

CENTRAL BANK OF SOLOMON ISLANDS
Financial Market Supervision Department

Prudential Guideline No. 21
On Financial Consumer Protection

Applicability

1. These guidelines shall apply to all institutions including those that offer digital financial services including; banks, non-banks, financial service providers and digital financial services providers such as e-money issuers.

Introductory Statement

2. The Central Bank of Solomon Islands issues these Financial Consumer Protection Guidelines under the CBSI Act 2012, s.28 and Financial Institutions Act 1998, s.11 to address Financial Consumer Protection issues and any unethical practices for users of financial services. The Guidelines provides for a set of principles and expectations for financial services providers including digital financial services providers and payment service providers.

Purpose of Prudential Guideline

3. Trust is one of the main hinderances to financial inclusion and usage of formal financial services, these guidelines are therefore meant to ensure confidence in the institutions operating in the financial services sector. The objectives of these guidelines include:
 - a. Promote financial consumer confidence and trust in the formal financial system;
 - b. Promote fair treatment of financial consumers by financial service providers and thereby, protect consumers from uncouth and unfair practices;
 - c. Promote financial consumers' ability to make sound and informed financial decisions;
 - d. Ensure engagements between financial service providers and consumers are carried out in a fair and transparent manner;
 - e. Ensure financial service providers are accountable for any actions they take while providing services to their customers;
 - f. Support digital financial services, its products internal governance, risk assessments and recourse mechanisms;
 - g. Support financial market development and financial inclusion.

Definition

4. In these Guidelines, unless where the context requires otherwise:

“Agent” – means a natural or legal person/entity that provides financial services to consumers on behalf of a principal/financial institution under an agency agreement.

“Board” – means board of directors for a financial institution.

“Complaint” – means any dissatisfaction expressed by a consumer about the provision of or failure to provide a financial product or service.

“Conflict of interest” – means a situation where a member of staff Or an agent of a financial institution stands to gainfully benefit from actions or decisions made in their official capacity.

“Consumer” – means a natural or legal person who intends to use, has used, or might use any of the products and services offered by the financial institutions. The Word “Consumer” might be used interchangeably with the word “Customer”.

“Data” – means any information about an identified or reasonably identifiable financial consumer or security provider.

“Digital Financial Service” – means financial services including payments, remittances and insurance accessed and delivered through digital channels including mobile banking and financial services.

“Disclosure” – means any information on general terms and conditions (whether written, visual or oral) that might include pricing, risks, sales level agreement etc that financial institutions have to or intend to share with customers.

“Dormant Account” – means any account that has not been used by the customer for more than six months.

“Duress” – means an act of using force or threats to corner a customer to partake of a service or product.

“Fair treatment” – means the responsibility of financial institutions to conduct business in accordance with ethical and secure policies and practices, treat consumers with respect, by ensuring services offered are well suited to the customer’s financial needs, apply responsible service delivery, etc.

“Financial hardship” – means a situation where a customer might experience challenges in meeting their obligation or repaying debt. This term usually applies to consumers faced with a force majeure situation that will affect their ability to payback.

“Financial institution” – means any body corporate doing banking business; it means entities such as banks, insurance companies and other entities conducting financial activities for which the Central Bank is given a supervisory authority by law.

“Financial Literacy” – means possession of knowledge and skills needed one needs to manage their finances and make informed financial decisions.

“Financial Service Providers” – means any body corporate that provide banking, loans, money transfers, digital financial services, mobile banking and financial services and financial options to customers.

“Gift” – means any item of value, such as a holiday hamper, which might generate a benefit to the recipient if accepted.

“Guarantor” – means a person who guarantees to pay a consumer’s debt should the consumer default on a loan obligation.

“Key facts statement” – means summary of the most critical “need to know” pieces of information within the general terms and condition of the contract from a financial institution.

“Mobile Wallet account” – means an on-demand account used to receive and send money and pay for goods and services via a mobile handset

“Overindebted” – means the condition of being multi-borrowed or having too much debt usually left without any disposable income. Usually, customer’s loan repayments supersede their income.

“Receipt” – means paper or electronic evidence provided by the financial services provider for any payment in respect of financial products and services.

“Third party” – means a natural or legal person who is not the financial institution (first party) or the consumer (second party), term usually refers to contracted vendors such as an information technology service provider, etc.

“Total cost of credit” – means a summation of all monies payable for a loan. This can consider interest payments, administrative fees, third party charges, etc. that the customer owes the financial institution after taking out a loan with them.

“Undue influence” – means the act of using one’s position of power to persuade a consumer to take up a product or service regardless of whether they need it or not.

“Vulnerable” – means a position within which a customer might be prone to harm whilst partaking services from a financial institution. This is usually formed by a customer’s unique circumstances and varies from customer to customer.

“Working day” – means any day as per country calendar days except for weekends and gazetted public holidays.

Responsibilities of the Board of Directors and Senior Management

5. The Board of Directors and Senior Management of a financial service provider will ensure compliance of these guidelines, including putting in place processes and procedures that will create alignment amongst all other stakeholders like staff, agents, contracted vendors etc.

Professional Competence

6. To ensure compliance of all stakeholders, financial service providers will put in place:
 - a. Training programmes to ensure brand ambassadors such as staff and agents are well acquainted with consumer protection guidelines and treating customers fairly.
 - b. A Monitoring & Evaluation metrics to ensure senior management is kept abreast of any challenges so they take corrective steps towards addressing any anomalies.

Obligations of Financial Service Provider Institutions

7. The relationship between a financial service provider and a consumer shall be guided by the principles of *fairness*, *reliability*, and *transparency*.

Fairness: General Requirements

8. A financial service provider shall act fairly and reasonably in all of its dealings with a consumer.
 - a. Act in a manner that is professional and fair to consumers; depicting a high degree of ethics and respect. Act fairly, professionally, ethically, respectfully, equitably, honestly and reasonably in all dealings with consumers especially those who are vulnerable including women, youths, rural adults and those with special needs.
 - b. Always have the consumer's best interest whilst executing any initiatives along the consumer relationship management cycle/journey act in the best interests of consumers throughout the product cycle, including the research, design, advertising and marketing, sales and distribution, contracting, and post-sales stages.
9. A financial service provider shall not:
 - a. engage in untrue, unfair, deceptive or unethical practices and aggressive practices whilst dealing with consumers such as threatening, intimidating, being violent, or exhibiting abusive behavior towards a consumer;
 - b. Use the positions to take advantage of consumers regardless of the consumer's comprehension of the terms & conditions whilst contracting;
 - c. offer bribes or other 'gifts' or inducements to a consumer with expectation of special favours;
 - d. accept, or ask for bribes or other 'gifts' or inducements from a consumer. The exception to sub paragraphs (c) and (d) above shall be promotional gifts or materials offered to all categories of consumers or a particular class or classes of consumers, such as the vulnerable and or low-income consumers;
 - e. discriminate against any consumer on grounds of sex, race, color, ethnic origin, tribe, birth, creed or religion, social standing, political affiliation or persuasion, or disability;
 - f. enter into a financial transaction where the consumer does not fully understand the nature of the proposed transaction;
 - g. include unfair or unconscionable terms in a contract with a consumer;
 - h. exert undue influence or duress on a consumer to enter into any financial transaction;
 - i. disguise, or conceal a material fact from a consumer or writing of wordings of a contract or advertising materials in a font size that cannot be clearly read by the consumer; or
 - j. deal unprofessionally with a consumer without taking steps to assess any of the following:
 - i. the consumer's general understanding and appreciation of the risks and costs of the financial transaction, including the rights and obligations under the contract;
 - ii. the consumer's financial history (e.g. debt repayment history), existing financial means, prospective financial capacity, and obligations; or
 - iii. whether there is a reasonable basis to conclude that the financial transaction would enable the consumer to achieve the purpose in entering into the financial transaction;
 - iv. Add an unreasonable term in the agreement that will deem unfair to either party;
 - v. Add clauses that limit consumer choice or hinder competition like tying practices or unwarranted exclusivity clauses;
 - vi. Limit consumer's ability to cancel a service or transfer to another financial institution.

10. Marketing and Promotions

- a. A financial service provider shall ensure that all advertising and promotional materials are fair, clear, not misleading and shall meet the following minimum requirements:
 - i. written in Plain English, clear terms and in a legible font size of not less than 10 point;
 - ii. include the total cost of credit and state whether the interest rate is based on per annum or per month; and
 - iii. be comprehensive and clearly explain the main features and conditions of a financial product or service.

11. Financial Education

- a. A Financial Service Provider are responsible to conduct financial literacy and digital literacy programmes and initiatives aimed at sensitising consumers on all their products and services with an aim of helping them make informed decisions whilst partaking of any contract/service. This will be done through different mediums such as mainstream media like radio, posters, fliers, SMS, social media, email etc.
- b. Provision of Information and Advice to Consumers
 - i. During the pre-contractual stage, a financial service provider shall:
 - a) explain clearly in plain language the key features of each financial product or service that the consumer is interested in so as to enable the consumer to make an informed decision about the product or service, including charges and fees which would be incurred;
 - b) disclose any conflicts of interest, in particular the amount of commissions or sales incentives that the financial institution or individual employee will receive for selling a product; and
 - c) request the consumer to provide all the relevant information needed to verify whether or not the consumer is eligible for a product or service in which the consumer is interested.
- c. Before a consumer enters into a financial transaction, a financial service provider shall:
 - i. provide the consumer with a key fact document outlining all of the relevant information about a product or a service;
 - ii. give a copy of the terms and conditions of a financial contract for the consumer's review and/or comments; and a copy of the approved terms and conditions for the consumer's record; and
 - iii. inform the consumer of the applicable charges, fees or additional interest the consumer shall bear should the consumer decide on an early termination of a financial contract.

12. Suitability of Advice

- a. Where a financial service provider gives advice to a consumer, the financial service provider shall ensure that:
 - i. the advice is suitable, taking into account the circumstances and needs of the consumer;
 - ii. any product or service which a financial service provider recommends to a consumer to buy is suitable for the consumer;

- iii. there is no other product or service available to the institution that would be more suitable for the consumer; and
 - iv. it clearly informs the consumer of any actual or potential conflict of interest, including where a staff or agent of the institution dealing with the consumer would earn a fee or commission (such amount should be disclosed) if the consumer buys a product which has been recommended by that staff.
- b. For the purposes of these guidelines, a financial service provider is said to have given an advice to a consumer when its staff or agent or itself makes a personal recommendation to a consumer about its product or service.

13. Product Suitability

- a. Before engaging with customers, the financial service providers will make efforts to ensure:
- i. That the products and services suit the customer's needs
 - 1. Assess envisaged risks and possible mitigants
 - 2. Highlight consumer's rights and obligations in the contracts
 - ii. The consumer, with the help of a credit reporting system, will be in a position to meet their obligations by assessing their credit worthiness and ability to pay back
 - 1. Assess past debt history
 - 2. Assess current financial position (assets Vs obligations)
 - 3. Whether the business will continue to have enough cashflows after their loan obligation
 - 4. If the new credit facility will put the consumer in over indebtedness.
- b. Financial service providers shall record:
- i. All KYC including consumer's financial situation
 - ii. Consumer assessment report for the product
 - iii. Any changes the new product might have on the consumer's financial position

14. Conditional Transactions

- a. A financial service provider may not require a consumer who enters into a financial transaction with it to enter into another financial transaction with another financial service provider.
- b. Paragraph VI(i) above shall not preclude a financial service provider from offering linked products (e.g. making it a condition for a salary loan that the consumer has a current account with that same financial service provider) where the financial service provider is itself providing each of such linked products.

15. Guarantor

- a. Prior to a person acting as a guarantor, a financial service provider shall advise the person in writing of the following terms and conditions:
- i. the magnitude and nature of his or her potential liabilities; and
 - ii. the option to seek independent legal advice before acting as a personal guarantor.

16. Cooling off period

- a. A consumer within ten (10) working days after entering into a financial transaction or contract with a financial service provider may revoke or terminate the financial transaction or contract by written notice to the institution;
- b. The revocation or termination of the transaction or contract shall be effective if the consumer repays in full any amount that is due to the financial service provider at the time of cancellation of the financial transaction or contract, including any administrative fee or charge, and costs which have been reasonably incurred by the financial service provider prior to the exercise of the cooling off right by the consumer;
- c. The ten (10) working day period provided under paragraph IX(a) above shall be calculated from the day the consumer signed the transaction or contract and shall exclude Saturdays, Sundays and public holidays.
- d. The written notice provided for under paragraph IX(a) above shall have no effect unless it:
 - i. is signed by the consumer or his or her agent acting on his or her written authority or consent;
 - ii. refers specifically to the financial transaction or contract that is being revoked or terminated; and
 - iii. is unconditional.
- e. For purposes of this section, a financial service provider shall at the time the consumer enters into the financial transaction or contract:
 - i. explain to the consumer that he or she has the right to revoke or terminate the transaction within ten (10) working days after she or he signs the contract;
 - ii. explain to the consumer how and when the consumer must exercise the cooling off right should she or he wish to do so;
 - iii. explain to the consumer that the contract will no longer have any legal effect upon expiration of paragraph IX(b) above;
 - iv. advise the consumer of his or her liability to pay any administration fee or charge and costs which have been reasonably incurred by the financial service provider prior to the exercise by the consumer of the cooling off right; and
 - v. state in the contract entered into with the consumer the date on which the consumer's cooling off right commences and expires.
 - vi. For purposes of this section, a financial service provider shall include in the contract with a consumer a clause on the right to cooling off.

17. Statements of Deposit and Loan Accounts

- a. A financial service provider shall provide a consumer who is an account holder with statements of the account showing activities on the account since the last statement of account, including balance changes, payments, disbursements and costs by the best feasible means (i.e. email, SMS, direct mail, etc.).
- b. For purpose of paragraph X(a) above, the consumer and the financial service provider shall agree on the frequency and the mode of communicating the account statement to the consumer.
- c. The financial service provider shall determine the charge/fee for this service and accordingly, inform the consumer of such charge/fee prior to providing the service to the consumer, subject to the following requirements:

- i. a financial service provider issuing at least one hard copy statement a month free of charge to the consumer;
- ii. a financial service provider may charge a fee for more frequent requests/issuance of a statement;
- iii. a financial service provider may charge a fee for the duplicate copy of statements; and
- iv. a consumer shall have the privilege to opt for electronic statements for free.

18. Notice of Changes to Terms and Conditions

- a. A financial service provider shall notify a consumer:
 - i. at least thirty (30) days in advance to consumers before implementing any changes to the terms and conditions, fees or charges, and discontinuation of services; or
 - ii. immediately of any changes in case of unplanned service disruptions and/or cost of a product or service.

19. Debt Recovery Expenses

- a. Where a consumer is unable to honor any financial transaction, a financial service provider shall have the right to take steps to recover the amount owed to it by the consumer.
- b. When a customer fails to pay on the due date, the financial service provider will:
 - i. Contact the consumer within the first five (5) days before embarking on loan recovery process in place.
 - ii. Consider providing flexible repayment terms for those experiencing financial constraints.
 - iii. Contact consumer during working hours
 - iv. Keep a log of all communications with the consumer
 - 1. If there is a need to revise payment schedule and a consumer has agreed to do so, this should properly be documented and both parties sign to attest to the agreement
 - v. No abusive, unethical and non-professional metrics will be employed during debt collection
 - 1. Verbal or physical violence, intimidation and threats or humiliation
 - 2. Contacting other parties other than the borrower and guarantor to discuss the consumer's indebtedness.
- c. In recovering the amount owed by a borrower, a financial service provider:
 - i. shall not claim from the consumer unreasonable costs and expenses which it has incurred;
 - ii. shall provide the consumer with a detailed breakdown of the costs and expenses incurred by it;
 - iii. shall allow consumers to reschedule the payment of their obligations;
 - iv. may offset the outstanding amount owed with any credit balances in the consumer's other account or accounts with it, subject to the relevant national law. For the purposes of part 19, debt recovery should be transparent and assets shall be sold off at their fair market value; and
 - v. in the case of chronically delinquent borrowers, the financial service provider shall be required to comply with the requirements of the Central Bank Directive barring the provision of financial services to delinquent borrowers.

20. Closing of Accounts

- a. A financial service provider shall not close an account of a consumer without giving the consumer 14-day notice in writing i.e. on paper or through electronic means, from the date of receipt of such notice by the consumer, except:
 - i. where there is evidence that the account is being used for criminal activity;
 - ii. where there has been a suspected fraud
 - iii. where the consumer has been threatening, intimidating or violent towards staff of the financial service provider; or
 - iv. In the case where an account remains zero balance and/or unfunded for a period of six (6) months and the consumer cannot be reached by the financial service provider, the financial service provider shall have the option to close such accounts.
 - v. Where a court order has been issued

Reliability

21. Updating Consumer's Address

- a. In order to serve a consumer better and keep a consumer informed, a financial service provider shall request a consumer to keep the institution informed of any change in his/her postal address, physical address, e-mail address or telephone number.
- b. A financial service provider shall communicate with a consumer using the address that a consumer has most recently provided to the institution. For the purposes of this paragraph, "an address that the consumer has most recently provided" includes any recent amendments to the address which the consumer has notified to, and acknowledges receipt by, the institution.

22. Reliability and self-service banking channels

- a. A financial service provider shall ensure that its ATMs, Mobile Banking, Internet Banking and self-service channels are available at all times to serve the public except when it is temporarily inaccessible:
 - i. due to any emergency which is beyond the control of the institution; or
 - ii. during regular service and maintenance.
- b. For the purposes of paragraph (a)(i) and (a)(ii) above, a financial service provider shall duly inform its consumers and the public through at least one widely-read local newspaper and at least one radio station in Solomon Islands or any available public media in other parts of the country for a period of one to three days, depending on the magnitude of the problem, and at the locations of its ATMs, Mobile and Internet and self-service banking channels, when it will resume services and/or the alternative channels that could be used by the customers or the public during such times.

23. Safeguarding Consumer Information

- a. A financial service provider shall not disclose any information about a consumer to a third party except where:
 - i. the institution is required by law to disclose such information; or
 - ii. the disclosure is made with the expressed consent of the consumer.

24. Protecting a Consumer's Account

- a. A financial service provider shall at the time of providing electronic banking services, including ATM services, phone-banking, internet banking, mobile banking services and wireless banking, to a consumer, advise the consumer to protect and secure his or her PIN as follows:
 - i. not to allow anyone else to use his or her card, know his or her PIN or any other security information; or
 - ii. to memorize his or her PIN and other security information and destroy the notification immediately.
- b. A financial service provider shall post security advice at its branches, websites and any other communication channels alerting consumers about scams and other fraudulent practices associated with services which it offers;
- c. A financial service provider shall also assist consumers to avoid scams, by taking steps to block the flow of funds to dubious accounts and help consumer to trace and recover money paid into account of scammers;
- d. A financial service provider shall provide helpline (telephone and/or email address) to enable consumers to report a lost or stolen card, checkbook or passbook or a suspected scam or fraud.

Transparency and Disclosure Requirements

General Requirements

25. A financial service provider shall:

- a. ensure that at the pre-contract stage, a consumer is informed verbally and advised in writing about whom to contact to submit complaints and inquiries and to settle disputes, and that such information is included in documents such as notices displayed in branch offices, price quotes for products and services, customer contracts and monthly account statements.
- b. provide the consumer with the location, phone number and email/website to send complaints.
- c. provide a Plain English explanation of consumer rights and recourse options in all marketing and contractual materials, posted prominently in every branch and other media of public information, including its web-site.
- d. ensure that any information about a consumer's rights and obligations, given to a consumer in writing is fair, clear, transparent and relevant to the stage of engagement with the consumer.
- e. ensure that the information provided to the consumer or public is written in Plain English and legible in a font size of not less than 10 points.
- f. where a consumer is unable to understand English, the consumer shall have the option to bring along a close relative or trusted person for the purpose of obtaining a clear understanding of the information being provided by the financial institution.
- g. where a consumer is unable to understand written information, explain verbally to the consumer the written information.

- h. ensure that where a verbal explanation in paragraph (f) and (g) has been provided to the consumer, the consumer shall have the option to have a third party to countersign as evidence that a verbal explanation has been given to the consumer.
- i. ensure that information on its products and services is updated and current and easily available at its branches, websites and any other communication channels which it uses.
- j. Financial service provider shall not omit, disguise, or intentionally misrepresent facts during their communications with customers whether verbally or during advertisements

Key terms and conditions

- 26. In addition to disclosing information on the cost of a financial product or service, a financial service provider shall provide a consumer with key terms and conditions prior to entering into any financial transaction with the consumer. The terms and conditions of the contract shall be clearly set out in the disclosure requirements in order to give the consumer complete information of the total cost of a product or service, the method of computation of the cost, important features of the financial product or service being considered as well as the rights, obligations of, and risks to, the consumer.

Stages of disclosure

- 27. **Pre-contract disclosure:** Any advertisements, brochures and pre-contract disclosures must include the total costs of service or product based on the prevailing market rates, fees and charges, etc.
- 28. **Contractual disclosure:** The contract must disclose all important features of a financial transaction, including the consumer's rights, obligations and risks under the contract.
- 29. **Disclosure during the term of the contract:** The outstanding balance on any financial transaction shall be disclosed periodically, including any interest, fees or charges debited to the consumer's account.

Disclosure of Interest Rates

- 30. For interest-bearing financial transactions, a financial service provider shall prior to the consumer enter into the contract:
 - a. inform the consumer of the terms of the contract;
 - b. inform the consumer of the fees and charges, if any, for, and as a consequence of, prematurely terminating a financial transaction;
 - c. inform the consumer of whether the interest charged for the financial transaction is fixed or variable;
 - d. give a consumer information on the applicable interest rates for the contracted period and the basis and frequency on which interest payments or deductions are to be made;
 - e. explain the method used to calculate interest rates;
 - f. disclose to the consumer the total amount of income the consumer shall receive on the fixed rate deposits of the consumer; and
 - g. disclose the total costs of any financial transaction to the consumers.

Fees and Charges

- 31. In relation to any fees and charges that may be incurred by a consumer in any financial transaction with an institution, the financial service provider shall:

- a. provide the consumer with a schedule of fees and charges (including commissions payable) for the financial transaction that the consumer is considering;
 - b. display prominently its standard fees and charges at all its branches, promotional materials and any other communication channels which it uses;
 - c. inform the consumer, at the time the financial transaction is offered, the basis of charges for services rendered which are not subject to standard fees and charges; and
 - d. inform the consumer of any additional charges or expenses that a consumer has to pay, including but is not limited to search fees to retrieve available past records of the consumer.
32. A financial service provider shall inform a consumer in advance of any fees and charges, which are not levied directly by the institution but by another institution, agent or party that provides a portion of the financial transaction initiated by the first party financial service provider.

Help and Redress

Consumer Redress Mechanism

33. A financial institution shall establish a consumer help desk, unit or department, whichever is suitable to its size and operations.
34. Set up processes and procedures on metrics on how to handle consumer complaints, including escalation metrics.
35. Have a multichannel through which customers can raise their dissatisfaction e.g SMS, letter. Email, phones, call center, agents, websites etc.
36. A place to log all complaints received for proper follow up and redress
37. Financial service providers have an obligation to investigate, address and resolve all complaints received.
38. Financial service providers shall report back to CBSI all logged cases pursuant to the reporting requirements.
39. In addition to the standard reporting requirements, the Central Bank of Solomon Islands may direct any or all institutions to report to it any information on consumer complaints as it may determine from time to time.
40. The Consumer Help Desk shall be responsible for handling all consumer complaints.
41. The Consumer Help Desk shall be headed by a senior officer with considerable experience in banking, consumer protection, supervision and shall have a direct reporting line to the Country Head, Managing Director, General Manager or Chief Executive Officer as the case may be.

Consumer Redress Policy

42. A financial service provider shall have a formal policy and procedures for complaint filing, handling and resolution, which must be approved by its board of directors.
43. No financial service provider shall require fees or charges for complaint filing, handling or resolution.

Investigating and determining complaints

44. Upon receipt of a complaint, the financial service provider's Complaints Management Unit shall:
- a. investigate the complaint competently, promptly and impartially;
 - b. assess fairly and promptly the subject matter of the complaint, the basis for the complaint, if any, and the appropriate redress or remedial action, or both;
 - c. explain to the complainant, in a way that is fair, clear and not misleading, its assessment of the complaint, its decision on it, and any offer of redress, or remedial action, or both taken on the complaint; and
 - d. promptly respond to any offer of redress, or remedial action, or both to the complainant.
45. In assessing the effectiveness and adequacy of the help and redress system of a financial service provider, the Central Bank of Solomon Islands will have regard to the quality and fairness of the financial service provider's investigation and determination and to the clarity of its feedback to complainants.

Keeping the complainant informed

46. Upon receipt of any complaint, a financial service provider shall provide the complainant with a prompt written acknowledgement within three business days of receipt of the complaint.
47. For the purposes of 4.1(e) above, a complaint is considered resolved where the complainant has indicated acceptance of the financial service provider's offer of redress, or remedial action, or both.

Timeframe for resolving complaints

48. A financial service provider shall be required to resolve complaints within a period not to exceed one (1) month from the date of receipt of such complaints.
49. A financial service provider shall advise the complainant on the outcome of its investigation of a complaint, the decision or action taken by it to resolve the complaint within the one-month timeframe. However, if the complainant takes more than a week to reply to a written request by the institution for further information, the one-month timeframe shall commence from the date of the financial service provider's receipt of the additional information.
50. If a consumer is not satisfied with the manner in which a financial service provider has handled and/or adequately address his/her complaint, the financial service provider shall inform the consumer to forward a formal complaint to the Central Bank of Solomon Islands. The latter shall respond to the complainant within one month of receipt of the consumer's complaint.
51. The Central Bank of Solomon Islands shall:
- a. Only attend to escalated complaints where consumer is either dissatisfied with the response from the financial service provider or there was no response within the specified timeframe
 - b. Encourage mediation between the financial service provider and the consumer
 - c. Issue binding responses including where the financial service provider will have to compensate.

Security of Funds

52. Financial institutions shall:

- a. Ensure customer data is well protected to mitigate risks envisaged if it were to fall under the wrong hands such as fraud or unscrupulous debits off customer accounts.
- b. Investigate complaints made by customers and keep customers abreast on progress and where found fit, make full reimbursements on all unauthorised debits that were unscrupulously debited off a customer's account.

53. Financial institutions shall maintain records in writing (on paper or electronically) for at least 7 years:

- a. All transactions run off their platform
- b. All fraud instances detected or logged
- c. System outages, both planned and unplanned
- d. All complaints made by customers are logged and registered

Cybersecurity

54. Financial institutions will put in place procedures and processes that protect the institution and its customers from cyber-attacks and have a Business Continuity management framework in place that ensures business continuity should there be a hack or temporary system shut down.

Data Protection and Privacy

55. In accordance with applicable legal provisions on data protection and privacy, financial institutions shall:

- a. Collect, process, use and store customer data strictly for the purposes it was requested for and ensure customer's best interest whilst using this data.
- b. Always ensure customer data is accurate and that customers have access to this data upon request. Customer update should always be an ongoing process. take every reasonable step to ensure that personal data is accurate and kept up to date, including providing consumers with access to their personal data and updating or erasing any inaccurate or unlawfully collected or processed data, in accordance with section 5.1 (Complaints Procedures) of these Guidelines.
- c. Keep customers abreast on critical information pertaining their data including details on data protection and privacy and how to safeguard personal information like PINs. Inform consumers of the key facts related to data protection and privacy, including purposes of data collection and consumers' rights, at or before data collection, in accordance with section 3.0 (Disclosure and Transparency) of these Guidelines.

Reporting Requirements

56. Each financial service provider shall submit to the Central Bank of Solomon Islands monthly returns on all consumer complaints received (whether resolved or not) in the format as may be determined by the Central Bank of Solomon Islands by the 10th day of each month immediately after the reporting period.

57. The returns shall be signed by the Country Head, Managing Director, General Manager or Chief Executive Officer, as the case may be, and addressed to the Financial System and Regulations Department of the Central Bank of Solomon Islands.

58. A financial service provider shall record all complaints received in a register that should be made available to the Central Bank of Solomon Islands upon inspection.

Enforcement

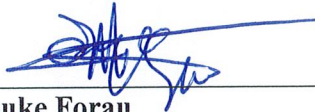
59. Ensure consumers have redress channels should they be aggrieved.

- a. The Central Bank of Solomon Islands is empowered under the CBSI Act 2012, s.28 and FIA, s.11 to enforce these guidelines by way of obtaining information through carrying out both on-site and off-site investigations, to ensure compliance of financial service providers.
- b. Financial service providers will be expected to conform with reporting as per guidelines set out by the Central Bank of Solomon Islands.
- c. Financial service providers which fail to comply shall be liable to administrative penalties as prescribed under s.63 of CBSI Act 2012

Effective Date

60. The effective date of this Prudential Guideline is 1st day January 2023.

Issued this 10th day of November 2022



Governor, Luke Forau
Central Bank of Solomon Islands