



CENTRAL BANK OF TRINIDAD & TOBAGO

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November 1, 2018

CIRCULAR LETTER TO:

ALL FINANCIAL INSTITUTIONS LICENSED UNDER
THE FINANCIAL INSTITUTIONS ACT, 2008 AND
BANKERS ASSOCIATION OF TRINIDAD AND TOBAGO

REF: CB-OIFI-2919/2018

DRAFT MARKET CONDUCT GUIDELINE

The Central Bank of Trinidad and Tobago (“Central Bank”) is mandated by section 5(3)(a) of the Financial Institutions Act, 2008 (“FIA”) to promote the existence of efficient and fair banking and financial services markets. Accordingly, section 10(d) of the Financial Institutions Act Chap. 79:09 (FIA) permits the Central Bank to issue guidelines on any matter it considers necessary to regulate the market conduct of licensees.

In this regard, the Central Bank has taken note of the public complaints on *inter alia* banks’ fees and charges which prompted an inquiry into commercial banking fees by a Joint Select Committee on Finance and Legal Affairs of Parliament. Issues raised at that inquiry included, but were not limited to the following:

- the need for a framework of customer protection policies relating to financial services;
- the benefits gained by customers when commercial banks and other financial institutions are transparent and accountable in their operations;
- the need to encourage and improve the financial literacy of the public;
- the quality of customer service/interface provided at commercial bank branches; and
- the importance of customer satisfaction to commercial banks.

In addition, as banks seek to enhance efficiency and profitability by embarking on strategies which encourage customers to migrate to digital and mobile platforms, concern has been expressed regarding:

- the closure of branches;
- the increase in actual and potential information security risks, including, but not limited to, incidents related to phishing and skimming; and
- the overall quality of customer service.

Additionally, there has been some outcry regarding the termination of some products and services.

It is in recognition of the aforementioned issues, that the Central Bank thought it necessary to develop a Market Conduct Guideline to ensure the fair treatment of customers and the maintenance of public confidence in the banking sector. The Guideline may be accessed via <https://www.central-bank.org.tt/core-functions/supervision/banking-sector-draft-consultation-papers>.

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The draft Guideline (*attached*) sets out the expectations of the Central Bank regarding the market conduct of all institutions licensed under the FIA, and seeks to ensure that banks implement proper market conduct practices, policies and procedures to facilitate a sustainable, fair and sound financial environment for customers.


The Guideline would serve to, *inter alia*:

- (i) enhance the transparency in products and services offered by licensed financial institutions;
- (ii) require the use of 'plain language' in contracts and other agreements;
- (iii) ensure customers are provided with sufficient notice prior to:
 - a. the implementation of changes to the terms and conditions of any product or service, including changes in fees and charges;
 - b. the discontinuation of services; and
 - c. the relocation/closure of branches.
- (iv) require banks to put in place effective customer redress and dispute resolution processes; and
- (v) outline fair debt collection practices.

As is customary, the Central Bank is seeking comments on the draft document. All institutions licensed under the Financial Institutions Act, 2008, are therefore asked to review the attached draft Guideline. Feedback should be submitted electronically by **Thursday November 8, 2018**, to marketconduct@central-bank.org.tt. Hard copies may also be submitted to the undersigned. Please note that the Central Bank is unable to facilitate any request for an extension.

The Central Bank anticipates your continued cooperation and looks forward to your timely feedback.

Yours sincerely,



Patrick Solomon

INSPECTOR OF FINANCIAL INSTITUTIONS

Att.