of the Licensed Financial Institution regarding the Complaint and include full and complete reasons for the decision, subject to lawful obligations;
- f. The Consumer is informed in Writing if there is a violation of the TAT for issuing a final decision and provide the reasons;
- g. The timed performance standards of the Licensed Financial Institution's Complaint process are monitored and reported quarterly on the adequacy of the actual performance to Senior Management;
- h. Potential breaches of the law are reported to the Licensed Financial Institution's Compliance function without delay; and
- i. The tracking and analysis of Complaint trends and issues and reporting to Senior Management on a monthly basis.

8.1.2 Filing of a Complaint

- 8.1.2.1 When the Consumer has verbally expressed dissatisfaction with a Financial Product and/or Service and the matter cannot be resolved by frontline Staff to the Consumer's satisfaction, Licensed Financial Institutions must inform the Consumer of his/her right to file a written Complaint through the Licensed Financial Institutions' Complaint management process.
- 8.1.2.2 When a Consumer's dissatisfaction with a Financial Product and/or Service is verbally expressed but the Consumer does not wish to pursue it as a formal Complaint, Licensed Financial Institutions must maintain a log of the Consumer's expression of dissatisfaction. The log will detail the date, issue and outcome and should form part of the analysis of the Licensed Financial Institution.
- 8.1.2.3 A Consumer may file a Complaint through various communication channels that the Licensed Financial Institution may have including, but not limited to, emails, calls or on-line portals.
- 8.1.2.4 When a Consumer wants to pursue a Complaint, the Complaint must be submitted to the Licensed Financial Institution. A Consumer may designate a person who is authorized by the Consumer to present a Complaint on the Consumer's behalf.
- 8.1.2.5 A written acknowledgment of the Complaint filed with the Licensed Financial Institution must be given to the Consumer within 2 complete business days.
- 8.1.2.6 If for any reason the Complaint cannot be filed through the official channels provided, the Licensed Financial Institution must assist and document the Complaint on behalf of the complainant and register it under its Complaint management process.

8.1.3 Complaint Management Process

- 8.1.3.1 The Complaint Management Process and Staff training must take into consideration and apply the Licensed Financial Institution's Code of Fair

Treatment of Consumers.

- 8.1.3.2 Licensed Financial Institutions must have an efficient, well-resourced and dedicated phone line for Consumer Complaints and offer services on their secure web based portal system for receiving and communicating with consumers on the Complaints process.
- 8.1.3.3 Licensed Financial Institutions must have Senior Management approval of the Complaint management policies and procedures that:
- a. Establish the role, responsibilities and authorities of the Complaint Management function;
 - b. Are clear, complete and accessible for retail Staff;
 - c. Establish the Licensed Financial Institution's Consumer Complaint process that is simplified and Consumer friendly;
 - d. Address the confidentiality of Consumer Complaint information;
 - e. Require proper record keeping of Consumer Complaints including secure retention for 5 years;
 - f. Require ongoing training programs for retail management and Staff;
 - g. Centralize the monitoring, oversight and supervision of the Complaint management in the Complaints Management function;
 - h. Require reporting to Senior Management on the progress of Complaints and on noticeable trends; and
 - i. Establish performance time frames for each step of the Complaint process including those prescribed by the Central Bank.
- 8.1.3.4 Licensed Financial Institutions must set up effective procedures to monitor Complaints as specified in Section 8.2 of this Article and to make regular reports to their Senior Management for review (refer to Clause 8.1.1.4 g. and i). Information to be reported must include:
- a. Statistics on the volume and type of Complaints;
 - b. An analysis on how well the internal Complaint management system meets prescribed performance standards;
 - c. The results of any survey, root cause analysis and verifications conducted to gauge the level of Consumer satisfaction on Complaints handling; and
 - d. Whether repetitive Consumer related problems are being effectively identified and corrected.
- 8.1.3.5 Licensed Financial Institutions must take appropriate steps to handle anonymous Complaints. Any problems alleged by the complainant and substantiated by investigation must be rectified as soon as possible.
- 8.1.3.6 Ensure that Complaints received are acknowledged as received within 2 complete business days and Consumers are advised of the Complaint process.
- 8.1.3.7 Within 30 complete business days of receiving a Complaint, or such other time limit as may be prescribed by the Central Bank, Licensed Financial Institutions must send the complainant in Writing, its final response with

detailed reasons.

- 8.1.3.8 A final response from the Licensed Financial Institution must:
- a. Clearly accept or reject the validity of the Complaint in whole or in part (and where appropriate state offers of redress);
 - b. Provide detailed reasons for the rejection except where the reason of rejection is related to obligations with respect to Financial Crime Compliance or as may be prohibited by law; and
 - c. Inform Consumers of the process for escalation of unresolved Complaints to the Licensed Financial Institution's Complaint Resolution Mechanism.
- 8.1.3.9 Licensed Financial Institutions must have in place a verification process to monitor the fairness and adequacy of the Complaint management process and the decisions issued.

8.1.4 Resources and Training

- 8.1.4.1 Licensed Financial Institutions must make available the resources needed to ensure the efficiency and effectiveness of a Complaint management system.
- 8.1.4.2 Licensed Financial Institutions must take reasonable steps to ensure that all relevant Staff are aware of the internal Complaint handling procedures and that they act in accordance with them. In particular, the front line Staff must be provided with training on how to handle and process Complaints.
- 8.1.4.3 Licensed Financial Institutions must monitor the quality of how the Staff handles Complaints. The knowledge level and the service level standards for relevant Staff must be monitored on an ongoing basis and the standards set as Key Performance Indicators of the Complaint handling Staff.

8.1.5 General Provisions for Complaint Resolution

- 8.1.5.1 Recourse to a fair and efficient Complaint Resolution Mechanism must be made available by the Licensed Financial Institution free of cost to the Consumer to address Complaints that are not resolved. The Central Bank will supervise the fairness, effectiveness and efficiency of the Complaint Resolution Mechanism.

8.2 Complaint and Inquiries Management Data

8.2.1 Monitoring & Analysis of Data by Licensed Financial Institutions

- 8.2.1.1 Licensed Financial Institutions must carry out Complaint Data monitoring that includes information and related statistics on the following:
- a. Complaints received, closed and pending on a quarterly basis;
 - b. Complaints substantiated;
 - c. Complaints acknowledged outside target time;
 - d. Complaints resolved and closed outside target time;

- e. Overdue Complaints;
 - f. Complaints before the courts;
 - g. Complaints referred to the Licensed Financial Institution's Complaint Resolution Mechanism;
 - h. Complainants who remain dissatisfied with the results of investigation of the Complaint;
 - i. The nature and the value of redress provided;
 - j. Suggestions from Consumers arising from Complaints; and
 - k. Errors / omissions identified as either Systemic or non-systemic Errors.
- 8.2.1.2 Details of all unresolved Complaints pending for each month must be reported to the Senior Management within 5 complete business days from the end of every month.
- 8.2.1.3 Licensed Financial Institutions must undertake root cause analysis to identify the source of Complaint, e.g. Staff conduct issue, financial product issue, system issues, systematic issues etc. The Licensed Financial Institution must take corrective measures expeditiously and without delays.
- 8.2.1.4 Complaints Data analysis must be augmented with thematic reviews, surveys and mystery shopping to develop a holistic understanding of Complaint trends.
- 8.2.1.5 In addition to Complaints being monitored, the Consumer inquiries received should also be analyzed as this type of Data provides information on common issues which may indicate poor disclosure material, a misunderstood Financial Product and/or Service or other common issues that raise Consumer inquiries.
- 8.2.1.6 The information gathered from the Data analysis, thematic reviews, mystery shopping or surveys must be utilized to improve the Licensed Financial Institution's control framework and conduct.

8.2.2 Reporting of Data

- 8.2.2.1 Licensed Financial Institutions must submit semi-annual reports to the Board and the response from the Board must be recorded.
- 8.2.2.2 Senior Management must decide on the course of action that may be required based on the reports and information received and record all actions undertaken.
- 8.2.2.3 Licensed Financial Institutions must submit through the Central Bank's Complaints Data Management System monthly reports on Complaint data by the 15th day of the month. Reporting must be in a manner and format prescribed by the Central Bank.
- 8.2.2.4 The Central Bank will hold periodic meetings with managers of the Licensed Financial Institution's Complaints Management function to discuss the main trends and challenges and ways to address them.

8.2.3 Data Retention & Coverage

- 8.2.3.1 Licensed Financial Institutions must record and retain details of registered Complaints for a minimum period of 5 years from the date of resolution or closure, whichever is latest.
- 8.2.3.2 The details to be retained must include, where applicable:
 - a. The complainant's name;
 - b. The substance of the Complaint;
 - c. The root cause of the Complaint; and
 - d. How the Complaint was resolved, and details of any redress offered by the Institution.
- 8.2.3.3 Such Data maybe requested by the Central Bank at its discretion.

Article 9: Consumer Education and Awareness

9.1 Consumer Education and Awareness

9.1.1 General Provisions for Consumer Education and Awareness

- 9.1.1.1 In support of Article (121), Clause 2 in Decretal Federal Law No. (14) of 2018, Regarding the Central Bank & Organization of Financial Institutions and Activities, Licensed Financial Institutions must establish a Consumer Education and Awareness (CEA) function responsible for educational and awareness programs for Consumers and the general public. All educational and awareness programs should limit the amount of promotion of the Licensed Financial Institution's Financial Products and/or Services and refer to choices as to the types and characteristics of Financial Products and/or Services in a generic manner.
- 9.1.1.2 Licensed Financial Institutions may collaborate and / or coordinate programs with other organizations but must ensure their respective consumer base have full access to programs. A CEA function responsible for such programs must be designated within the Licensed Financial Institution.
- 9.1.1.3 By January 31st of every year, a Licensed Financial Institution must file a summary report with the Central Bank setting out its past year's educational and awareness activities. The report must also contain its proposed program for the coming year.
- 9.1.1.4 The CEA function should, when feasible, test the content and delivery of all initiatives before customer / public release on a broadly representative sample of audience to ensure each initiative is suitable for its target audience and achieves its objectives.
- 9.1.1.5 The CEA function must conduct an annual review of its educational initiatives. The initiatives are to be assessed on their impact and reach. Based on the assessment of initiatives, the function should make adjustments as necessary.
- 9.1.1.6 The Central Bank may issue guidance recommending the focus, content or approach of the educational and awareness programs to be provided by Licensed Financial Institutions.

Article 10: Financial Inclusion

10.1 Inclusion

10.1.1 General Provisions for Inclusion

- 10.1.1.1 Vulnerable Consumers are Consumers who, due to their personal circumstances, are particularly susceptible to abuse, discrimination and harm, especially when Licensed Financial Institutions do not act with appropriate levels of fairness and due care. Vulnerable Consumers normally encompass low-income, Minority Groups, People of Determination or any other disadvantaged groups.
- 10.1.1.2 Licensed Financial Institutions must demonstrate to the Central Bank their compliance with the provisions of Federal Law No. (29) of 2006, In Respect of the Rights of People with Special Needs and any subsequent amendments or relevant laws.
- 10.1.1.3 Licensed Financial Institutions must ensure vulnerable Consumers have access to services provided by Licensed Financial Institutions on equivalent terms with others Consumer.
- 10.1.1.4 Licensed Financial Institutions must incorporate anti-discrimination principles into their internal code of conduct in accordance with Article 3: Institutional Oversight. The anti-discrimination principles are to ensure that Licensed Financial Institutions must, with due skill, care and diligence, act fairly, honestly and professionally in their relationship with all Consumers, regardless of their religion, gender, age, income level, and marital status.
- 10.1.1.5 Licensed Financial Institutions must ensure their public information is available in written, verbal and/or digital formats that are suitable to Consumers from vulnerable groups. The use of plain language content and method of delivery of information to such Consumers should be focus tested before distribution.
- 10.1.1.6 The Board and the Senior Management of Licensed Financial Institutions must ensure financial product and service design, business operations, premises and processes are made suitable and accessible to Consumers across different vulnerable groups.
- 10.1.1.7 Licensed Financial Institutions must review its Retail Operations annually for the purpose of identifying and eliminating any unreasonable barriers to the use of the Financial Products and/or Services that may be faced by Consumers who are People of Determination.
- 10.1.1.8 Relevant Staff of Licensed Financial Institutions must be trained on an annual basis to identify, assist and serve Consumers in vulnerable groups. Staff are expected to adhere to the Institution's service standard for Consumers in vulnerable groups.

10.1.2 Inclusion of Vulnerable Groups

- 10.1.2.1 This Section must be read in conjunction with Fair Treatment of Financially Distressed Consumers of Article 5: Business Conduct of these Standards.
- 10.1.2.2 Pursuant to Clause 5.1.2.1 of Article 5: Business Conduct, Licensed

Financial Institutions must be transparent and always disclose the lowest cost option of its Financial Products and/or Services to Consumers. Such Financial Products and/or Services include, but are not limited to, current, savings and/or call accounts. Licensed Financial Institutions should provide products and services that have minimum requirements such as minimum salary, minimum balance and can offer low fees.

- 10.1.2.3 Licensed Financial Institutions should respect the intended Consumer rights set out in Article (123) on Inclusion, Decretal Federal Law No. (14) of 2018, Regarding the Central Bank & Organization of Financial Institutions and Activities.
- 10.1.2.4 Licensed Financial Institutions should ensure branches and points of services used for public access and ATMs can accommodate the needs of vulnerable Consumers. The Central Bank may carry out periodic verification in line with the international standards of public access.
- 10.1.2.5 Licensed Financial Institutions must undertake regular reviews of all publicly available information and contracts to ensure that the content and delivery of information is suitable to People of Determination. All information regarding financial product features, risks, terms and conditions must be suitable for and comprehensible to vulnerable Consumers.
- 10.1.2.6 Licensed Financial Institutions must consider the provision of Financial Products and/or Services for residents in remote regions. Licensed Financial Institutions must assess when locating and relocating Consumer service location, the distance Consumers' in remote locations must travel to access financial product and/or services and consider options to service those needs.
- 10.1.2.7 Licensed Financial Institutions must serve elderly and technologically illiterate Consumers with trained Staff and interactive guides to help them use mobile applications and online services. Service must include awareness of ways to protect Consumers from fraud and cyber-attacks.
- 10.1.2.8 Provision of services for Consumers who are illiterate and do not have a nominated representative must include, but not be limited to, audio information about financial products and contracts that do not exclude or distort any information to ensure that such Consumers make informed decisions.
- 10.1.2.9 Licensed Financial Institutions should inform illiterate Consumers that they may choose to conduct interactions with their Licensed Financial Institution in the presence of their trusted Person such as an advisor, family member or friend.

10.2 Gender and Racial Equality

10.2.1 General Provisions for Gender and Racial Equality

- 10.2.1.1 Licensed Financial Institutions, without prejudice to Data privacy and confidentiality, must regularly collect, analyze, and track Data aggregated by gender, income level, age and marital status in order to assess the differences in access to services and quality of services provided based on this Data. The analysis will identify any possible issues of inequality on the

grounds of gender, income level, age and marital status. Licensed Financial Institutions must document its evaluations and findings for review by the Central Bank.

- 10.2.1.2 Licensed Financial Institutions must establish and implement a procedure to annually train Staff to provide service equally regardless of family status, gender, Minority Group status or age of Consumer.

Article 11: Shari'ah Compliance for Financial Services

11.1 Regulation on Shari'ah Compliance for Financial Services

11.1.1 General Provisions for Inclusion

- 11.1.1.1 Where IFIs offer Islamic Financial Products and/or Services, the Board and Senior Management must monitor and ensure that they are fully compliant with Shari'ah principles and governance. Shari'ah governance rules are set out in separate Regulation issued by the Central Bank.
- 11.1.1.2 ISSC is responsible for the Shari'ah compliance and the fairness of the Financial Products and/or Services offered by IFIs in accordance with the Shari'ah Governance Standard for IFIs.
- 11.1.1.3 IFIs must establish an effective and fair distribution of profit between the IFIs (shareholders) and investment accountholders (profit distribution mechanisms) in accordance with the applicable, relevant standards. IFIs and their respective ISSC should have effective oversight over profit distribution.
- 11.1.1.4 IFIs must integrate Shari'ah compliance into their culture, processes, operations and code of conduct.
- 11.1.1.5 IFIs must establish effective and independent oversight to ensure Shari'ah compliance throughout the organization.
- 11.1.1.6 IFIs must educate Consumers on the differences between conventional and Islamic financial products as well as the principles and the contracts that their Financial Products and/or Services are based on.
- 11.1.1.7 IFIs must disclose to Consumers the legal consequences of the contracts used in the financing provided to the Consumer.
- 11.1.1.8 IFIs must disclose to Consumers the legal consequences of their choices.
- 11.1.1.9 IFIs must ensure that the Consumers are presented with adequate information in regards to the Financial Products and/or Services they offer, including Shari'ah Certificates and grant access to the internal Shari'ah functions in case the Consumers have doubts about the Shari'ah compliance of the Financial Products and/or Services.
- 11.1.1.10 ISSC must ensure that obligation to pay charity in case of a Consumer's default is not abused by the IFIs and the relevant departments.
- 11.1.1.11 ISSC must ensure that the obligation set out above is not exercised if the Consumer is insolvent or bankrupt (not Mumatil).

11.1.2 Early Settlement Fee

- 11.1.2.1 IFIs must adhere to the Early Settlement Fee requirements set by the Central Bank and disclose this fact to their Consumers.
- 11.1.2.2 In the event that the Central Bank mandates the IFI to waive a part of the outstanding debt in case of early settlement, the IFI must comply with the Permissible limits of debt/liability IFIs are allowed to retain prescribed by the Central Bank in accordance with the relevant HSA resolutions.

- 11.1.2.3 Licensed Financial Institutions must not impose Early Settlement Fees except in relation to the actual costs incurred by the Licensed Financial Institutions as a result of the early settlement process and in accordance with the HSA resolution on early settlement No. (76/3/2019), and these principles should be considered in the product disclosure statements while ascertaining transparency and truthfulness of the information.

Annexure

Maximum Limits for Fees and Commissions Charged on Retail Customer Service

No.	Product	Fee	Cap (AED)
1	Personal Accounts	Account closure fee	100
2	Personal Accounts	Account balance letter	50
3	Personal Accounts	No liability certificate	60
4	Personal Accounts	Release letter	50
5	Personal Accounts	Liability letter issued to Gov't Departments/embassies	60
6	Personal Accounts	Liability letter issued to financial institutions	60
7	Debit Card	Issuing supplementary ATM Card	25
8	Debit Card	Replacing Secret Pin Code	25
9	Debit Card	Replacing lost or stolen ATM card	25
10	Debit Card	Own ATM fees	0
11	Debit Card	Fees for using other bank's ATM	2
12	Debit Card	Copy of sales slip	25
13	Consumer Loans/Financing	Delayed payment penal interest charges	Max 200
14	Consumer Loans/Financing	Early settlement from other bank loans	1% Max 10,000
15	Consumer Loans/Financing	Final settlement from other sources/EOSB	1% Max 10,000
16	Consumer Loans/Financing	Partial payment	1% Max 10,000
17	Consumer Loans/Financing	Revolving overdraft fees	200
18	Consumer Loans/Financing	Loan Cancellation Fee	100
19	Consumer Loans/Financing	Other (loan copy, issuing redemption statements, audit confirmation)	25
20	Car Loans/Financing	Early settlement	1% outstanding
21	Car Loans/Financing	NOC to Traffic Department	0
22	Car Loans/Financing	Advance payment of instalment	1% of instalment
23	Car Loans/Financing	Late payment penal charges	Max 500
24	Car Loans/Financing	Issuance of liability letter to other banks	60
25	Car Loans/Financing	Cancellation fee	100
26	Remittance	Swift copy charges	15

27	Remittance	Demand draft/pay order issuance/cancellation	75
28	Customer Term Deposits	Account closure fees-terms deposits	Cost (max 2%)
29	Credit Cards	Card replacement fee	75
30	Credit Cards	Liability/no liability letter	50
31	Credit Cards	Duplicate statement	45
32	Credit Cards	Copy of sales voucher	65
33	Credit Cards	Late payment fees	Max 230
34	Home Loans/Financing	Late payment fees	Max 700
35	Home Loans/Financing	Early settlement fees	Max 1% of outstanding balance or 10,000, whichever is less
36	Home Loans/Financing	Issuance of liability letter	85
37	Home Loans/Financing	Other certificate	75
38	Home Loans/Financing	Non-standard statement production/copy of original documentation	100
39	Home Loans/Financing	Property swaps administration fee	Max 1320 (valuation included)
40	Home Loans/Financing	Issuance of NOC	150
41	Home Loans/Financing	Partial Settlement Charges	Max 1% of outstanding balance or 10,000, whichever is less
42	Home Loans/Financing	Clearance letter	95
43	Home Loans/Financing	Request of other letters	90