

**Industry Comments –Proposed Minimum Requirements on Customer Complaints Procedures for Banks
Rulebook-Volumes 1 & 2 – Conventional/Islamic bank licensees
May 2011**

Industry Comments	Ref.	CBB’s response
General Comments:		
<p>A licensee noted that Service excellence department is available in Bank –Bahrain and it’s responsible for monitoring customers' complaints and also receiving /escalating complaints. Customers can reach this unit by:</p> <ol style="list-style-type: none"> 1. Branches through Suggestion box which is available at all our branches. 2. Websites (Feed Back form) which is available at the licensee’s website 3. Contacting the Service Excellence on direct phone number or the customer can send an email. <p>- The licensee’s Complaint policies and procedures document is available.</p> <p>- The customer will be informed with the final decision concerning the complaints either verbally / email or in writing depending on the source and nature of the problem.</p> <p>- We will provide the CBB with a quarterly report starting from 30.06.2011 summarizing the following:</p> <ol style="list-style-type: none"> (a) The number of complaints received; (b) The substance of the complaints; (c) The number of days it took the bank to acknowledge and to respond to the complaints; and (d) The status of the complaint, including whether resolved or not, and whether redress was provided. <p>Kindly note that we are aware and comply with CBB procedure and policy</p>		<p>No issues raised. The licensee supports the proposal.</p>
<p>A licensee noted that</p> <ol style="list-style-type: none"> 1. The CBB should relax some requirements (which must be specified in the respective rules) for Wholesale Banks. That is due to the fact that Wholesale Banks only deal with sophisticated investors. In section 1.1 of the executive summary the CBB acknowledged that “certain sections of the Code in this area should also apply to wholesale banks”. While consistency is commendable, CBB should not apply one size fits all approach here due to the substantial difference between the type of 	A	<ol style="list-style-type: none"> 1. Disagree- The customer rights to complain about any regulated service provided by any bank (wholesale or retail) must be preserved. Therefore, the internal consumer complaints handling procedures must cover complaints relating to all regulated services provided by banks to its

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<p>license and customers that Retail and Wholesale licensees have.</p> <p>2. Furthermore, the CBB should accept the use of a Bank’s website as a means to disseminate the required information and sanction the use of electronic means to meet the written requirements within the proposed rules (as accepted by the Bahrain Electronic Transaction Laws of year 2002).</p>	<p>B</p>	<p>customer and so these proposed directives shall apply to all banks including wholesale banks to ensure a consistent approach because there are substantial disparities between banks in customer complaints handling.</p> <p>2. Agree, the proposed regulation already support any easily accessible mean of communication (which internet is considered on of them), section 2.7 “Accessibility” states</p> <p>(a) A complaints handling process should be easily accessible to all customers and should be free of charge;</p> <p>(b) Process information should be readily accessible and should include flexibility in the method of making complaints;</p> <p>The accepted means of communicating complaints should be part of the bank’s documented procedures for handling complaints. To add guidance stating that the website is considered an acceptable mean for dealing with customer complaints, <u>however it should not be the only mean of dealing with complaints as not all customers have access to the internet.</u></p>
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<p>A licensee noted that given the diversity of the industry, the suggestions will need to be tailored to the nature, scale and scope of the financial institution and its customer base.</p> <ol style="list-style-type: none"> 1- Complaint statistics should be a Board (or board subcommittee) item; 2- Internal Audit should review complaint handling procedures; 3- The financial institution should consider Key Risk Indicators which formalize the escalation of significant or unresolved complaints; 4- Complaint handling procedures training should be conducted periodically to relevant staff; 5- Complaints handling Policy and Procedures should formally address how Complaints Handling Procedures are addressed during periods of BCP activation. 	<p>C</p> <ol style="list-style-type: none"> 1. While this is a valid point, this is a procedural item that should be decided by the banks themselves 2. This is a valid point and should be part of the bank’s internal procedures. 3. This should be part of the documented procedures for handling complaints. 4. Agree. Added to Module BC 5. Valid point, Added to Module BC.
<p>A licensee has the following initial comments:</p> <ul style="list-style-type: none"> • Being a wholesale bank and given the business model, the number of clients that transact business with the bank is a small number and require very careful individual attention. Each client has a dedicated relationship manager (“RM”) who is responsible for the client’s investments and for looking after all clients’ needs, including questions regarding the investments and addressing issues or complaints with respect to the service being provided. • Owing to the Bank’s structure and the nature of the relationship between RMs and clients, all clients are aware of the accessibility of the RMs and their immediate superiors. • The Chief Executive Officer makes him-self available to clients whenever it is appropriate that they seek his intervention. <p>It is believed that because it is a wholesale bank and the business model provides that the structure in that each investor is already served by a dedicated RM, that all complaints are better closely handled through the appropriate RM. The bank further believes that the customer complaint officer is more a necessity for retail banks which deal with a large and diverse customer base.</p>	<p>D</p> <p>Please refer to comment A above. What if the customer wishes to complain against his relationship manger? This is not a valid reason not to have a proper internal compliant handling procedures and independent officer who is responsible for handling such task.</p> <p>E</p> <p>The customer complaints officer must be independent of the parties to the complaint to minimize any potential conflict of interest; therefore, the RM will not be suitable because he is not independent.</p>

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<p>A licensee noted that they already have internal complaints handling procedures in place. Does the bank need to follow a unified procedures format provided by the CBB i.e. to revisit our internal procedures? If yes, then does the bank need to submit these procedures to the CBB?</p> <p>Also, when saying complaints, does it mean complaints and suggestions or only complaints? Because customers have two things either complaints or suggestions for improvements.</p>	<p>F</p> <p>G</p>	<p>There is no specific format to be followed, As long as the procedures are documented and are in compliance with the minimum requirements stipulated under this proposed rules (banks could apply tougher requirements if this wish so). Banks are required to revisit their current procedures to make sure they are in compliance with the requirement of this paper once issued but there is no need to resubmit the documented procedures. Compliance with these requirements will be subject to the ongoing supervision of the CBB as well as being part of any CBB inspection of a licensee.</p> <p>According to the definition of customer complaints in 1.6, suggestions will not be included.</p>
<p>A licensee has procedures in place; in addition, complaints are logged into a system. The time to respond to complaints is set in the system itself. All the written complaints are acknowledged within 5 working days. Resolution letter is sent after 4 weeks of complaint received if the case is not resolved and closure letter is sent to customer upon closure of the case.</p> <ul style="list-style-type: none"> a) Regarding verbal complaints, shall the acknowledgement to that be verbal as well to the client or has to be in writing? b) In addition, is the consultation paper related to the retail bank or covers the corporate (wholesale bank) as well? c) The NRI Business complaints handling process is fairly similar to the one proposed by the Central Bank with timelines on acknowledgement and a 		<ul style="list-style-type: none"> a) Section. 2.10 states that a bank must acknowledge in writing customer written complaints within 5 working days of receipt; therefore, it is clear that complaints should be received in writing b) Applies to all banks as noted in 1.1 c) Noted d) It should be applied to any customer complaint received by any customer (whether resident or no resident in Bahrain) who has been offered a regulated

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<p>periodic update to the client, where complaints are handled by an independent unit at India.</p> <p>d) It is inquired whether this would cover complaints from clients who are residents of Bahrain or also include non-resident clients based in countries like Kuwait, Qatar etc.</p> <p>e) Any IPB client could always complain at the branch.</p> <p>f) We would appreciate if you could possibly clarify the deadlines for the proposed procedures to be effective.</p>	<p>service by the Bahrain Branch.</p> <p>e) What is an IPB client?</p> <p>f) There will be a transition period from the date of issuance that will give the licensees adequate time to comply.</p>
<p>A licensee noted that they are of the view that the proposed regulations are too prescriptive for a banking environment such as Bahrain, which operates on free market principles. In this competitive market, if customer service is not given due attention by the participant banks, that bank is likely to lose business; similarly if customer complaints are not handled promptly and effectively (which is an integral part of good customer service), the bank will gradually lose business. The proposed regulations will also add to the cost base of banks.</p> <p>It is suggested that CBB’s objective of ensuring that customer complaints are promptly attended to can be addressed by a simpler framework involving the following:</p> <p>a) Banks must designate Complaints officer and publish the name on their web page as well as branch notice boards,</p> <p>b) Customer complaints must be acknowledged within 5 days,</p> <p>c) The issue raised by the customer must be fully resolved within 1 month under written advice to him. In exceptional cases, if such resolution is not possible, the customer must be given an interim written advice regarding status,</p> <p>d) Banks must retain records of customer complaints and how they have been dealt with for 10 years, and make them available for scrutiny/ audit by internal auditors or the CBB if needed.</p> <p>If the CBB notices that any bank is not complying with (a) and (b) above, the bank could be subject to penalties and other enforcement action. The CBB can publicize the above, such that customers are aware of the recourse available to them in case of need. The above will ensure that (i) minimum standards for handling customer complaints are met, (ii) banks will have the discretion to set up complaints handling mechanism</p>	<p>H</p> <p>The suggestions are similar to the proposal; the proposed rules are formalizing what licensee is suggesting. Moreover, the licensee suggestion is even more stringent in terms of the public disclosure by the CBB of any penalty imposed. The proposed regulation gives a clear and unified process for handling complaints.</p>

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<p>that best meet their requirements, taking into account cost and effectiveness, (iii) customers will be aware of the recourse available to them in case of need, (iv) customer service standards will be maintained.</p> <p>Further, the consultation paper does not clarify the nature of complaints that come under the scope of the suggested procedure, though it mentions in one place that the procedure should provide for receipt and acknowledgment of written complaints. It should be stated clearly that this procedure, particularly the requirement of tracking, record keeping and reporting are applicable only to customer complaints received in writing by the bank and not verbal complaints made to bank employees.</p>	I	<p>Section . 2.10 states that a bank must acknowledge in writing customer written complaints within 5 working days of receipt; therefore, it is clear that complaints should be received in writing. Moreover, Section 1.6 Clearly state what is meant by “complaints”</p>
<p>A licensee inquired if the complaint handling unit has to be based at Bahrain? Can the centralized Complaint handling unit based at HO will suffice / meet the directives?</p>	J	<p>The Branch must have documented procedures for handling complaints and the customers should be aware of the channels available to them to raise any complaint. Moreover, a complaint officer must be recruited in Bahrain Branch in order to do the required investigations and to report all complaints to the Complaint handling unit which is based at the HO. This was added to Module BC.</p>
<p>A licensee noted that although the guidance provided on the requirements is adequate and the specific proposals are workable, no time lines for implementation were specified or proposed in the consultation draft. Therefore, it is requested that the CBB considers giving clear and workable time table for implementation of the suggested requirements at the time of making these draft comments applicable as regulations to be complied with by the licensee. A workable time line for implementation of about six months from the date of issuance of the circular would enable the license to put in place the minimum requirements and also inform the customers with regards to the new procedures.</p>	K	<p>There will be a transition period from the date of issuance that will give the licensees adequate time to comply.</p>
<p>A licensee noted that the Proposed Minimum Requirements document appears to be closely based on similar provisions in the DRA Module that came into effect on 1 July 2010 as part of Volume 6 of the Rulebook, with which no issues were raised, but it is</p>	L	<ul style="list-style-type: none"> • Where a CBB licensee undertakes any business that falls within Article 80 it will be regarded as a Capital Market Service

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<p>not identical. However, the concern is that wholesale banks may be simultaneously subject to similar but different requirements imposed by the various Volumes of the Rulebook. DRA-1.1.2 requires all CMSPs to have in place internal dispute resolution systems and procedures and to inform clients and users of services about its availability. This point was raised during the consultation on DRA that, as defined, ‘CMSP’ effectively catches all CBB licensees (including wholesale Islamic banks). In reply, CBB took the view that, as the definition is limited to those companies providing services under Article 80 of the CBB Law (which is itself limited to services related to securities), not all CBB licensees will be brought under this Module. Our response to this was that LR-1.3.1 defines “regulated Islamic banking services”, many by reference to dealing in ‘financial instruments’ which are in turn defined in the Glossary as including transferable securities. Islamic banks can thus legitimately deal in securities and would therefore fall within Art 80. Also, Art. 80(a) (7) includes “any other activities as approved by the Central Bank” which again could be construed as catching Islamic banks through non-securities business.</p> <p>CMSPD was asked for guidance on whether Islamic bank licensees will never be treated as CMSPs or will only be treated as CMSPs to the extent they deal in securities as defined in Volume 6. However, there was no reply. If an Islamic bank is always a CMSP or may be treated as one to the extent it deals in securities, it will be subject to both Module DRA and to this new complaints procedures directive. Ideally the complaints-handling requirements should be identical throughout the Rulebook.</p>	<p>Provider (CMSP). This designation may not necessarily be a permanent one (i.e. regulated service) but may occur from time-to-time depending on the business of the institution.</p> <ul style="list-style-type: none"> • Where an institution is regarded as a CMSP and conducts transactions or business that falls within DRA-B.1.1. (Scope), it will fall within the requirements of Module DRA and it must have the necessary dispute resolution, arbitration and disciplinary proceedings. • The updated requirements in the proposed minimum requirements document were drawn up using Module DRA as a reference and there should not be any conflicting provisions between the other Rulebook Volumes in relation to dispute resolution and Module DRA. • Notwithstanding the above, it is perfectly acceptable and in line with international regulation that dispute resolution requirements in the capital market exceed the requirements for such provisions in private companies who do not take public funds.
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Proposed Rule	Comments		CBB’s Response
<p>2.2 <i>Customer complaints procedures must be documented appropriately and customers must be informed of their availability.</i></p>	<p>A licensee noted that the provision is to be amended, as well as, requirement 2.7 that publication of the procedure on the Bank’s website should meet this requirement.</p>	R	<p>The acceptable mean of communicating complaints should be part of the documented procedures, please refer to comment B above.</p>
<p>2.3 <i>2.3 All Banks must appoint a customer complaints officer and publicise his/ her contact details to all departments and branches. The customer complaints officer must be of a senior level at the bank and must be independent of the parties to the complaint to minimize any potential conflict of interest.</i></p>	<p>A licensee noted that each bank should have a Complaints officer and a complaints champion. While the complaints officer is responsible for collecting, updating and follow up on the complaints/ suggestion raised complaints champion is the person who will access the complaints officer to resolve the issue as the complaints officer might be a back office staff (e.g. compliance officer).</p> <p>A licensee needed clarification as to the appointment and duties of the customer complaint officer. Does the CBB require the customer complaint officer to be independent in his/her reporting line from the Business, or would it be acceptable to appoint a person from within the Business who otherwise does not deal with customers and customer transactions as part of his normal work responsibilities?</p> <p>A licensee noted that the decision on designating the Complaints Officer should be left to the bank concerned based on its responsibility structure, work flow etc. In many cases, customer complaints lead to process reviews by banks and resultant</p>	<p>S</p> <p>T</p> <p>U</p>	<p>These proposed rules are relating to complaints which are defined under section 1.6 .Suggestion is not considered a complaint. However bank can follow higher standard and have specific officer for suggestions.</p> <p>The complaints officer must be independent of the business line relating to the cutomers to minimize any potential conflict of interest. However, he/ she should be within the business organization. Compliance Officer can take the responsibility of the Complaints officer.</p> <p>Disagree- the complaints are sometimes raised against the customer relationship officer/staff where there will be a clear</p>

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	<p>changes/ improvements. Therefore, on many occasions, effective handling of complaints and of its underlying processes is achieved by the senior officer responsible for such customer business. By forcing banks to designate as ‘complaints officer’ an alternate person who has no connection with the line of business, the process of complaints resolution could possibly be weakened rather than strengthened, depending on the bank’s organization structure; therefore, it may be most appropriate to leave the decision to each bank.</p> <p>A licensee inquired if the complaints officer is an ‘approved person position’ which should be at branch level or can it be based at HO – wherein a centralized compliant unit exists independent of business?</p>	<p>V</p>	<p>conflict of interest if such staff handles the complaints raised against him, therefore the complaints officer who is responsible for the resolution must be independent of that business line and must have the necessary authority to resolve such complaints or has ready access to an employee who has the necessary authority.</p> <p>Complaints officer should be a senior person but he is not an approved person, (i.e. no need for CBB prior approval to appoint such person). However, Compliance Officer can take the responsibility of the Complaints officer. With regard to being located in the HO, Please refer to comment J above.</p>
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<p>2.5 Banks should provide a copy of the procedures to all relevant staff, so that they may be able to inform customers. A simple and easy-to-use guide to the procedures should also be made available to all customers, on request and when they want to make a complaint.</p>	<p>A licensee noted that having the procedure available in the Bank’s intranet (or shared folder) and having the same available on the Bank’s website should meet the former and the latter’s requirement in this section.</p>	<p>x</p>	<p>Noted. This should be part of the documented procedure and is up to the bank to decide how to communicate this information.</p>
<p>2.6 Banks are required to ensure that all financial services related documentation (such as loan documentation) provided to the customer include a statement informing the customer of the availability of a simple and easy-to-use guide.</p>	<p>A licensee noted that this should be optional and not compulsory for wholesale banks. This is especially so as the wholesale license would virtually restrict their customers to those who would come within the category of accredited investors within the context of the CBB rules.</p> <p>A licensee inquired if the bank is mandated to make amendment in Terms & Conditions of all financial services related documentation?</p> <p>A licensee noted that publicizing a statement informing the customers of the availability of a simple and easy-to-use guide in all branches and</p>	<p>V</p> <p>Z</p> <p>ZA</p>	<p>Disagree-Please refer to comment A above.</p> <p>There will be a transition period from the date of issuance that will give the licensees adequate time to comply</p> <p>see comment Z above</p>

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	<p>customer service areas in a noticeable manner and publishing the same on the Bank's website are sufficient. Changing all the financial services related documentation to include this statement is costly. CBB's consideration to this matter is appreciated.</p> <p>A licensee noted that the proposed guidelines require banks to include a statement in all financial documentation (such as loan documentation) informing the customer of the availability of a user guide for complaints procedure. This will lead to additional costs and wastage, as existing documents have to be destroyed. Also, to seek addition of such a statement as one of the clauses in 'loan documentation' seems unreasonable as it adds conditionality to the creditor-debtor relationship documented in the loan agreement, the name of the complaints officer, process for complaints etc will in any case be displayed in branches for the customer's benefit. It is recommended that this requirement either be deleted or that the banks be required to provide such information separately while handling over other documentation.</p>	ZB	Please refer to comment Z above.
<p>2.7 Adherence to the following principles is required for effective handling of complaints:</p> <p><i>1. Visibility: "How and where to complain"</i></p>	<p>A licensee sought clarification as to the means by which banks are required to inform customers of the availability of customer complaints procedures and visibility of such procedures. Unlike Retail banks that could make the procedures visible to their customers in their branches, this approach</p>	Z	All banks have a website .The bank could communicate directly with the customer, by e-mail, telephone or website. There should be a way to inform the customer.

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<i>should be well publicised to customers and other interested parties, in both English and Arabic languages.</i>	would not achieve its required purpose in a wholesale bank which has no branches or customers visiting the bank.		
2.7 Adherence to the following principles is required for effective handling of complaints: 6. <i>Accessibility:</i> (c) <i>A complaints handling process should be easily accessible to all customers and should be free of charge;</i>	A licensee sought clarification with respect to the accessibility requirement where the proposed procedures state: “a complaint handling process should be accessible to all customers and should be free of charge” does the CBB require specific means such as toll-free lines to be allocated for this purpose?	ZA	Such details will be left for each bank to decide on and to be documented in the procedures. As long as the communication channel is easily accessible and free of charge it will comply with this rule (which a toll free line can be one of such channels if the banks wishes so)
2.7 Adherence to the following principles is required for effective handling of complaints: <i>3.Responsiveness:</i> (d) <i>Customers should be kept informed of the progress of their complaint;</i>	A licensee suggested adding: “as per the applicable procedure”. Otherwise the provision is open ended and Banks may face the consequence having to dedicate resources on this disregarding the procedure time frame. A licensee noted that the process for customers’ complaints received from CBB (orally/written) should be clarified. Generally, CBB should not encourage receiving complaints from a customer directly unless such complaint is already taken up by the customer with the concerned bank (and is dealt with under the established procedure); and he is not satisfied. In case the complaint is received by CBB in the normal course and forwarded to Bank without their specific observations, then it should be made clear, if the Bank should process it normally and advise the CBB or take up with the	ZB ZC	A cross reference has been added to the section “Response to Complaints” All customer complaints should be addressed to the bank first. In the event that the bank is unable to resolve a complaint, the bank must outline the options that are open to the customer to pursue the matter further, including, where appropriate, referring the matter to the Compliance Directorate at the CBB. This is what 2.7.3 (f) is noting. Once the customers are properly informed about their right to file any complaints through an easily accessible and free of charge channels, they will definitely start

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	<p>customer as per the established procedure. We feel that CBB should generally advise the complaining customer to approach the bank first and later on if the Bank’s actions and final responses were not to the customer's satisfaction, he can always approach CBB.</p>		<p>exercising such right and will stop gradually referring to the CBB directly. Once the banks have in place the proposer mechanism as per the proposed rules, the CBB will make sure than any complaint it receive has been looked at by the bank before being forwarded to the CBB.</p>
<p>2.7 Adherence to the following principles is required for effective handling of complaints:</p> <p><i>4.vii-Objectivity for personnel – complaints handling procedures should ensure those complained about are treated fairly which implies:</i></p> <ol style="list-style-type: none"> <i>1. Informing them immediately and completely on complaints about performance;</i> <i>2. Giving them an opportunity to explain and providing appropriate support;</i> <i>3. Keeping them informed of the progress and result of the complaint investigation;</i> <i>4.Full details of the complaint</i> 	<p>A licensee noted that the employee related complaints from customers are handled and investigated under a separate process than the one for dealing with normal customer’s complaints. The response to the customer in such cases should only be related to his grievance and not on any action/investigation related to staff. In brief, the staff related action / investigation should be as per the Bank’s related HR procedures and not as a part of customer complaints procedure.</p> <p>A licensee noted that this clause in addition with (ii-Impartiality) instruct on how to investigate a complaint made against any bank employee and unnecessarily restrict the bank’s freedom to act. Instead, it is suggested that these clauses state that actions should be as per each bank’s HR policy. Depending on the nature of the customer’s complaint and facts revealed after investigating the complaint, each bank could look at procedure change and/ or action against erring staff in line with its HR policy.</p>	<p>ZD</p> <p>ZE</p>	<p>If the customer is complaining regarding a regulated service provided by a bank via a customer service staff, it would be difficult to segregate the two things and that’s why the rules stated that all complaints should be dealt with through a customer complaints officer who will be independent of the parties to the complaint to minimize any potential conflict of interest.</p> <p>These rules are relating merely to the complaints raised against customer service staff with regards to the provision of regulated service. Being said that, this does not mean that the complaints officer will work in isolation of the general HR policy with regards to complaints raised against the banks staff in general which is not necessary relating to the provision of regulated service.</p>

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<p><i>are given to those the complaint is made against prior to interview; and</i></p> <p><i>5. Personnel should be assured they are supported by the process and should be encouraged to learn from the experience and develop a better understanding of the complaints process.</i></p>			
<p>2.7 Adherence to the following principles is required for effective handling of complaints:</p> <p><i>4.viii(2) Confidentiality: Customer information must be protected and not disclosed, unless he/ she consents otherwise; and</i></p>	<p>A licensee suggested amending the provision to this effect: the customer information must be protected and not disclosed without his/her prior consent except to the extent that the disclosure is necessary to allow the Bank to investigate the matter. Such disclosure should be strictly on need basis, including, without limitation, limiting the disclosure solely to the relevant Bank personnel.</p>	ZF	Customer consensus is required before disclosing any information.
<p>2.7 Adherence to the following principles is required for effective handling of complaints:</p> <p><i>4.xiiiContinual improvement: Continual improvement of the complaints handling process and the quality of products should be a</i></p>	<p>A licensee suggested inserting the phrase “and services” after the words “the quality of the products” in the sentence.</p>	ZG	Agree. Included in Module BC

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<i>permanent objective of the bank.</i>			
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<p>2.10 Timely Response to Complaints</p> <p>(a) <i>A bank must acknowledge in writing customer written complaints within 5 working days of receipt; and</i></p> <p>(b) <i>A bank must respond in writing to a customer’s complaint within 4 weeks of receiving the complaint, explaining its position and its reaction to the complaint.</i></p>	<p>A licensee noted that the CBB Consultative paper mentions that all complaints have to be resolved within 4 weeks of acknowledgment. Besides that, the complaint handling process should be free of charge to the customer. The licensee’s internal procedures on Customer Complaint Handling are compliant with these requirements. However, there are certain exceptions.</p> <p><i>“We have an existing agreement/ arrangement with Visa & Master card, which is the case with all major banks within Bahrain, whereby all complaints/ disputes relating to Credit/ Debit Card transactions may take up to 180 days for resolution & an investigation fee of BHD10 has to be borne by the customer IF the claim by the customer is proven to be non-substantiated. The BHD10 charge is a fee imposed by Visa & MasterCard and HSBC will only absorb this cost as a gesture of goodwill if the dispute is proven to be substantiated. A disclaimer for the same is included in the 'HSBC Dispute Form (Debit/ Credit Card) which has to be agreed & signed by the customer during the initial stage of lodging the complaint.</i></p> <p><i>We are of the view that this would not be a violation of the CBB requirements on Complaint Handling procedures.</i></p> <p><i>We would appreciate any comments/feedback from CBB if our understanding on this subject is deemed to be incorrect.”</i></p>	<p>ZH</p>	<p>The customer complaint must be processed free of charges, therefore, the BD 10 charged by Visa/ Master must be borne by the bank itself.</p> <p>A licensee must respond in writing to a customer’s complaint within 4 weeks of receiving the complaint, explaining its position and its reaction to the complaint. If the customer is not satisfied with the licensee’s response, he can forward the complaint to the Compliance Directorate at the CBB within 30 calendar days from the date of receiving the letter.</p>
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<p>2.12 Recording of Complaints <i>“A bank must maintain a record of all customers’ complaints. The record of each complaint must include: (d) All correspondence in relation to the complaint. Such records must be retained by the banks for a period of 10 years from the date of receipt of the complaint”</i></p>	<p>A licensee noted that this is inconsistent with OM – 7.2.1 which states <i>“Records of transactions.....for at least five (5) years from the date of the transaction.”</i> It is recommended that all documentation retention periods be consistent across all policies AND set for a pre-defined period.</p> <p>A licensee noted that the retention period may be restricted to 5 years as opposed to 10 years, for the purpose of maintaining consistency with other modules in the CBB Rulebook on the related subject.</p>	ZJ	The record retention period will be amended to be 5 years instead of 10 years.
	<p>A licensee noted that taking into consideration the statutory limitation, the period should be counted from the time the case is closed (either resolved or determined by the CBB), not from the time the complaint is received by a Bank.</p>	JK	
	<p>A licensee inquired about the period for retaining the data of ‘recorded calls’.</p>	ZL	Recorded verbal complaints will not be accepted as an alternative to “written complaints”; even with the complaints handling procedures in place a customer should still have the right to take a bank to court and in most cases a court of law would not consider a verbal complaint to be admissible. Therefore, all complaints must be in written format.

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<p>2.13 Reporting of Complaints</p> <p><i>A bank must submit to the CBB a quarterly report summarizing the following:</i></p> <p><i>The number of complaints received;</i></p> <p><i>The substance of the complaints;</i></p> <p><i>The number of days it took the bank to acknowledge and to respond to the complaints; and</i></p> <p><i>The status of the complaint, including whether resolved or not, and whether redress was provided.</i></p>	<p>A licensee suggested it will be more constructive if the name of the CBB Directorate where the Banks supposed to send the quarterly reports was mentioned. Also, it will be more useful also if CBB design a standard Form for all the banks to report the data uniformly.</p>	ZM	<p>Each licensee should submit this return (similar to other returns) to its concerned Supervisory Directorate. The reference to the submission of this new return has been added to the BR Module as well.</p>
	<p>A licensee noted that the CBB should specify that wholesale banks are exempted from this requirement if the Bank does not receive any complaint during the relevant quarter.</p>	ZN	<p>This should be reported as 0 complaints received.</p>
	<p>A licensee noted that a standard template should be adopted by CBB to ensure consistency and uniform approach by all banks.</p>	ZO	<p>The CBB will not issue a template .</p>
	<p>A licensee suggested that a template for report should be provided by CBB for uniformity in reporting.</p>	ZP	<p>Please refer to comment ZO above.</p>
	<p>A licensee inquired if there is any specific format for this register? And to whom to send it to?</p>	ZQ	<p>Please refer to comments ZO above.</p>
	<p>A licensee noted that there seems little value in adding a status report regarding complaints to the regulator. Relevant would be unsolved issues or those not handled to the satisfaction of the customer, each of which will either be escalated by a dissatisfied customers or he will take his business elsewhere. It is suggested that this requirement be</p>	ZR	<p>Disagree; CBB should be aware of the status of each bank’s customer complaints in order to assess the effectiveness of the internal complaints handling mechanism set by each bank.</p>

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