



MICROFINANCE INSTITUTIONS

BUSINESS AND MARKET CONDUCT

MODULE



MODULE: BC (Business and Market Conduct)

Table of Contents

		Date Last Changed
BC-A	Introduction	
BC-A.1	Purpose	01/2014
BC -A.2	Module History	07/2021
BC-B	Scope of Application	
BC-B.1	Scope	01/2014
BC-B	Provision of Financial Services on a Non-discriminatory Basis	
BC-C.1	Provision of Financial Services on a Non-discriminatory Basis	10/2020
BC-1	Best Practices for Microfinance Institutions	
BC-1.1	General Rules	01/2014
BC-1.2	Overarching Principles	01/2014
BC-1.3	Identification of customer requirements	01/2014
BC-1.4	Disclosure of charges	07/2021
BC-1.5	Repayment Assessment	01/2014
BC-1.6	Financial difficulties	01/2014
BC-1.7	Customer Confidentiality	01/2014
BC-1.8	Advertisements for Microfinance Products and Services	07/2021
BC-2	Customer Complaints Procedures	
BC-2.1	General Requirements	01/2014
BC-2.2	Documenting Customer Complaints Handling Procedures	01/2014
BC-2.3	Procedures for Effective Handling of Complaints	04/2020
BC-2.4	Internal Complaint Handling Procedures	01/2014
BC-2.5	Response to Complaints	04/2020
BC-2.6	Records of Complaints	01/2014
BC-2.7	Reporting of Complaints	04/2020



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-A:	Introduction

BC-A.1 Purpose

BC-A.1.1 This Module contains requirements that have to be met by microfinance institution licensees with regards to their dealings with customers. The Rules contained in this Module aim to ensure that microfinance institution licensees deal with their customers in a fair and open manner, and address their customers' information needs.

BC-A.1.2 The Rules build upon several of the Principles of Business (see Module PB (Principles of Business)). Principle 1 (Integrity) requires microfinance institution licensees to observe high standards of integrity and fair dealing, and to be honest and straightforward in their dealings with customers. Principle 3 (Due skill, care and diligence) requires microfinance institution licensees to act with due skill, care and diligence when acting on behalf of their customers. Principle 7 (Client Interests) requires microfinance institution licensees to pay due regard to the legitimate interests and information needs of their customers, and to communicate with them in a fair and transparent manner.

Legal Basis

BC-A.1.3

This Module contains the CBB's Directive (as amended from time to time) on business conduct by microfinance institution licensees, and is issued under the powers available to the CBB under Article 38 of the CBB Law. The Directive in this Module is applicable to all microfinance institution licensees.

BC-A.1.4 For an explanation of the CBB's rule-making powers and different regulatory instruments, see Section UG-1.1.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-A:	Introduction

BC-A.2 Module History

BC-A.2.1 This Module was first issued in January 2014 by the CBB. Any material changes that have subsequently been made to this Module are annotated with the calendar quarter date in which the change was made: Chapter UG-3 provides further details on Rulebook maintenance and version control.

BC-A.2.2 A list of recent changes made to this Module is provided below:

Module Ref.	Change Date	Description of Changes
BC-2.3.14	04/2020	Amended Paragraph adding reference to CBB consumer protection.
BC-2.5.6	04/2020	Amended Paragraph adding reference to CBB consumer protection.
BC-2.7.1 -	04/2020	Amended Paragraphs adding reference to CBB consumer protection.
BC-2.7.3		
BC-C	10/2020	Added a new Chapter on Provision of Financial Services on a Non-discriminatory Basis.
BC-1.4.6	07/2021	Amended Paragraph.
BC-1.8.1	07/2021	Deleted Paragraph.
BC-1.8.2	07/2021	Deleted Paragraph.

Superseded Requirements

BC-A.2.3 This Module supersedes the following provisions contained in circulars or other regulatory requirements:

Document Ref.	Document Subject
Volumes 1 and 2	Module BC



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-B:	Scope of Application

BC-B.1 Scope

BC-B.1.1

This Module applies to all microfinance institution licensees authorised in the Kingdom, thereafter referred to in this Module as licensees.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-C:	Provision of Financial Services on a Non-discriminatory Basis

BC-C.1 Provision of Financial Services on a Non-discriminatory Basis

BC-C.1.1

Microfinance institution licensees must ensure that all regulated financial services are provided without any discrimination based on gender, nationality, origin, language, faith, religion, physical ability or social standing.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.1 General Rules

BC-1.1.1

Licensees must comply with the best practices throughout the lifetime of their relationship with a customer. Chapter BC-1 sets out the minimum standards for microfinance institutions to follow when providing micro-credit and other services on which fees and/or interest (profit margin in case of Shari'a compliant micro-finance) are payable by customers in the Kingdom of Bahrain.

BC-1.1.2

This Chapter applies where any licensee provides to a borrower any type of financial product creating a creditor relationship (including Shari'a compliant credit facilities of all types).

BC-1.1.3

Licensees must put in place appropriate measures across all their business operations and distribution channels to ensure compliance with the requirements of this Chapter, where relevant. Licensees must maintain adequate records to demonstrate compliance with this Chapter.

BC-1.1.4

The CBB may, from time to time, ask the compliance officer to report on the licensee's record of adherence to the requirements of Module BC.

BC-1.1.5

Licensees should implement the requirements of Module BC and ensure that their staff is fully familiar with these.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practice for microfinance institutions

BC-1.2 Overarching Principles

BC-1.2.1

The six overarching principal commitments are:

- (a) Licensees must act fairly and reasonably in all dealings with customers;
- (b) Licensees must make sure that all advertising and promotional material relating to microfinance facilities, credit and charging is clear and not misleading in any way;
- (c) Licensees must give clear information and provide clear documentation about products and services they offer, including the application procedures, terms & conditions, interest/profit rates and breakdown of charges that apply;
- (d) Licensees must provide their customers with regular statements;
- (e) Licensees must inform their customers about any changes to the terms and conditions of the contract prior to the change taking place. It is the duty of the customer to inform the licensee of changes in contact address immediately; and
- (f) Licensees must deal sympathetically with cases of genuine financial difficulty and treat all customer personal information as private and confidential.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.3 Identification of Customer Requirements

BC-1.3.1

For each new (or potentially new) customer, licensees should:

- (a) Give transparent and factual information on the key features and benefits of the credit facility the customer is interested in;
- (b) 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; and
- (c) Prior to granting the credit facility, the licensee will inform the customer of applicable details and the criteria for provision of a credit facility.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.4 Disclosure of Charges

BC-1.4.1

In order to improve customer awareness and enhance transparency of licensee's charging structures, licensees must display in a prominent position, in Arabic and in English, by notice in their offices (both head office and branches), a list of all current charges.

BC-1.4.2

Licensees must also ensure that each customer is in receipt of their current list of charges and must display these on their websites. The list must specify standard charges that will be applied by the licensee to individual services and transactions.

Credit Agreements

BC-1.4.3

A licensee must make available, at their premises, information leaflets containing information in respect of all credit agreements including the Annual Percentage Rate (APR) as defined in Paragraph BC-1.4.10.

BC-1.4.4

For the purpose of this Section, the following definitions apply:

- (a) Conspicuous notice – Means a written statement in both Arabic and English languages which is easily visible and legible and displayed in all licensees' premises open to the public (head offices and branches), and via means such as websites, newspapers and other press notices;
- (b) Nominal annual rate – Means the interest/profit rate charged to the customer, calculated by dividing the amount of the total interest/profit by the amount of the funds provided to the customer and excluding any other charges, the results of which is divided by the number of years or part thereof, of the term of the credit agreement;
- (c) Outstanding credit amount – Means the amount outstanding under a credit agreement representing the amount of funds provided to the customer and any other charges that are included as part of the principal amount to be repaid by the customer over the duration of the agreement less any repayment made related to the principal amount at a specified date; and
- (d) Principal – Means the amount of credit received plus any other charges, the total of which is subject to interest/profit.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.4 Disclosure of Charges (continued)

General Rules

BC-1.4.5

Where a customer has a credit agreement with a licensee, licensees must:

- (a) Duly inform their customers in accordance with this Module about the nature and the characteristics (including relevant risks) of the credit agreements and services offered by them, and about the terms and conditions governing such agreements;
- (b) Periodically inform, in writing, their customers on the evolution and the terms of any credit agreement signed, throughout the duration of the contract (refer to Paragraph BC-1.4.17);
- (c) Respond in due time, to customers' requests for the provision of information and clarifications regarding the application of contractual terms (refer to Paragraphs BC-1.4.21 and BC-1.4.22);
- (d) Appoint a customer complaints officer and publicise his/her contact details (refer to Chapter BC-2 on Customer Complaints Procedures);
- (e) Ensure the proper training of employees involved in interfacing and providing specific information to customers;
- (f) Disclose information required in this Module the credit agreement in both Arabic & English languages;
- (g) Show clearly the APR on the credit agreement application and 'key terms disclosure' document; and
- (h) Disclose all information in a clear and readable form (refer to Paragraph BC-1.4.6).

BC-1.4.6

Marketing of customer credit agreements, advertising and sales promoting credit agreements, irrespective of the media used (SMS, Internet, printed material, telephone solicitation) must be clear and understandable, must be true and not misleading and meet the basic customer information requirements as defined in this Module. Licensees are also asked to take special care to ensure that the content of any advertising material does not mislead or deceive the public in any way.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.4 Disclosure of Charges (continued)

BC-1.4.7 The use of “small print” to make potentially important information less visible is not compatible with good business conduct, and should be avoided.

Minimum Disclosure Requirements

BC-1.4.8

Licensees must make:

- (a) Public disclosure regarding credit agreements; and
- (b) Disclosures to customers, whether these be during the course of the initial negotiation of the credit agreement or during the term of the facility being offered.

Public Disclosure Requirements for all Credit Agreements

BC-1.4.9

The following public disclosures must be made by conspicuous notice for all types of credit agreements:

- (a) Any obligation on the part of the customer to open a deposit account with a retail bank as a condition of granting the credit agreement;
- (b) Administration fees;
- (c) Pre-payment charges;
- (d) Late payment fees;
- (e) Insurance; and
- (f) Any other charges not included above.

Additional Public Disclosure for Credit Facilities

BC-1.4.10

In addition to the requirements under Paragraph BC-1.4.9, licensees must publicly disclose by conspicuous notice for credit facilities:

- (a) The current Annual Percentage Rate (APR) as calculated using the APR methodology in Paragraph BC-1.4.23. The APR displayed must be calculated based on the following scenarios. Amount borrowed is BD3,000 for a 1-year term;



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.4 Disclosure of Charges (continued)

BC-1.4.10

(continued)

(b) The Annual Percentage Rate (APR), must be broken down as follows:

- (i) The annual nominal interest/profit rate payable;
- (ii) Administration/handling fees;
- (iii) In the case of finance lease contracts/ijara or deferred purchase contracts, any fees for purchasing the asset; and
- (iv) Any other mandatory charges (contingent costs are excluded); and

(c) The terms and conditions for early repayment, partial or full, of the credit agreement, or for any change in the terms and covenants of the credit agreement, as well as any relevant charges (where permitted) and the way in which these are calculated

BC-1.4.11

The APR is a standard measure that allows customers to compare total charges for instalment financing facilities on a like-for-like basis. The APR allows the customer to compare the total charge for credit over differing periods (e.g. – two versus three years) or offered by different retail banks with differing payment profiles and taking into account the payment of any other fees payable as a condition of the contract, such as administration fees or insurance premiums.

BC-1.4.12

Any advertising through any media means of credit facilities, offered by the licensees must specify only the APR (including all fees and charges) and no other rates, i.e. nominal, base, flat or rates by any other names.

Disclosure to Customers: Initial Disclosure Requirements of Key Terms

BC-1.4.13

Licensees must make clear to potential customers, prior to entering into a credit agreement, all relevant key terms of the agreement in the credit application and 'key terms disclosure' document, in order for them to clearly understand the characteristics of the services and products on offer.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.4 Disclosure of Charges (continued)

BC-1.4.14

The above ‘key terms disclosure’ document must be summarised in plain English and Arabic. This document must be signed and dated by the customer(s) in duplicate as having been read and understood, prior to signing a credit agreement. One copy should be retained by the customer and the other must be retained by the licensee in their customer file.

BC-1.4.15

In addition to the initial disclosure of key terms noted in Paragraphs BC-1.4.13 and BC-1.4.14, the “key terms disclosure” document must, amongst other things, make clear:

- (a) The detailed breakdown of the payments:
 - (i) The principal amount being borrowed and the maturity of the credit agreement;
 - (ii) The net amount provided to the customer after deducting or applying any upfront or other charges;
 - (iii) The total interest/profit payments and principal repayment for the term of the credit agreement; and
 - (iv) The total administration/handling fees and all details of any other fees and charges spread over the term of the credit agreement;
- (b) The APR and the nominal annual rate as defined in Paragraphs BC-1.4.10 and BC-1.4.4(b) respectively;
- (c) Whether the rate of interest/profit is fixed or can be varied, and under what circumstances;
- (d) The basis on which interest/profit is charged (e.g. actual reducing balance) and applied to the account (e.g. monthly or quarterly compounding) and whether principal repayments are taken into account in the calculation, together with an illustration of the calculation method;
- (e) The detailed costs associated with “top-ups” of credit agreements or other alternative arrangements for extending additional credit or early repayments, whether partial or full, of amounts due including the treatment of remaining interest/profit and the payment of premium for insurance;
- (f) Any late payment charges; and
- (g) Any other charges related to the credit agreement not included above, all details of which must be provided to the customer.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.4 Disclosure of Charges (continued)

BC-1.4.16

Licensees are free to design the layout and wording to be used in their 'key terms disclosure' document, as they see fit, providing they contain the information specified in Paragraph BC-1.4.15. The CBB will monitor compliance with the spirit as well as the letter of the requirements in this Chapter.

Disclosure to Customers: During the Term of the Credit Agreement

BC-1.4.17

Licensees must give information on the payment schedule of the credit agreement, including interest/profit and other charges. Information must be given, free of charge, at least every three months.

Variation Disclosures Requirements

BC-1.4.18

Licensees must disclose to the customer in advance, either collectively or individually, all relevant changes or variations to a credit agreement. The circumstances in which a customer must be provided with variation disclosures are:

- (a) If both the licensee and customer agree to change the credit agreement; in this case, the customer must be provided in writing with full particulars of the change, at least seven calendar days before it takes effect; and
- (b) If the credit agreement gives the licensee power to vary fees or charges, the amount or timing of payments, the interest/profit rate or the way interest/profit is calculated, and the licensee decides to exercise that power, the customer must be provided with full particulars of the change, including an updated schedule of the total interest/profit payments and principal repayment for the remaining term of the credit agreement, at least thirty calendar days prior to the date the change takes effect. Such notice is to enable the customer to decide whether to accept the new terms or terminate the agreement by settling the outstanding credit amount, in accordance with relevant provisions therein, which must have been stated in a clear and understandable manner.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.4 Disclosure of Charges (continued)

BC-1.4.19

Any increase of the interest/profit rate or the amount of any fee or charge payable under a credit agreement, must be disclosed publicly, by conspicuous notice, at least thirty calendar days prior to the date the change takes effect by:

- (a) Displaying the information prominently at the licensee's place of business; and
- (b) Posting the information on the licensee's website.

BC-1.4.20

Any deferral of interest/profit or principal announced by the licensee must also take account of the APR methodology as shown in Paragraphs BC-1.4.23 to BC-1.4.25, and the new APR must be given to the customer or made public in advertisements.

Request Disclosure

BC-1.4.21

The licensee must provide a reply to any request for disclosure within fifteen business days of receiving the request.

BC-1.4.22

Disclosures requested by the customer may include but are not limited to any or all of the following information about a credit agreement:

- (a) The effect of part prepayment on the customer's obligations;
- (b) Full particulars of any changes to the agreement since it was made;
- (c) The amount of any fee payable on part prepayment and how the fee will be calculated;
- (d) The amount required for full prepayment on a specified date and how the amount will be calculated;
- (e) The outstanding credit amount, including any outstanding interest/profit charge (calculated at the date the disclosure statement is prepared);
- (f) The amount of payments made or to be made or the method of calculating the amount of those payments;
- (g) The number of payments made or to be made (if ascertainable);
- (h) How often payments are to be made;
- (i) The total amount of payments to be made under the agreement, if ascertainable; and
- (j) A copy of any disclosure statement that was or should have been provided before the request was made.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.4 Disclosure of Charges (continued)

BC-1.4.23

The APR must be calculated using the following methodology:

$$K=m \quad K'=m' \\ \sum_{K=1}^{m} \frac{A_k}{(1+i) t_k} = \sum_{K'=1}^{m'} \frac{A'_{k'}}{(1+i) t'_{k'}}$$

BC-1.4.24

The meaning of letters and symbols used in the above formula are:

- K** is the number identifying a particular advance of credit;
- K'** is the number identifying a particular instalment;
- A_k** is the amount of advance K;
- A'k'** is the amount of instalment K';
- Σ** represents the sum of all the terms indicated;
- m** is the number of advances of credit;
- m'** is the total number of instalments;
- t_k** is the interval, expressed in years between the relevant date and the date of advance K;
- t'_{k'}** is the interval expressed in years between the relevant date and the date of instalment K';
- i** is the APR, expressed as a decimal.

BC-1.4.25

For the purpose of this Chapter, the 'relevant date' is the earliest identifiable date on which the borrower is able to acquire anything which is the subject of the agreement (e.g. delivery of goods), or otherwise the 'relevant date' is the date on which the credit agreement is made.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.5 Repayment Assessment

BC-1.5.1

Before a licensee provides a credit facility, it must assess whether the customer will be able to repay, given its knowledge of the customer's current circumstances.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.6 Financial Difficulties

BC-1.6.1 Licensees should deal sympathetically with cases of genuine financial difficulty and treat all customer personal information as private and confidential.

BC-1.6.2 Licensees should always endeavour to discuss financial difficulties with their customers before taking any legal measures.

BC-1.6.3 Where possible, licensees should consider alternative arrangements to enable customers to overcome their repayment difficulties.

BC-1.6.4 Licensees should provide customers with a minimal level of counseling on debt problems.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.7 Disclosure of Information about Individual Accounts

BC-1.7.1

In accordance with Article 117 of the CBB Law, licensees must not publish or release information to third parties concerning the accounts or activities of their individual customers, unless:

- (a) Such information is requested by an authorised official from the CBB or by an order from the Courts;
- (b) The release of such information is approved by the customer concerned; or
- (c) It is in compliance with the provision of the law or any international agreements to which the Kingdom is a signatory.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-1:	Best Practices for Microfinance Institutions

BC-1.8 Advertisements for Microfinance Products and Services

BC-1.8.1 [This Paragraph was deleted in July 2021].

BC-1.8.2 [This Paragraph was deleted in July 2021].



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-2:	Customer Complaints Procedures

BC-2.1 General Requirements

BC-2.1.1

All licensees must have appropriate customer complaints handling procedures and systems for effective handling of complaints made by customers.

BC-2.1.2

Customer complaints procedures must be documented appropriately and their customers must be informed of their availability.

BC-2.1.3

All licensees must appoint a customer complaints officer and publicise his/her contact details at all departments and branches and on the licensee's website. The customer complaints officer must be of a senior level at the licensee and must be independent of the parties to the complaint to minimise any potential conflict of interest.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-2:	Customer Complaints Procedures

BC-2.2 Documenting Customer Complaints Handling Procedures

BC-2.2.1

In order to make customer complaints' handling procedures as transparent and accessible as possible, all licensees must document their customer complaints handling procedures. These include setting out in writing:

- (a) The procedures and policies for:
 - (i) Receiving and acknowledging complaints;
 - (ii) Investigating complaints;
 - (iii) Responding to complaints within appropriate time limits;
 - (iv) Recording information about complaints;
 - (v) Identifying recurring system failure issues;
- (b) The types of remedies available for resolving complaints; and
- (c) The organisational reporting structure for the complaints handling function.

BC-2.2.2

Licensees must 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 must also be made available to all customers, on request, and when they want to make a complaint.

BC-2.2.3

Licensees are required to ensure that all financial services related documentation (such as credit facility documentation) provided to the customer includes a statement informing the customer of the availability of a simple and easy-to-use guide on customer complaints procedures in the event the customer is not satisfied with the services provided.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-2:	Customer Complaints Procedures

BC-2.3 Principles for Effective Handling of Complaints

BC-2.3.1

Adherence to the following principles is required for effective handling of complaints:

Visibility

BC-2.3.2

“How and where to complain” must be well publicised to customers and other interested parties, in both English and Arabic languages.

Accessibility

BC-2.3.3

A complaints handling process must be easily accessible to all customers and must be free of charge.

BC-2.3.4

While a licensee’s website is considered an acceptable mean for dealing with customer complaints, it should not be the only means available to customers as not all customers have access to the internet.

BC-2.3.5

Process information must be readily accessible and must include flexibility in the method of making complaints.

BC-2.3.6

Support for customers in interpreting the complaints procedures must be provided, upon request.

BC-2.3.7

Information and assistance must be available on details of making and resolving a complaint.

BC-2.3.8

Supporting information must be easy to understand and use.

Responsiveness

BC-2.3.9

Receipt of complaints must be acknowledged in accordance with Section BC-2.5 “Response to Complaints”.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-2:	Customer Complaints Procedures

BC-2.3 Principles for Effective Handling of Complaints (continued)

BC-2.3.10

Complaints must be addressed promptly in accordance with their urgency.

BC-2.3.11

Customers must be treated with courtesy.

BC-2.3.12

Customers must be kept informed of the progress of their complaint, in accordance with Section BC-2.5.

BC-2.3.13

If a customer is not satisfied with a licensee's response, the licensee must advise the customer on how to take the complaint further within the organisation.

BC-2.3.14

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 Consumer Protection Unit at the CBB.

Objectivity and Efficiency

BC-2.3.15

Complaints must be addressed in an equitable, objective, unbiased and efficient manner.

BC-2.3.16

General principles for objectivity in the complaints handling process include:

(a) **Openness:**

The process must be clear and well publicised so that both staff and customers can understand;

(b) **Impartiality:**

- (i) Measures must be taken to protect the person the complaint is made against from bias;
- (ii) Emphasis must be placed on resolution of the complaint not blame; and
- (iii) The investigation must be carried out by a person independent of the person complained about;

(c) **Accessibility:**

- (i) The licensee must allow customer access to the process at any reasonable point in time; and
- (ii) A joint response must be made when the complaint affects different participants;



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-2:	Customer Complaints Procedures

BC-2.3 Principles for Effective Handling of Complaints (Continued)

(d) Completeness:

The complaints officer must find relevant facts, talk to both sides, establish common ground and verify explanations wherever possible;

(e) Equitability:

Give equal treatment to all parties;

(f) Sensitivity:

Each complaint must be treated on its merits and paying due care to individual circumstances;

(g) Objectivity for personnel – complaints handling procedures must ensure those complained about are treated fairly which implies:

- (i) Informing them immediately and completely on complaints about performance;**
- (ii) Giving them an opportunity to explain and providing appropriate support;**
- (iii) Keeping them informed of the progress and result of the complaint investigation;**
- (iv) Full details of the complaint are given to those the complaint is made against prior to interview; and**
- (v) Personnel must 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;**

(h) Confidentiality:

- (i) In addition to customer confidentiality, the process must ensure confidentiality for staff who have a complaint made against them and the details must only be known to those directly concerned;**



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-2:	Customer Complaints Procedures

BC-2.3 Principles for Effective Handling of Complaints (Continued)

- (ii) Customer information must be protected and not disclosed, unless the customer consents otherwise; and
- (iii) Protect the customer and customer's identity as far as is reasonable to avoid deterring complaints due to fear of inconvenience or discrimination;
- (i) Objectivity monitoring:
Licensees must monitor responses to customers to ensure objectivity which could include random monitoring of resolved complaints;
- (j) Charges:
The process must be free of charge to customers;
- (k) Customer Focused Approach:
 - (i) Licensees must have a customer focused approach;
 - (ii) Licensees must be open to feedback; and
 - (iii) Licensees must show commitment to resolving problems;
- (l) Accountability:
Licensees must ensure accountability for reporting actions and decisions with respect to complaints handling; and
- (m) Continual improvement:
Continual improvement of the complaints handling process and the quality of products and services must be a permanent objective of the licensee.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-2:	Internal Complaints Handling Procedures

BC-2.4 Internal Complaints Handling Procedures

BC-2.4.1

Licensees' internal complaints handling procedures must provide for:

- (a) The receipt of written complaints;
- (b) The appropriate investigation of complaints;
- (c) An appropriate decision-making process in relation to the response to a customer complaint;
- (d) Notification of the decision to the customer; and
- (e) The recording of complaints.

BC-2.4.2

Licensees' internal complaints handling procedures must be designed to ensure that:

- (a) All complaints are handled fairly, effectively and promptly;
- (b) Recurring systems failures are identified, investigated and remedied;
- (c) The number of unresolved complaints referred to the CBB is minimised;
- (d) The employee responsible for the resolution of complaints has the necessary authority to resolve complaints or has ready access to an employee who has the necessary authority; and
- (e) Relevant employees are aware of the licensee's internal complaint handling procedures and comply with them and receive training periodically to be kept abreast of changes in procedures.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-2:	Response to Complaints

BC-2.5 Response to Complaints

BC-2.5.1

Licensees must acknowledge in writing customer written complaints within 5 working days of receipt.

BC-2.5.2

Licensees must respond in writing to a customer complaint within 4 weeks of receiving the complaint, explaining their position and how they propose to deal with the complaint.

Redress

BC-2.5.3

Licensees should decide and communicate how they propose (if at all) to provide the customer with redress. Where appropriate, the licensee must explain the options open to the customer and the procedures necessary to obtain the redress.

BC-2.5.4

Where a licensee decides that redress in the form of compensation is appropriate, the licensee must provide the complainant with fair compensation and must comply with any offer of compensation made by it which the complainant accepts.

BC-2.5.5

Where a licensee decides that redress in a form other than compensation is appropriate, it must provide the redress as soon as practicable.

BC-2.5.6

Should the customer that filed a complaint not be satisfied with the response received as per Paragraph BC-2.5.2, he can forward the complaint to the Consumer Protection Unit at the CBB within 30 calendar days from the date of receiving the letter.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-2:	Response to Complaints

BC-2.6 Records of Complaints

BC-2.6.1

Licensees must maintain a record of all customers' complaints. The record of each complaint must include:

- (a) The identity of the complainant;
- (b) The substance of the complaint;
- (c) The status of the complaint, including whether resolved or not, and whether redress was provided; and
- (d) All correspondence in relation to the complaint. Such records must be retained by licensees for a period of 5 years from the date of receipt of the complaint.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-2:	Reporting of Complaints

BC-2.7 Reporting of Complaints

BC-2.7.1

Licensees must submit to the CBB's Consumer Protection Unit, 20 days after the end of the quarter, a quarterly report summarising the following:

- (a) The number of complaints received;
- (b) The substance of the complaints;
- (c) The number of days it took the licensee 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.

BC-2.7.2

The report referred to in Paragraph BC-2.7.1 must be sent electronically to complaint@cbb.gov.bh.

BC-2.7.3

Where no complaints have been received by the licensee within the quarter, a "nil" report should be submitted to the CBB's Consumer Protection Unit.



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-2:	Monitoring and Enforcement

BC-2.8 Monitoring and Enforcement

BC-2.8.1 Compliance with these requirements is subject to the ongoing supervision of the CBB as well as being part of any CBB inspection of a licensee. Failure to comply with these requirements is subject to enforcement measures as outlined in Module EN (Enforcement).