



PUBLIC NOTICE

Improving customers' banking experience

20 December 2018

The Bank of Mauritius ("Bank") is currently proceeding with the implementation of the recommendations made in the Banking Your Future (BYF) Report dated June 2014 which aims to achieve a fairer and more inclusive banking sector.

In this respect, the Bank hereby informs members of the public, and in particular customers of banks, that it has, after consultations with the Mauritius Bankers Association and its member banks, issued specific instructions to banks.

The Bank may issue further instructions in respect of the implementation of other recommendations contained in the BYF Report in the future.

Rationale and purpose

The Bank has, in terms of Section 50 of the Bank of Mauritius Act 2004 and Section 100 of the Banking Act 2004, issued an instruction letter to banks on 7 December 2018 requiring them to implement certain recommendations of the BYF Report, as per Annex I, with the overall objective of improving customers' banking experience. In addition, the Mauritius Bankers Association has also been requested to implement three recommendations, as per Annex II.

Of note, the implementation of these recommendations aims at bringing about more transparency of fees and charges, providing more information on products and services, simplifying the language and style of bank documents for the benefit of bank customers and the public at large.

It may, however, be pointed out that some of these recommendations have been suitably amended for ease of implementation.

Effective date

Banks are given time up to 14 January 2019 towards full implementation of the said instructions.

Applicability of the instructions

The instructions are applicable to all banks licensed under the Banking Act 2004 and relate to products and services offered to individual customers in the Mauritian domestic market. This, however, does not preclude banks, providing services to corporate clients or to customers in the global market, from taking on board any applicable measure. Non-bank deposit taking institutions may also take on board any measure applicable to them.

Improving customers' banking experience

Instructions issued to banks

- (i) Banks should provide illustrative calculations of the cost to customers, at a given point in time, of the most commonly used products or services.
- (ii) All licensees of the Bank of Mauritius should include in their advertisements, a statement informing members of the public that they are regulated by it.
- (iii) Banks should only charge a reasonable administrative fee on the recipient of returned cheques, as per the procedure established in the PLACH Rules. However, where issuer and recipient of returned cheques use the same bank, the charge may be imposed on the issuer of the cheque only.
- (iv) For standard documents which are readily available for printing and distribution to clients, such as 'certificates of balance', 'loan balance certificates', and 'liability certificates', banks should provide at least 2 free copies to clients per annum. In general, the free copies of print-outs of documents requiring the signature of an authorised signatory and the seal of a bank should normally be subject to the customer demonstrating that the same is a requirement from an institution/organisation/authority and print-outs obtained through internet banking facilities are not accepted. Thereafter, banks should only charge a reasonable administrative fee for any subsequent requests. In addition, banks should only charge a reasonable administrative fee for issuing non-standard documents to clients. Incidentally, the soft copy of these documentations are expected to be readily available through internet banking, without any additional cost.
- (v) In case of recovery of money through an attorney, banks should only be allowed to charge customers a reasonable fee for costs incurred in the process.
- (vi) Banks should disclose any penalty payable on deposits (which should be reasonable) withdrawn before maturity in a clear and transparent manner before signing of any deposit agreement between the bank and customer. Banks should clearly advise their potential customers of all cases where such fees may erode the customer's capital before the customer signs the deposit contract. However, a penalty or any charges should not, under any circumstances, erode the customer's original principal amount.
- (vii) Banks should review the practice of requesting full 'salary pledges' when granting loan facilities, but may request such pledges on a case-to-case basis.
- (viii) Banks should ensure that non-customers are duly notified, either at the ATM site through appropriate signages or digitally on the welcome screens of the ATMs, that fees may apply for use of their ATMs.
- (ix) Banks should, upon request from customers, disclose the methods and formulae used to calculate both the interest charged on credit facilities and the interest paid on deposit accounts.
- (x) Banks should, upon request, provide customers with a copy of their contracts in advance of the signature date.

- (xi) Banks should give customers the opportunity to withdraw from a loan contract at any time as long as the loan has not been disbursed. Banks should only be allowed to charge a reasonable fee to cover administrative costs incurred in that respect.
- (xii) A standard and concise document, which will set out in simple and clear language, the Key Facts in Contracts - the 'KFiC', and which will include, as a minimum, the penalties, charges and obligations of the customer as well as the features of the products being sold, should be provided to customers under acknowledgement, as an annex to credit agreements. The 'KFiC' should be standard in terms of layout, font and colour so as to enhance comparability.

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Request made to the Mauritius Bankers Association ("MBA")

- (i) Clear information on how to switch banks should be provided to customers primarily through the MBA's financial literacy program by way of leaflets etc., MBA's glossary where "switch banks" would be explained, and standard details prepared by MBA on the banks' and MBA's websites.
- (ii) The MBA to revisit its glossary of common banking terms so as to improve it.
- (iii) The MBA to play a more active role in developing case studies and examples of best practice for customer service, conducting research on ways to improve market conduct, and providing training for bank industry staff.