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Consumer Credit Code

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بيت التمويل الكويتي
Kuwait Finance House
Bahrain B.S.C.(c) البحرين ب.م.ب (م)



Licensed as an Islamic Retail Bank by the Central Bank of Bahrain



Code of Best Practice on Consumer Credit and Charging

A. About this Code

1. This Code has been prepared jointly by the Bahrain Association of Banks (“BAB”) and the Central Bank of Bahrain (“Central Bank: or “CBB”). It sets out minimum standards for retail banks and financing companies (thereafter referred to as Central Bank Licensees or Licensees). Kuwait Finance House-Bahrain (“The Bank”) as a Licensee is required to follow these standards when providing finance and other fees or profits, in case of Shari’a compliant financing, that are payable by consumers in the Kingdom of Bahrain.
2. This Code applies where the Bank provides to a consumer:
 - Any other type of financial product creating a creditor–debtor relationship (including Shari’a compliant credit facilities of all types).
 - Any other financial service for which the Bank charges a fee.
3. Adherence to this Code is mandatory for all Central Bank licensees (including the Bank). Consumers are encouraged to inform the Central Bank where they believe there has been non-compliance with the Code.

B. Principal Commitments

The overriding duty of the Bank is to act fairly, responsibly and reasonably in their dealings with consumers.

The four overriding principal commitments are:

- The Bank should make sure that all advertising and promotional literature relating to consumer financing is clear and not misleading in any way.
- The Bank should give clear information and provide clear documentation about products and services they offer, including the application procedures, terms & conditions, profit rates and breakdown of charges that apply.
- The Bank should provide their customers with regular statements, at least every six months. Any changes to profit rates, charges or terms and conditions should be intimated in writing (i.e., by letter or electronically) prior to the change. It is the duty of the consumer to inform the bank of changes in contact address immediately.
- The Bank should deal sympathetically with cases of genuine financial difficulty and treat all personal information from customers as private and confidential.

C. Helping the Customer Choose a Product Which Meets Their Needs

For each new (or potentially new) customer, the Bank should:

- Give transparent and factual information on the key features and benefits of the product(s) the customer is interested in.
- Advise customers on the various delivery channels of products (e.g. through the internet, over the phone in different branches, etc.) and tell customers how they can find out more about such products..
- Once a product is selected by a customer, the Bank will inform the customer of applicable details and the criteria for provision of such a product.

D. Annual Percentage Rate “APR”

1. The Bank must inform consumers when they are contemplating buying a product or at any time they ask how and where they can find information about the APR and Charges. For example:
 - By looking at the notices in the branch (or branches);
 - By looking on the website, and/or
 - By asking staff
2. The Bank must provide consumers with written information about the APR that apply to their financing when such profit is payable, as well as the notification of changes. Shari’a compliant institutions must provide consumers with written information on equivalent forms of charging (such as “profit rates” etc.), and references to obligations concerning “profit rates” in this Code shall be construed accordingly.
3. The Bank must give a full explanation of how the APR is calculated.
4. The Bank must publicize in branches, on websites and in their schedule of charges and the Annual Percentage Rate (APR) and bring this to the attention of new customers.
5. The Bank must inform customers of any changes to APR rates in an effective manner before they take effect.
6. When the APR changes, the Bank must update this information on their website within thirty calendar days prior to the change taking effect. Licensees must also advise the old rate so that customer can compare how the new rate has changed.

E. Financing

1. Before the Bank makes any form of financing, it must assess whether the customer will be able to repay, given its knowledge of the customer's current circumstances.
2. If an overdraft (or any other type of facility) is repayable "on demand", the Bank should make this clear to the customer.
3. The Bank should comply with Central Bank rules on consumer finance.

F. Charges

1. Customers must be given details of any charges that apply (or may apply) to the product or service they are intending to purchase, including:
 - Administration/arrangement fees
 - Prepayment charges
 - Late Payment Charges (Donated to charity)
 - Insurance
2. Customers must also be given information on where to find out about charges, for example:
 - Phoning the helpline
 - Looking at the website, and/or
 - Asking staff
3. If the contract gives the Bank the power to vary fees or charges, the amount or timing of payments, the profit rate or the way profit is calculated, and the Bank decides to exercise that power, it must inform the customer before the charge takes effect at least thirty calendar days prior to the change taking effect, the customer must be provided with full particulars of the change, including an updated schedule of the total profit payments and principal repayment for the remaining term of the financing facility. If the customer does not accept the increase or new charge, the Bank should give the customer the option of terminating the relationship within 15 days of application of the charge. If the consumer does not terminate the relationship within this time, it will be deemed as accepted.
4. The Bank should advise customers of any charges both before a product or service is provided and at any time that the customer might ask.
5. The Bank should ensure that all charges are justifiable for the service and products provided to customers.
6. The Bank that have web sites should publicise their charges on their site.

G. Financial Difficulties

1. The Bank should always endeavour to discuss financial difficulties with their customers before taking legal proceedings
2. Where possible, the Bank should consider alternative arrangements to enable customers to overcome their repayment difficulties.
3. The Bank should provide customers with a minimal level of counseling on debt problems.

H. Complaints

1. The Bank must have in place a formal customer complaints procedures and a copy of this should be submitted to the Central Bank. Moreover, The Bank should appoint a customer complaints officer and publicise his/her contact details at all branches.
2. The Bank must inform customers of the complaints procedures and should provide a written leaflet outlining the procedures.
3. The Bank should acknowledge in writing customer complaints received in writing within 5 working days of receipt.
4. Within 4 weeks of written acknowledgement to the customer, the Bank should respond in writing explaining their position and how they propose to deal with the complaint.
5. If a customer is not satisfied with the Bank's response, the Bank should advise the customer on how to take the complaint further within the organisation.
6. In the event that they are unable to resolve a complaint, licensees must outline the options that are open to that customer to pursue the matter further, including where appropriate, referring the matter to the Compliance Directorate at the Central Bank.

I. Monitoring

1. The customer complaints officer (who may be the same person as the Compliance Officer) should also monitor the Bank's adherence to this Code.
2. The Central Bank may, from time to time, ask the Compliance Officer to report on the Bank's record of adherence to the Code.
3. The Bank should implement this Code and ensure that their staff is fully familiar with it.
4. Copies of the Code should be made available to customers and notices should be displayed in all branches and on websites explaining that copies of the Code are available.
5. The Central Bank will also display a copy of this Code on its own website.
6. In the event of conflict between the requirements of this Code and the provisions of the Central Bank Rulebook, the latter shall prevail.

J. Disclaimer

For the avoidance of doubt, this Code shall not have any legal implications, and the provisions therein shall be subject to the rules of the CBB Rulebook.

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