

BankIslami Pakistan Limited



بِنك اِسْلَامِي

Fair Treatment of Consumers Policy Framework & SOP

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Fair Treatment of Consumers (FTC) Policy Framework & SOP

1. Introduction

BankIslami Pakistan Limited is committed to the fair treatment of all clients, irrespective of size or vehicle through which they access our products. We believe that customers are the most important aspect of our business and we endeavor to provide, a high quality service that is consistent with what the customer wants and expects.

Our Customer Fair Treatment policy is centered around the guidance provided by State Bank of Pakistan (SBP) reference to CPD Circular No.4 of 2014 where all banks were advised to develop and implement their own Fair Treatment of Consumers (FTC) Framework, duly approved by their BODs by July 1, 2015, to ensure we consistently deliver fair outcomes to our clients and take responsibility for the organization and staff (at all levels) providing an enhanced service quality to clients, based on a culture of openness and transparency. As an Islamic Bank, we take the requirements of SBP seriously, in particular, the requirement to treat customers (clients) fairly.

2. Assessing and implementing

BankIslami Pakistan Limited aims to deliver the FTC in the following ways

1. Product understanding / Price and charges Disclosure

FTC Commission will review all new products / services up-gradation, rights and responsibility of customer, terms and conditions, profit rates, service charges, key fact statement, price disclosure documents etc to ensure guidelines and regulatory compliance. It is mandatory for all departments that any changes, up-gradation in new products / service price, profit rates, terms and conditions etc will get it reviewed by FTC commission.

Development of SLA with concern departments and where needed to ensure complete transparency, so that the client can have a better understanding and treated fairly by the bank.

Introduce 'Key facts sheet' document as Initial Disclosure Document at the point of first contact with customer.

Key Fact statement / document should provide information with Prices, profit rate, ARP, penal charges, any early redemption charges, suitability details etc will be made clear. Must carry the

required risk warnings as per FTC guidelines and regulations including, product benefits, features, rights and responsibilities, complaints and alternate escalation channels information and signed by customer before availing any product or service of the bank.

FTC Commission will ensure that clients are provided with clear information about its products and services, terms and conditions, and the profit rates / service charges in simple and easily understandable language, and with sufficient information so that the client could be reasonably expected to make an appropriate and informed choice of product / services.

FTC Commission will ensure that the bank's staff inform the client the key risks associated with the product / services as well as any features that may especially disadvantage the customer.

FTC Commission will ensure that bank's staff should clearly explain customer regarding Penal charges (or) late payment fee (or) other applicable charges for delayed payment of the dues pending in the loans / card and other credit facility etc.

FTC Commission will ensure that information is provided on profit rates, fees and charges are either on the Notice Board in the branches or website or through help-lines or help-desk etc, sales team, print media , social media, details send with Statement of account and where appropriate the client will be informed directly.

FTC Commission will make sure that bank will not terminate a client relationship without giving reasonable or contractual prior notice to the client.

FTC Commission will ensure that the bank's staff members shall, when approached by the client for availing a product or service, provide all relevant information related to the product / service and on the basis of the request from the clients, may also provide direction to informational resources on similar products available in the market with a view to enable the client to make an informed decision.

FTC Commission will make sure that bank will inform the client of any change in the charges, terms and conditions through a letter or Statement of Account, Short Message Service ("SMS"), social media or email at least one month prior to the revised terms and conditions becoming effective or as may be agreed with the client; In case of no specific mode of dispatch is agreed by the client, the Bank shall follow the regular process as per the internal guidelines to send the intimation / communication to the clients.

FTC Commission will review all third party products / service policies are in compliance as per guidelines and regulations provided by SBP.

FTC Commission will review design of training programs for its staff working at branch level or in a Call Center so that they can support and facilitate banking for physically impaired/blind, senior citizen, illiterate customer in respectful and dignified manner, without discrimination,

clearly explain their profit rates, fees / charges, all possible risks involved in the operation and usage of any product/services being offered before establishing banking relationship.

2. (Product Suitability)

Sell customers products that fit their needs

All products of BankIslami Pakistan Limited are offered based on the needs of the client, post assessment of the client's financial circumstances and understanding.

i) FTC Commission review the policy for assessing suitability of products for clients prior to sale and at any stage of product / service life.

ii) FTC Commission will review mandatory Training manual/ contents for on board employees, refresher course to current staff, reinforce and upgrade existing knowledge and skills regarding FTC regulations, products / service details, prices, customer suitability criteria, bank's code of conduct.

iii) FTC Commission will ensure that the Sales Staff is certified, trained and authorized to sell the products and services to the client. The sales staff does the suitability analysis before selling the wealth / high risk products.

iv) FTC Commission will strive to make sure that the product or service sold or offered is appropriate to the client's needs and not inappropriate to the client's financial standing and understanding based on the assessment made by it.

v) Third party products will be offered to clients only if its policy and marketing material is reviewed and approved by FTC Commission and relevant authorities of the bank.

vi) FTC Commission will ensure that the products being sold or service being offered, including third party products, are in accordance with extant rules and regulations.

vii) FTC Commission will make sure that Bank's staff will inform the client about his responsibility to promptly and honestly provide all relevant and reasonable information that is sought by bank to enable them to determine the suitability of the product to the client.

3. Sales and Marketing Material

FTC Commission will review and certify all marketing and promotional material (printed or electronic) is inline of SBP guideline.

Cost, Profit, Product information marketing will be reviewed by FTC Commission to ensure that they are under the regulations guidelines provided by SBP and customer can easily understand the product information.

FTC Commission will review and monitor campaign material and display mediums regarding Fraud warnings, Risk alerts, awareness messages, complaints and alternate escalation channels information is directly conveyed to customers and will identify way to implement various tools and techniques to manage and mitigate the risk of fraud. Bank will ensure all campaign material are in English as well as in Urdu.

FTC Commission will ensure that marketing and promotional material clearly provide the Pricing, profit rates, charges, product benefits, features, rights and responsibilities, terms and conditions, early redemption charges information etc.

FTC Commission will review and ensure all SBP regulatory information regarding marketing of the product is included in leaflets, brochure, posters, standees, direct mail, advertisements, bill boards, SMS, and other promotional materials of BankIslami Pakistan Limited.

FTC Commission will ensure availability of all marketing materials at Branches, website, sales team, print media, social media, details send with Statement of account and any other channel.

FTC Commission will review mandatory Training manual of marketing and promotions of new products / services for call center, sales team, branch staff and all relevant departments to ensure the information conveyed to customers are fair and according to the suitability and convenience of the customers.

FTC Commission will review marketing plan of the product to ensure that the placement of marketing martial is considering suitability of the product and targeting the intended recipients. Promotional literature must make it clear who the product is most suitable for, and these communications must be appropriately positioned according to marketing segmentation by rural / urban area, literacy level, occupation, income life style, product purchase frequency etc.

4. Staff Training / Awareness of FTC

FTC Commission will ensures that all staff are familiar with the fundamental principles of FTC.

FTC Commission will review mandatory Training manual for all new employees of the bank regarding FTC regulations, new products / service details, prices, customer suitability criteria, bank's code of conduct. Staff product training will be monitored and will be part of regulation before employee is authorized to deal the customers.

FTC Commission will review mandatory Training manual of marketing and promotions of new products / services for call center, sales team, branch staff and all relevant departments to ensure the information conveyed to customers are fair and according to the suitability of the customers.

FTC Commission will arrange special training programs for its staff working at branch level or in a Call Center so that they can support and facilitate banking for physically impaired/blind,

senior citizen, illiterate customer in respectful and dignified manner, without discrimination, clearly explain them profit rates, fees / charges, all possible risks involved in the operation and usage of any product/services being offered before establishing banking relationship.

FTC Commission will review and monitor strategies and design plans regarding infrastructure of bank's premises and all facilities for physically impaired/blind, senior citizen are in line with SBP guidelines.

FTC Commission will take new Initiatives to make banking experience more convenient, comfortable and delightful for customers.

FTC Commission will make sure that all of our staff achieve the necessary qualifications and training in order to carry out their job functions with the required competence level.

In case of non compliance of fair treatment of customer, FTC Commission will ensure that necessary action is taken against the staff evolved. If the level of FTC competence is found high in examining the parameters, FTC Commission will ensure that rewards / appreciation certificate will be awarded to respectful employee.

Make every effort to ensure that staff dealing in a particular product is properly trained to provide relevant information to clients fully, correctly and honestly.

Ensuring all staff complete relevant training/exams to the level required by their areas of activity and within the timescales required by the FTC and keep up to date on product/industry developments.

We undertake regular monitoring and assessment of our staff so that we can be certain of their competence.

FTC Commission will in place procedures demonstrating how competence is being maintained in areas such as:

- Technical knowledge
- Advisory skills
- Changes in markets, product legislation and regulation
- regular product knowledge tests and accompanied calls in order to monitor employees' continuing competence
- All staff are trained and regularly reminded of our customer service principles.
- To encourage and record all Continuous Professional Development activities.

5. Customer feedback survey and Mystery shopping

Customer feedback

Customer feedback can help us identify where we are treating customers fairly and where improvements are needed. FTC Commission will implement risk based assurance checks to provide ongoing and independent evidence of our treatment with customers, to achieve better satisfaction and capture voice of the customer.

FTC Commission will implement tools for Customers to rate products and services such as staff courtesy, product knowledge, processing time, charges/ profit rate information, transparency and clarity of information, and gather their opinion about other segments and areas where customer deals with the bank. Tools to be used will be like customer satisfaction survey, feedback through various sources, mystery shopping highlights and complaint feedback in call center, branch, email or website.

FTC Commission has to ensure religious implementation of tools for treating physical impaired/blind, senior citizen, illiterate customer are facilitated in respectful and dignified manner, without discrimination, clearly explain them profit rates, fees / charges, all possible risks involved in the operation and usage of any product/services being offered before establishing banking relationship.

Customer segmentation Survey

FTC ensure the conduct customer feedback survey is conducted according to customer segmentation which will allow to target specific groups of customers effectively. Customer profiling will implemented by FTC Commission to recognizing the different types of customers is an important part of creating a successful customer experience program containing strategies that result in a personalized experience for each segment.

- Geographic: region, city, area
- Behavioral: product purchased, frequency of purchase ADC services, buying behavior etc
- Demographic: gender, age, income, occupation etc
- Psychographic: lifestyle, activities, interest etc

Internal Feedback

Internal staff is also our internal customer provide feedback beneficial for understanding customer product knowledge, motivation, competence, qualification, placements and other required improvements. FTC Commission will conduct feedback survey from internal various departments which can helps identify and check our employees are treating customers fairly, identify gaps and where improvements are needed.

Feedback Analysis

Customer feedback and satisfaction is a part of employees Score card and will eventually effect their annual appraisal which FTC Commission will monitor on periodic basis.

Customer and internal organization feedback will help FTC Commission to gather data and detailed analysis and research will be conducted on provided data for improving products, understand financial circumstances of customer, suitability of product for customers, product terms and condition clarity to customer and level of customer knowledge regarding profit rates, fraud warnings, charges, risk, channels for registering complaints related to product and services offered to customer by the bank.

Mystery Shopping

FTC Commission will implement mystery shopping program of monitoring and auditing to check adherence to key customer processes. FTC commission will review the effective implementation of mystery shopping program, its monitoring, auditing and action taken for relegating the gaps and necessary action where required.

Analysis of Feedback and mystery shopping results, customer complaints behavior etc, FTC will ensure that necessary action will be taken for process improvement, re-engineering.

The report of these Analysis will be presented to higher management and CEO, and board of directors on periodic basis for making necessary changes in policy and procedure and approval of budges where required

6. Complaint Handling

Customer complaint is a medium to gauge organization's performance in different segments and areas of business. Keeping this in front, we need to ensure that every customer complaint is logged in the system, where after proper investigation a response is accordingly submitted and we also learnt from it.

Every branch/ department need to document any customer complaint (verbal/ written), it must be logged in CRM which ultimately travels to the centralized Complaint Management Unit (CRU) for investigation and necessary action. It is good to quick kill and resolve the issues at Branch/ department end but it is mandatory to register the same in CRM along with the action that has been taken in that respect.

Customer may send us complaint/ feedback by either calling to the Call Center, walk-in at the branch, sending complaint letter to any branch/ department, letter to the CEO/ President, through State Bank of Pakistan and Banking Mohtasib Pakistan etc. The complaint may come from individual who may or may not be our customers, regardless they need to be dealt with in the

same manner. Thus, it is mandatory to log customer complaint in the system or send the hard copy/ email of customer complaint that any branch/ department to CRU immediately. It reflects adversely on the bank when a customer asks the status of his/ her complaint and Call Center or CRU are unaware of that.

We must also be cognizant of the fact that State Bank of Pakistan also inspects complaint-handling activities of the bank.

Besides this, it is important to note that if the complaint is being received from an anonymous person where the identification/ contact numbers are not provided by the email/ letter sender or fake identity or contact numbers are being used, such case would not be considered as complaint and will simply be discarded at the very first place.

Following are the steps that needs to be followed whenever a complaint is received at any part/ channel of BankIslami.

Record the complaint in CRM

If a complaint received at Call Center, it must immediately be logged in CRM and complaint number must be given to him.

In case if complainant visited the branch the concerned staff must ensure that the customer complaint is properly registered in CRM and complaint number must be communicated to customer for future reference etc.

If branch or any department has received customer's written complaint, they must record complaint in CRM, keep a copy of the complaint with them and the original complaint to be forwarded to CRU for investigation and resolution.

If customer complaint received at CRU through an e-mail, concerned staff needs to register it in CRM. Whereas if the email received in any branch/ department, it must then immediately be referred to CMD for necessary action.

Complaint Resolution TAT

A normal complaint must be closed within a TAT of 7 business days.

If the complaint requires detailed investigation then in any case, the complaint must be disposed of within 15 business days.

Fraud related complaints must be resolved within 30 business days.

Complaint Investigation Process

CRU must acknowledge complaint within 1 business day of the complaint via telephone call or letter or email or SMS etc.

Complaint must be forwarded to the concerned management of the branch/ department for necessary investigation within 1 business day of the complaint.

The branch/ department would then investigate the issue, if required, otherwise just let the CRU know what exactly transpired and what they have done to resolve the issue. The response must come in the form of an email.

If the resolution is not provided within 2 business days of the first escalation, complaint must then be escalated to the next level (Level-II) i.e respective Regional Hub Manager of the branch or Section Head of the department keeping their Heads in the copy.

If still the issue is not resolved within 2 more business days, complaint will then be escalated to the next level (Level-III) i.e Regional Head of the respective function with a copy to their respective Department Heads with a TAT of 1 business day.

Even if the complaint is still not resolved, it will then be escalated to level-IV, i.e respective Department Heads with a TAT of 1 business day.

Incase if the complaint is still alive, at the expiry of this. Case will then be referred to CEO/ President.

Besides this, if we fail to resolve the matter in 7 business days, an interim response must be submitted to customer mentioning expected resolution time etc.

The purpose of CRU is to coordinate with other units of the bank in timely resolution of complaints and seeking their assistance in carrying out root cause analysis and to continuously evaluate and improve our performance against customer expectations.

Root Cause Analysis and Action Plan

FTC Commission will review the complaint symptoms, and take action to avoid repetition of the complaints and helps to find more accurate action plan in order to improve and handle customer grievance most effective manner. FTC on its periodic review will analyze complaint trend, there root cause analysis, suggested action plan, there outcomes and take necessary action where required.

7. FTC included in staff Appraisal / Remuneration / Incentives

The FTC concept of fair dealing is made part of job description of all staff considering the nature of job, which will eventually be considered while conducting annual appraisal activity, rewards / appreciable certification.

3. FTC Commission Structure (FTCC)

The FTC Commission, which consists of senior managers, from different departments within the bank is responsible for coordinating the monitoring of FTC at BankIslami Pakistan Limited and meets every alternate month. The Commission's role is to ensure effective and proactive approach in implementing of SBP guidelines and to improve customer experiences with the bank, review and development of internal policies / procedure/ SLAs / guidelines etc. Minutes of the Meeting including the reviewed documents during the meeting, shall be circulated to all members and CEO within 2 working days of the meeting. Minutes of the meeting will also be presented with Board of the Directors. Quorum of the Commission shall be four (4) with presence of the Chairperson and / or Anchor unless otherwise advised in advance as mandatory to qualify it to be a FTC Meeting. The Commission may invite other Head of Department(s) or Department Representative(s) to attend a meeting or part of the meeting agenda relevant.

Composition

The FTCC would consist of the following staff members of the Bank :

Title	Role in FTCC
Head, SQ & PB	Chairperson
Section Head(s), Service Quality	Anchor
Service Quality Analyst(s)	Member
Unit Head(s), Service Quality	Member
Section Head, Marketing / Brand Visibility	Member
Section Head, Ops / Re-Engineering	Member
Unit Head / Section Head, Training and Development	Member
Section Head, ADC Projects & Support	Member