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	Financial Consumer Protection Manual	Rev. No.: 0.0
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1.0 Revision History

<i>Date</i>	<i>Rev.No.</i>	<i>Change</i>	<i>ReferenceSection</i>
11/12/2015	1		

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	Financial Consumer Protection Manual Chapter 1 - Introduction	Rev. No.: 0.0
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1.0 Purpose

This manual is in compliance with the BSP Regulations on Financial Consumer Protection Circular 857 dated 21 November 2014 and amended under Circular 1048 dated 06 September 2019. This shall serve as guide for all units of China Bank Savings, Inc. when dealing with clients, processing their transactions, and safeguarding their personal information. This includes overall governing policies adapted by the Bank to protect the interest of financial consumers and promote a high standard of accountability. This also provides the tools for proper risk management and compliance programs.

2.0 Applicability and Scope

This manual enumerates the basic principles and ethical business practices that govern the conduct of the Bank in dealing with consumers. It sets out the minimum standards of consumer protection in the areas of disclosure and transparency, protection of client information, fair treatment, effective recourse and financial education. The regulations underscore that financial consumer protection is a fundamental part of the Bank's corporate governance and culture.

3.0 Units Affected

All units of the Bank.

4.0 Definition of Terms

4.1. Code of Ethics

This is a handbook which states the organizational values and standards of professional conduct, binding on all the Bank's employees and with specific sanctions for violation of the code.

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1.0 Consumer Protection Oversight Function

1.1. Role and Responsibility of the Board and Senior Management

1.1.1 Board of Directors

The Board shall be primarily responsible for approving and overseeing the implementation of the bank's Consumer Protection Risk Management System (CPRMS). The Board's responsibilities shall include the following:

- a. Approve the CPRMS and consumer assistance mechanism (CAM) that takes into consideration the bank's business model, market, product lines, and relationships with third parties that may give rise to consumer protection risks;
- b. Promote a culture of ethical behaviour and adherence to the highest standards of fair and responsible dealing with consumers;
- c. Ensure that adequate information and actions taken are reported on a regular basis in terms of the measurement of consumer protection related risks, reports from the CAM, as well as other material consumer related developments that will impact the bank;
- d. Ensure the adequate provision of resources and effective implementation of personnel training and competency requirements;
- e. Approve remuneration and compensation packages structured to encourage responsible business conduct, fair treatment and avoidance/mitigation of conflicts of interest; and
- f. Review periodically the implementation and effectiveness of the CPRMS including how findings are reported and whether the audit mechanisms are in place to enable adequate oversight, and put in place a regular mechanism to review the relevance of the CPRMS in case of changes in the bank business model and/or operating environment.

1.1.2 Senior Management

The Senior Management shall be responsible for ensuring that the practices of the bank are aligned with the approved consumer protection policies and risk management system and consistently displayed throughout the bank's place of business particularly across all business units that deal directly with consumers. In this regard, the Senior Management shall:

- a. Ensure that approved CPRMS and CAM policies and procedures are clearly documented, properly understood and appropriately implemented across all levels and business units.

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- b. Establish an effective monitoring and management information system to regularly measure, aggregate, and analyse consumer related issues to determine the level of consumer protection risk. An appropriate and clear reporting and escalation mechanism should also be integrated in the risk governance framework. The management information system should be able to:
 - i. Provide adequate information on the performance and quality of the bank’s CAM that allows for identification of emerging consumer issues and root cause analysis;
 - ii. Determine the level of consumer protection risk exposure through assessment of its implementation of the Consumer Protection Standards of Conduct (i.e. transparency and disclosure, protection of client information, fair treatment, effective recourse and financial learning and awareness);
 - iii. Identify and monitor, in a timely manner, consumer protection risk exposures approaching risks of loss to financial consumers, legal and reputational risk, as well as other related risks;
 - iv. Identify and assess emerging or increasing consumer risks that affect the bank such as through social media monitoring and market monitoring;
- c. Ensure that adequate systems and controls are in place to promptly identify issues that affect the consumer across all phases of the relationship with the consumer;
- d. Ascertain that weaknesses in the consumer protection practices or consumer protection emerging risks are addressed and corrective actions are taken in a timely manner; and
- e. Ensure observance of expectations and requirements prescribed under relevant regulations on compliance and internal audit.

Refer to Service Committee Charter.

1.2. Consumer Protection Risk Management System (CPRMS)

The CPRMS is a means by which the Bank can identify, measure, monitor, and control consumer protection risks inherent in its operations. These include both risks to the financial consumers and the Bank.

Identification, measurement, monitoring, and control of risks that may be related to consumer protection are incorporated in the Risk Control Self-Assessment prepared periodically by business units and facilitated accordingly by the Risk Management Unit. Refer to Operational Risk Assessment Program – Risk Management Manual.

The above-mentioned functions can also be satisfied by the Service Committee which also handles/monitors customer complaints and inherent risks accordingly.

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The CPRMS should be directly proportionate to the Bank's asset size, structure, and complexity of operation.

1.2.1. Board and Senior Management Oversight

The Board should be responsible for developing and maintaining a sound CPRMS.

The Board and Senior Management should periodically review the effectiveness of the CPRMS, including how findings are reported and whether the audit mechanisms in place and quality and timeliness of the information provided enable adequate oversight.

The Board and Senior Management must also make certain that CPRMS weaknesses are addressed and corrective actions are taken in a timely manner.

Refer to Operational Risk Assessment Program – Risk Management Manual and Service Committee Charter.

1.2.2. Consumer Protection Compliance Program (CPCP)

There should be a formal, written CPCP that is part of the over-all Compliance System and should be in accordance with the Revised Compliance Framework for Banks under Circular 747 dated 6 February 2012.

Refer to Compliance Program.

1.2.3. Policies and Procedures

Overall, policies and procedures should:

- be Board-approved
- be consistent with Consumer Protection policies approved by the Board
- ensure that consumer protection practices are embedded in the Bank's business operations
- address compliance with consumer protection laws, rules, and regulations
- be reviewed periodically and kept-to-date as it serve as reference for employees in their day-to-day activities.

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1.2.4. Consumer Protection Audit Program (CPAP)

Independent of the compliance function, the Audit Division should review the Bank’s consumer protection practices, adherence to internal policies and procedures, and compliance with existing laws, rules and regulations. The Bank's internal audit of the different business units/functions should include the Consumer Protection Audit Program.

1.2.5. Consumer Protection Training Program (CPTP)

The Human Resources Division and respective business units should ensure that all relevant personnel specifically those whose roles and responsibilities have customer interface, receive specific and comprehensive training that reinforces and helps implement written policies and procedures on consumer protection.

The training program should be able to address changes in consumer protection laws, rules and regulations, and policies and procedures, and should be provided in a timely manner.

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1.0 Consumer Protection Standards of Conduct

The following Consumer Protection Standards reflect the core principles, which Bank personnel are expected to observe at all times in dealing with financial consumers:

1.1. Disclosure and Transparency

Ensure that the consumers have a reasonable holistic understanding of the products and services, which they may be acquiring or availing.

The competencies required of this principle are as follows:

1.1.1. Key Information

1.1.1.1. The key business units shall ensure that offering documents of products and services contain the information necessary for customers to be able to make an informed judgment of the product or service, and meet the full disclosure requirements specified under existing laws or regulations.

1.1.1.2. All Bank personnel who are responsible for customer acquisition/facilitation of the client's transaction must fully disclose and explain the contents of the Terms and Conditions (T&C) to financial customers before initiating a transaction. Reference to the T&C should be made while transacting with the consumer and before consummating the transaction, if such reference is material to the understanding of the consumer of the nature of the product or service, as well as its benefits and risks. Information shall be disclosed also during and after a sale of a financial product or service and during key stages of the relationship with the consumer; especially if there are any changes in the terms and conditions.

1.1.1.3. The key business units should ensure that the manner of disclosure, whether in advertising materials, terms and conditions and other forms of communication must be complete but concise, easily understandable, accurate, and presented in a manner that facilitates the consumer's comprehension.. The T&C should include at least the following:

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- a. The full price or cost to the consumer including all interest, fees, charges, and penalties. The terms and conditions must clearly state whether interest, fees, charges, and penalties can change over time. The method for computing said interest, fees, charges, and penalties shall be disclosed per BSP MORB Section 306 "Truth in Lending Act" Disclosure Requirement.
- b. General information about the operation of the products or services including the customer's obligations and liabilities.
- c. Cooling-off period, if applicable, for long-term products.
- d. Information on risks, return, possible warnings, any waiver of rights and limitations of liabilities, consumer's rights and responsibilities, consequences of failure to meet obligations, rights and responsibilities of the bank, involvement of authorized agents, any conflict of interest by bank staff, cancellation and product portability, among others.
- e. The actions and remedies which the Bank may take in the event of a default by the customer.
- f. Procedures to report unauthorized transactions and other contingencies, as well as the liabilities of parties in such case.
- g. A summary of the Bank's complaints handling procedure. The Bank may just include the contact number/email where the customers can reach the Customer Experience Management Division of the Bank.

1.1.1.4. All relevant personnel specifically those whose roles and responsibilities have customer interface shall communicate in such a manner that clients can understand the terms of the contract, their rights and obligations. They shall communicate with techniques that address literacy limitations.

1.1.1.5. All Bank personnel who are responsible for customer acquisition/facilitation of the client's transaction shall provide customers with adequate time to review the T&C of the product or service, ask questions, and receive additional information prior to signing contracts or executing the transaction. Bank personnel shall be available to answer the questions and clarifications from the financial customers.

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- 1.1.1.6. All Bank personnel who are responsible for customer acquisition/facilitation of the client’s transaction shall ensure that the customer has freely signed a statement to the effect that the customer has duly received, read, and understood the Terms and Conditions of the product being availed, and that the same has been explained clearly him/her.
- 1.1.1.7. All Bank personnel who are assigned to deal directly with the customers or who prepare advertisement materials (or other material of the Bank for external distribution) or who market any product or service should be fully knowledgeable about these products and services, including statutory and regulatory requirements, and are able to explain the nuances to the consumer.
- Refer to Training Philosophy and Training Responsibilities - HRD Policies and Procedures Manual (New Employees’ Orientation Course).*
- 1.1.1.8. All key business units shall use a variety of communication channels to disclose clear and accurate information. Such communication channels shall be available to the public without need for special access requirements, which may entail additional expense. Communication channels shall be sufficiently responsive to address the literacy limitations of the financial consumers.
- 1.1.1.9. Special Banking Services Division, in coordination with the key business units, disclose pricing information in public domains, e.g. website (<http://www.cbs.com.ph/>), etc.
- 1.1.1.10. Updates customers with relevant information, free of charge in a clear, understandable, comprehensive, and transparent manner, for the duration of the contract. Such information covers the characteristics and the risks of the products sold by the Bank and its authorized agents.
- 1.1.1.11. Marketing and advertising initiatives shall impart targeted information to the specific groups of clients to whom specific products are being marketed, with a particular consideration for vulnerable customers. Communication channels employed for such targeted marketing initiatives may be accordingly calibrated.
- 1.1.1.12. The key business units shall notify the customer in writing of any change in:

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- a. Interest rate to be paid or charged on any account of the customer as soon as possible
- b. A non-interest charge on any account of the customer within a number of days as provided under existing regulations prior to the effective date of the change.

If the revised terms are not acceptable to the customer, he or she should have the right to exit the contract without penalty, provided such right is exercised within two (2) days after the notice has been received. The customer should be informed of this right whenever a notice of change is made.

1.1.1.13. All Bank personnel who are responsible for customer acquisition/facilitation of the client’s transaction shall provide a hard copy of each of the documents signed by the clients with all terms and conditions after the transaction has been completed. H/She shall ensure that the documents signed by the customer are completely filled-out and that there are no blank fields.

1.1.1.14. Key business units shall regularly provide customers with clear and accurate information regarding their accounts.

The amortization schedule, passbook, and statement of account for current accounts shall serve this purpose. The consumers shall also be informed that they can view their account history through CBS Online.

1.1.1.15. All Bank personnel who are assigned to deal directly with the customers shall inform them of their rights and responsibilities including their right to complain and the manner of its submission.

1.1.2. Advertising and Promotional Materials

Marketing Communications and Services Division shall:

1.1.2.1. Ensure that advertising and marketing materials do not make false, misleading, or deceptive statements or omit key information that may materially and/or adversely affect the decision of the customer to avail of a service or acquire a product.

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1.1.2.2. Ensure that advertising and promotional materials are easily readable and understandable by the general public. It should disclose clear, accurate, updated, and relevant information about the product or service. It should be balanced/proportional, visible/audible; key information is prominent and not obscured; print is of sufficient size and clearly legible.

1.1.2.3. Ensure that promotional materials are targeted according to the specific groups of consumers to whom products are marketed and the communication channels employed for marketing financial services.

1.1.2.4. Ensure that all advertising and promotional materials disclose the fact that it is a regulated entity and that the name and contact details of the regulator are indicated.

1.1.3. Conflict of Interest

All Bank personnel who are responsible for customer acquisition shall:

1.1.3.1. Disclose properly to the consumer prior to the execution of the transaction that the Bank or its personnel has an interest in a direct/cross transaction with a consumer.

1.1.3.2. Disclose the limited availability of products to consumers when the Bank only recommends products which are issued by its related companies, particularly when commissions or rebates are the primary basis for recommending the particular product to consumers.

1.1.3.3. Disclose the basis on which the Bank is remunerated at the pre-contractual stage.

All key business units shall

1.1.3.4. Ensure that adequate systems and controls are in place to promptly identify issues and matters that may be detrimental to a customer's interest.

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1.1.4. Protection of Client Information

There should be well-articulated information security guidelines, well-defined protocols, a secure database, and periodically re-validated procedures in handling the personal information of financial consumers. This should be an end-to-end process that should cover, among others, the array of information that will be pre-identified and collected, the purpose of gathering each information, how these will be sourced from the client, the IT-security infrastructure of the Bank, and the protocols for disclosure, both within the Bank and especially to third parties.

The Bank demonstrates the ability to protect client information if it is able to:

1.1.4.1. Confidentiality and Security of Client Information

- a. Have a written privacy policy to safeguard the customers' personal information. This policy should govern the gathering, processing, use, distribution, storage, and eventual disposal of client information. The Bank should ensure that privacy policies and sanctions for violations are implemented and strictly enforced.

Refer to Information Security Management Manual and Code of Ethics.

- b. Ensure that privacy policies are regularly communicated throughout the organization. Opportunities include employees' initial training sessions, regular organization-wide training programs, employee handbooks, posters and posted signs, company intranet and internet websites, and brochures available to clients.

Refer to Training Philosophy and Training Responsibilities - HRD Policies and Procedures Manual.

Regular email reminders are also being sent by the Bank's Information Security Office throughout the organization.

The Information Security Management Manual can readily be viewed in iConnect, the repository of the Bank's manuals which can only be accessed by employees.

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- c. Have appropriate systems in place to protect the confidentiality and security of the personal data of the customers against any threat or hazard to the security or integrity of the information and against unauthorized access. This includes a written information security plan that describes its program to protect customer personal information. The plan must be appropriate to its size and complexity, nature and scope of its activities, and the sensitivity of customer information it handles. As part of its plan, the Bank must:
 - i. Designate employee accountable to coordinate its Information Security Program.
 - ii. Identify and assess the risks to customer information in each relevant area of the Bank operation, and evaluate the effectiveness of the current safeguards for controlling these risks.
 - iii. Design and implement a safeguards program, and regularly monitor and test it.
 - iv. Select service providers that can maintain appropriate safeguards.
 - v. Evaluate and adjust the program in light of relevant circumstances, including changes in the firm's business or operations, or the results of security testing and monitoring.

Refer to Information Security Management Manual and Operational Risk Assessment Program – Risk Management Manual

- d. Have appropriate policies and practices for employee management and training to assess and address the risks to customer information. These include:
 - i. Checking references and doing background checks before hiring employees who will have access to customer information.

Refer to HRD Selection Process - HRD Policies and Procedures Manual.

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- ii. Asking new employees to sign an agreement to follow Bank confidentiality and security standards for handling customer information.

Refer to Code of Ethics.

- iii. Limiting access to customer information to employees who have a business reason to see it.

Refer to Information Security Management Manual.

- iv. Controlling access to sensitive information by requiring employees to use "strong" passwords that must be changed on a regular basis.

Refer to Information Security Management Manual.

- v. Using automatic time-out or log-off controls to lock employee computers after a period of inactivity.

Refer to Information Security Management Manual.

- vi. Training employees to take basic steps to maintain the security, confidentiality, and integrity of customer information.

Refer to Clean Desk Policy, Information Security Management Manual, and Training Philosophy and Training Responsibilities - HRD Policies and Procedures Manual (Security Awareness Training).

- vii. Regularly reminding all employees of company policy to keep customer information secure and confidential.

Refer to Information Security Management Manual.

- viii. Imposing strong disciplinary measures for security policy violations.

Refer to Code of Ethics.

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- ix. Preventing terminated employees from accessing customer information by immediately deactivating their passwords and user names and taking other measures.

Refer to Information Security Management Manual.

- e. Have a strong IT System in place to protect the confidentiality, security, accuracy, and integrity of customer's personal information. Maintaining security throughout the life-cycle of customer information, from data entry to disposal, includes:
 - i. Knowing where sensitive customer information is stored and storing it securely. Make sure only authorized employees have access.
 - ii. Taking steps to ensure the secure transmission of customer information.
 - iii. Disposing customer information in a secure way.
 - iv. Maintaining up-to-date and appropriate programs and controls to prevent unauthorized access.
 - v. Using appropriate oversight or audit procedures to detect the improper disclosure or theft of customer information.
 - vi. Having a security breach response plan in the event the Bank experiences a data breach.

Refer to Information Security Management Manual.

1.1.4.2. Sharing of Customer Information

All Bank personnel who are responsible for customer acquisition/facilitation of the client's transaction shall:

- a. Inform the customers in writing and explain clearly to customers as to how the Bank will use and share their personal information.

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- b. Obtain the customers' written consent, unless in situations allowed as an exception by law or BSP-issued regulations on confidentiality of customer's information, before sharing customers' personal information with third parties such as credit bureau, collection agencies, marketing and promotional partners, and other relevant external parties.
- c. Provide access to customers to the information shared and should allow customers to challenge the accuracy and completeness of the information and have these amended as appropriate.
- d. Appropriate penalties should be imposed by the Bank to erring employees for exposing or revealing client data to third parties without prior written consent from client. *Refer to Code of Ethics.*

1.1.5. Fair Treatment

Fair treatment ensures that financial consumers are treated fairly, honestly, professionally and are not sold inappropriate and harmful financial products and services.

The Bank demonstrates the principle of fair treatment towards financial consumers if it is able to:

1.1.5.1. Affordability and suitability of product or service

- a. When making a recommendation to a consumer:
 - i. Gather, file, and record sufficient information from the customer to enable the Bank to offer an appropriate product or service to the customer. The information gathered should be commensurate to the nature and complexity of the product or service either being proposed to or sought by the customer and should enable the Bank to provide an appropriate level of professional service. As a minimum, information includes the customers' financial knowledge and experience, financial capabilities, investment objectives, time horizons, needs, priorities, risk affordability, and risk profile.

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- ii. Offer products or services that are in line with the needs/risk profile of the consumer. The Bank should provide for and allow the customer to choose from a range of available products and services that can meet his needs and requirements. Sufficient and right information on the product or service should enable the customer to select the most suitable and affordable product or service.
- b. Inform or warn the customers that if they do not provide sufficient information regarding their financial knowledge and experience, the Bank is not in a position to accurately determine whether the product or service is appropriate to them, given the limited information available.
- c. Ensure that the customer certifies in writing the accuracy of the personal information provided.
- d. Ensure to offer market-based pricing.
- e. Design products that are appropriate to the varying needs and interests of different types of consumers, particularly the more vulnerable consumers. Adequate product approval should be in place. Processes should be proper to ensure that products and services are fit for the targeted consumer.
- f. Do not engage in abusive or deceptive acts or practices.
- g. Seek customer feedback for product design and delivery and use this feedback to enhance product development and improve existing products. Likewise, investigate reasons for client drop out.
- h. Do not use high pressure/aggressive sales techniques and do not force clients to sign contracts.

1.1.5.2. Prevention of Over-indebtedness

- a. Have appropriate policies for good repayment capacity analysis. The loan approval does not rely solely on guarantees (co-signers or collateral) as a substitute for good capacity analysis.

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- b. Properly assess the creditworthiness and conduct appropriate client repayment capacity analysis when offering a new credit product or service significantly increasing the amount of debt assumed by the customer
- c. Ensure to have an appropriate system in place for credit analysis and decisions including appropriate criteria to limit the amount of credit.
- d. Monitor enforcement of policies to prevent over-indebtedness. The Board and Senior Management of the Bank should be aware of and concerned about the risks of over-indebtedness of its customers.
- e. Draw the customer's attention to the consequences of signing a contract that may affect his financial position and his collateral in case of default in payment of a loan/obligation.
- f. Prepare and submit appropriate reports (e.g., loan quality, write-offs, restructured loans) to Management.
- g. Ensure that corrective measures are in place for poor long-term quality of loan portfolio linked to over-indebtedness.
- h. Have specific procedures to actively work out solutions (i.e., through workout plan) for restructured loans/ refinancing/writing-off on exceptional basis for clients in default who have the "willingness" but without the capacity to repay, prior to seizing the assets.

Refer to Credit Policy Manual and Debt Amnesty Program.

1.1.5.3. Cooling-off Period

- a. As may be appropriate, provide the customer with a "cooling-off" period of two (2) banking days immediately following the signing of any agreement or contract.

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- b. Permit the customer to cancel or treat the agreement as null and void without penalty to the customer of any kind on his or her written notice to the Bank during the cooling-off period. The Bank may however collect or recover reasonable amount of processing fees.

It is further recognized that there may be a need for some qualification to an automatic right of cooling-off. The right should not apply where there has been a drawdown of a credit facility and the Bank should be able to recover any loss arising from an early withdrawal of a fixed rate term deposit which loss arises because of a difference in interest rates. This would be in addition to any reasonable administrative fees associated with closure of the term deposit.

The cooling-off right cannot be availed if:

- The loan account has been booked.
- There has been a drawdown of the facility.

1.1.5.4. Objectivity

- a. Deal fairly, honestly, and in good faith with customers and avoid making statements that are untrue or omitting information which are necessary to prevent the statement from being false or misleading.
- b. Present a balanced view when selling a product or service. While the Bank highlights the advantages of a product/service, the customer's attention should also be drawn to its disadvantages and downside risks.

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1.1.5.5. Institutional culture of fair and responsible treatment of clients

- a. A Code of Ethics should be applicable to all staff, spelling out the organizational values and standards of professional conduct that uphold protection of customers. This Code should be reviewed and approved by the Board. The staff signs a document by which they acknowledge that they will abide by the Code and not engage in behaviors prohibited as provided for in the Code. To ensure adherence to the Code, the Bank is required to implement measures to determine whether the principles of consumer protection are observed, the clients' concerns are appropriately addressed and problems are resolved in a timely manner. These may include among others, the regular conduct of customer satisfaction survey.

Refer to Branch Customer Feedback/Suggestion Box Manual and Code of Ethics.

- b. Ensure that recruitment and training policies are aligned around fair and responsible treatment of clients.

Refer to HRD Selection Process - HRD Policies and Procedures Manual.

- c. Ensure that staff, specifically those who interact directly with customers, receive adequate training suitable for the complexity of the products or services they sell.

Refer to Training Philosophy and Training Responsibilities - HRD Policies and Procedures Manual (Service Star Workshop).

- d. Ensure that collection practices are covered during the initial training of all staff involved in collections (loan officers, collections staff, and branch managers). In particular, collection staff should receive training in acceptable debt collection practices and loan recovery procedures.

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e. The Bank should clearly spell out the specific standards of professional conduct that are expected of all staff involved in collection (including outsourced staff).

f. Institute policy that guarantees that clients receive a fair price for any foreclosed assets and has procedures to ensure that collateral seizing is respectful of clients' rights.

Refer to Collections Manual, and Real and Other Properties Acquired (ROPA) and Sales Contract Receivables (SCR).

g. Ensure that Managers and Supervisors review ethical behavior, professional conduct, and quality of interaction with customers as part of staff performance evaluations.

Refer to Performance Review Management System - HRD Policies and Procedures Manual.

h. Have a system or internal processes in place to detect and respond to customer mistreatment as well as serious infractions. In case of violation of *Code of Ethics* (e.g., harassment,) sanctions shall be enforced.

i. Inform staff of penalties for non-compliance with Code of Ethics.

Refer to Administrative Disciplinary Rules - HRD Policies and Procedures Manual.

j. Perform appropriate due diligence before selecting the authorized agents/outsourced parties (such as taking into account the agents' integrity, professionalism, financial soundness, operational capability and capacity, and compatibility with the Bank's corporate culture) and implement controls to monitor the agents' performance on a continuous basis. The Bank retains ultimate accountability for outsourced activities.

Refer to Outsourcing of Banking Functions - HRD Policies and Procedures Manual.

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- k. Disseminate the main aspect of the Code of Ethics to clients through printed media or other appropriate means.
- l. Treat consumers with professional competence and not employ practices that discriminate or take advantage of difficulties faced by vulnerable groups such as the low-income earners, and persons with disability.

1.1.5.6. Remuneration Structure

- a. Design remuneration structure for staff of the Bank and authorized agents in a manner that encourages responsible business conduct, fair treatment and avoidance/mitigation of conflicts of interest.
- b. Disclose to the customers the remuneration structure where appropriate, such as when potential conflicts of interest cannot be managed or avoided.
- c. Ensure adequate procedures and controls so that sales staff are not remunerated based solely on sales performance but that other factors, including customer's satisfaction (in terms of number of customer complaints served/settled) and compliance with regulatory requirements, best practices guidelines, and Code of Ethics in which certain principles are related to best interest of customers, satisfactory audit/compliance review results and complaint investigation results, are taken into account.

Refer to Performance Review Management System - HRD Policies and Procedures Manual.

1.1.6. Effective Recourse

Financial consumers should be provided with accessible, affordable, independent, fair, accountable, timely, and efficient means for resolving complaints with their financial transactions.

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The Bank demonstrates the ability to provide effective recourse if it is able to:

- 1.1.6.1. Develop internal policies and practices, including time for processing, complaint response, and customer access.
- 1.1.6.2. Maintain an up-to-date log and records of all complaints from customers subject to the complaints procedure. This log must contain the following:
 - a. Details of each complaint;
 - b. The date the complaint was received;
 - c. A summary of the Bank's response;
 - d. Details of any other relevant correspondence or records;
 - e. The action taken to resolve each complaint; and
 - f. The date the complaint was resolved.
- 1.1.6.3. Ensure that information on how to make a complaint is clearly visible in the Bank's premises and on their websites.
- 1.1.6.4. Undertake an analysis of the patterns of complaints from customers on a regular basis including investigating whether complaints indicate an isolated issue or a more widespread issue for consumers. This analysis of consumer complaints must be escalated to the Bank's compliance/risk management function and senior management.

Refer to Service Committee Charter.
- 1.1.6.5. Provide for adequate resources to handle financial consumer complaints efficiently and effectively. Staff handling complaints should have appropriate experience, knowledge, and expertise.
- 1.1.6.6. Establish clear policies on investigation, resolution and restitution of complaints and making the process clear to the consumer.
- 1.1.6.7. Ensure that information on the consumer assistance channels and applicable timelines for handling concerns are published in the following:
 - a. Terms and Conditions of a bank's product or service;
 - b. Various channels of service delivery; and
 - c. Conspicuous places within the premises of the bank and their branches/other offices.

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Refer to Customer Complaints Handling Framework, Policies and Guidelines – Customer Experience Management.

The Customer Assistance Officer for branches is the Branch Service Head.

1.1.7. Financial Education and Awareness

Financial education initiatives give consumers the knowledge, skills, and confidence to understand and evaluate the information they receive and empower them to make informed financial decisions. Financial education should be integral to the good governance of the Bank.

The Bank shall demonstrate this principle through various means and in particular:

- 1.1.7.1. Have a clear and defined financial education and awareness program as part of a wider financial consumer protection and education strategy and corporate governance. It is an integral component of the Bank's on-going interaction and relationship with clients.
- 1.1.7.2. Develop financial education and awareness programs, either on their own or in partnership or collaboration with industry associations, which contribute to the improvement of the clients' knowledge and understanding of their rights and responsibilities, basic information and risks of financial products and services, and ability to make informed financial decisions and participate in economic activities. Financial education programs should be designed to meet the needs and financial literacy level of target audiences, as well as those that will reflect how target audience prefers to receive financial information. These may include:
 - a. Delivering public awareness campaigns and information resources that would teach consumers on certain aspects of their financial lives particularly, budgeting, financial planning, saving, investing, borrowing, retirement planning, and self-protection against fraud.

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- b. Developing financial education tools or information materials that are updated and readily understood and transparent such as customized advice and guidance (face to face training); printed brochures, flyers, posters, training videos (e.g., about money management, debt management, saving), and newsletters; websites, and interactive calculators that deliver key messages and "call to action" concerning better money management (e.g., protect your money, know your product, read and understand the T&C, check your statements, pay bills on time, safeguard your Personal Identification Number, understand fees and charges) and consumer responsibility to ask the right questions.
 - c. Distributing to customers, at the point of sale, a pamphlet on questions, which customers need to ask before accepting a financial product or service.
- 1.1.7.3. Clearly distinguish between financial education from commercial advice. Any financial advice for business purposes should be transparent. Disclose clearly any commercial nature where it is also being promoted as a financial education initiative. It should train staff on financial education and develop codes of conduct for the provision of general advice about investments and borrowings, not linked to the supply of a specific product.
 - 1.1.7.4. Provide via the internet or through printed publications unbiased and independent information to consumers through comparative information about the price and other key features, benefits and risks, and associated fees and charges of products and services.
 - 1.1.7.5. Regularly track, monitor, and assess campaigns and programs and use the results of the evaluation for continuous improvement