



RESERVE BANK OF ZIMBABWE



CONSUMER PROTECTION FRAMEWORK
No.1-2017/BSD

TABLE OF CONTENTS

1 SECTION A: PRELIMINARY 3

2 SECTION B: GOVERNANCE AND RISK MANAGEMENT SYSTEMS 6

3 SECTION C: GENERAL CONSUMER PROTECTION PRINCIPLES 11

4 SECTION D: RIGHTS & OBLIGATIONS OF CUSTOMERS 12

5 SECTION E: OBLIGATIONS OF REGULATED ENTITIES 14

6 SECTION F: CUSTOMER COMPLAINTS HANDLING PROCEDURES 28

7 SECTION G: STAKEHOLDER ROLES AND RESPONSIBILITIES 35

1 SECTION A: PRELIMINARY

1.1 Title

Consumer Protection Framework.

1.2 Authorisation

1.2.1 This Framework sets out minimum regulatory standards for consumer protection expected in terms of section 4C of the Banking Act [*Chapter 24:20*].

1.3 Definitions

1.3.1 For purposes of this Framework, the following words or phrases shall have meanings indicated below.

“authorised agent” means an entity that provides financial services on behalf of a regulated entity.

“consumer/customer” in respect of any particular goods or services, means—

- (a) a person to whom those particular goods or services are marketed in the ordinary course of the supplier’s business;
- (b) a person who has entered into a transaction with a supplier in the ordinary course of the supplier’s business; and
- (c) if the context so requires or permits, a user of those particular goods or a recipient or beneficiary of those particular services, irrespective of whether that user, recipient or beneficiary was a party to a transaction concerning the supply of those particular goods or services.

“dormant account” means an account on which no customer initiated activity has occurred for a period pre-determined by the banking institution in accordance with the rules relating to the specific type of account and which contain monies that have not been claimed.

“mobile banking” means a service provided by a regulated entity that allows its customers to conduct a range of financial transactions remotely using a mobile device and using software, usually called an app, provided by the regulated entity for that purpose.

“regulated entity” means **banking** and non-banking financial institutions that are regulated by the Reserve Bank of Zimbabwe.

1.4 **Scope of Application**

1.4.1 The Framework will apply to all banking and non-bank financial institutions that are regulated by the Reserve Bank of Zimbabwe and their agents. Wherever the term ‘banking institution’ is used in this Framework, it should be read to include, as may be applicable, non-bank financial institutions that are regulated by the Reserve Bank. The Framework shall also apply to the activities of any third party engaged by the regulated entities for outsourced activities, when acting on behalf of regulated entities offering financial services to the public.

1.5 **Objectives**

1.5.1 The objectives of the Framework are to: -

- (a) promote consumer rights by setting out minimum standards for regulated entities in achieving consumer protection;
- (b) ensure availability of consumer redress and development of formal or informal robust grievance redress mechanisms for handling customer grievances that are fair, expeditious, inexpensive and accessible;
- (c) ensure fair and equitable business practices, protecting interests of both consumers and regulated entities; and
- (d) foster customer confidence and trust in the banking sector.

1.6 **Rationale for Consumer Protection**

- 1.6.1 The ever-increasing complexity and diversity of the range of products and services offered by financial institutions through traditional and electronic channels, and the increasing transfer of opportunities, pricing and transactional risks to consumers call for enhanced protection of consumers of financial services.
- 1.6.2 Financial market development, innovation and misaligned incentives for financial services providers increase the risk that consumers may face fraud, abuse and misconduct. In particular, low-income and less experienced consumers often face particular challenges in the market place.
- 1.6.3 Consumer protection empowers consumers with information and basic rights, provides an important source of market discipline to the financial services sector, and fosters competition by encouraging regulated entities to offer better products and services rather than taking advantage of poorly informed consumers.
- 1.6.4 The existence of a sound financial consumer protection framework is fundamental to increasing access to and usage and quality of financial services, along with supporting further banking sector deepening. Financial consumer protection is a necessary precursor to building trust in the formal banking sector and thus in encouraging financial inclusion. Further, consumer protection helps ensure that expanded access benefits consumers and the economy as a whole.
- 1.6.5 Adopting good practices on consumer protection will positively influence the financial services sector as this is consistent with the Reserve Bank's overall objective of promoting and maintaining efficient financial markets and financial stability.
- 1.6.6 It is against this background, and in line with international best practice that the

Reserve Bank, is issuing this Framework on Consumer Protection to enhance consumer protection in the banking sector.

2 SECTION B: GOVERNANCE AND RISK MANAGEMENT SYSTEMS

2.1 Corporate Governance

2.1.1 The board and senior management should institute oversight for consumer protection and ensure compliance with the provisions of this Framework.

2.1.2 The board or a committee of the board of each regulated entity should ensure that appropriate systems and processes are in place to maintain compliance with consumer protection laws and regulations.

2.1.3 A regulated entity should put in place well defined reporting structures internally to ensure that management oversight for the implementation of the Framework is effective and efficient in every aspect of its business.

2.1.4 A regulated entity should employ people who are fit and proper, and systems that will ensure compliance with the provisions of this Framework.

2.2 Board Oversight

2.2.1 The board of directors is responsible for ensuring that the regulated entity is compliant with consumer protection laws, regulations, guidelines and other best practice standards.

2.2.2 The board should set the tone or basis for institutional culture underpinning business practices which promote consumer protection. The board is expected to have an appreciation of the consumer protection issues that the regulated entity is exposed to and the framework for managing them.

2.2.3 The goals of consumer protection should be clearly articulated in the terms of reference for the board and management committees.

2.2.4 The responsibilities of the board of directors in relation to consumer protection should include the following:

- a) approving the regulated entity's policy on consumer protection which outlines consumer protection champions within the banking institution;
- b) ensuring that senior management has adequate processes in place for providing the board with the information necessary to monitor whether the plans and objectives set on consumer protection by the board are met and whether the guiding policies and procedures are complied with; and
- c) oversee the implementation of the consumer protection policy, including ensuring that consumer protection issues are resolved effectively and timeously. To this end, the board should establish a regular monitoring plan for consumer complaints and resolution thereof.

2.2.5 The board is required to ensure the formulation of an internal compliance management system which ensures that the regulated entity is in conformity with consumer protection laws and regulations. An effective program will include senior management oversight, employee training, mechanisms to respond to complaints and regular compliance audits.

2.3 **Senior Management Oversight**

2.3.1 Senior management is responsible for the effective management of a regulated entity's consumer protection strategy.

2.3.2 Senior management should:

- a) conduct research and analysis concerning the patterns and trends associated with complaints from consumers of the regulated entity;
- b) identify the products and services that carry the greatest compliance risk;
- c) work with business and operations units in the regulated entity to

- implement solutions to issues that affect consumers;
- d) oversee any agents and/or third parties by or through which the regulated entity provides consumer financial services e.g. mobile network operators;
- e) monitor enterprise-wide operations and functional compliance to consumer protection;
- f) establish functional coordination and collaboration mechanisms among business units and prepare reports;
- g) provide compliance guidance after review of current and proposed systems, products, and marketing materials; and
- h) develop and implement oversight and testing program for the regulated entity's board consumer protection reporting obligations.

2.4 **Policies and Procedures**

2.4.1 A regulated entity should have well-designed policies and procedure manuals which establish standard procedures for consumer protection management.

2.4.2 The policies should:

- a) clearly demarcate roles and responsibilities for consumer protection at all levels in the financial institution;
- b) promote strong compliance risk management practices and consumer protection within the institution;
- c) foster information sharing among business units, including complaints statistics, fraud reports, and legal claims against the institution or their management;
- d) provide for a risk-focused approach that facilitates the identification, measurement, monitoring, and control of risks with respect to the treatment of consumers;
- e) contain consumer protection disclosures including complaints handling

and reporting by business units, sales and marketing practices, contractual clauses, prohibition of unfair or abusive treatment, education and training standards for the sales force, collection practices and underwriting standards;

- f) contain disclosure of complaints handling process and other redress channels, including disclosure standards at website, loan application forms, facility letters and acknowledgement of debt forms; and
- g) provide for adequate disclosure in respect of accountability and transparency.

2.4.3 A regulated entity should ensure that its compliance programs adequately incorporate consumer protection issues.

2.5 **Internal Control Systems**

2.5.1 A regulated entity should have adequate internal controls including effective assurance functions such as the internal audit and compliance functions, governance policies and structures that maintain a properly operating and sound environment.

2.5.2 The internal control system must be consistent with the risk profile of the institution and its business conduct principles and must ensure that there is an appropriate balance between the cost of the control system and the resulting benefits as well as assurances on consumer protection.

2.5.3 The control systems must be sufficient to ensure the effective discharge of responsibilities for stewardship over resources, compliance with legislative and other requirements, and for meeting the regulated entity's mandate.

2.6 **MIS and Reporting**

- 2.6.1 A regulated entity should have adequate Management Information Systems (MIS) for measuring, monitoring, controlling and reporting consumer protection issues.
- 2.6.2 A regulated entity should collect information from various sources for consumer protection purposes and the sources of information should be stated in the institution's policies.

2.7 **Training**

- 2.7.1 A regulated entity should adequately train its employees, agents and third parties on the provisions of this Framework, on its internal policies and procedures and generally on customer handling.

2.8 **Authorised Agents and Third Parties**

- 2.8.1 A regulated entity should ensure that it adequately supervises its authorised agents to ensure that they comply with the provisions of this Framework.
- 2.8.2 Where a regulated entity outsources some services, it should ensure the third party complies, insofar as it is applicable, with the provisions of this Framework.
- 2.8.3 A regulated entity should be deemed to be non-compliant with the provisions of this Framework where the agent or third party has not complied with the provisions of this Framework that are applicable to them.

3 SECTION C: GENERAL CONSUMER PROTECTION PRINCIPLES

3.1 Equitable and Fair Treatment of Customers

3.1.1 Regulated entities should treat all customers equitably, honestly and fairly at all stages of their relationship with the institutions. Special attention should be dedicated to the needs of vulnerable groups such as the disabled, elderly and children.

3.2 Disclosure and Transparency

3.2.1 Regulated entities and their authorised agents should set out and explain clearly the key features, risks and terms of the products, fees, commissions or charges applicable. All promotional material should be accurate, honest, understandable and not misleading.

3.2.2 All communication with consumers should be in plain, simple and comprehensible language.

3.3 Financial Education and Awareness

3.3.1 Regulated entities should promote financial education and awareness, which assist customers on how to access products and services that can help them achieve their own financial goals.

3.4 Responsible Business Conduct of Institutions and Authorised Agents

3.4.1 Regulated entities and their authorised agents should work in the best interest of their customers and avoid conflict of interest.

3.5 Protection of Customer Assets against Fraud and Misuse

3.5.1 Regulated entities should have in place relevant information, control and protection mechanisms to protect customers' financial assets against fraud,

misappropriation or other misuses.

3.6 Protection of Consumer Data and Privacy

3.6.1 Regulated entities should have in place appropriate security and control mechanisms to protect customers' financial and personal information. Such mechanisms should define the purposes for which the data may be collected, processed, held, used and disclosed.

3.6.2 Data should only be used for specific purposes and with prior consent of the customer, except where the law stipulates otherwise.

3.7 Complaints Handling and Redress

3.7.1 Regulated entities should provide customers with reasonable channels to submit claims, make complaints and seek redress that are accessible, fair, auditable, timely, efficient and facilitate accountability.

4 SECTION D: RIGHTS & OBLIGATIONS OF CUSTOMERS

4.1 Consumer Rights

4.1.1 Consumers of financial services have rights including the right to:-

- (a) information and advice;
- (b) access basic financial services;
- (c) choose financial products and services;
- (d) be heard and redress;
- (e) financial education; and
- (f) privacy of their data in the custody of the regulated entities.

4.2 Consumer Obligations

4.2.1 Consumers of financial services have obligations in relation to their access to financial products and services. They should:-

- (a) provide accurate and up to date information;
- (b) avoid over-indebtedness;
- (c) take necessary steps to be informed about a product, including making comparisons, before subscribing to financial products and services;
- (d) obtain clarifications where necessary;
- (e) use the product or service in line with the terms and conditions which should highlight features that are not aligned with the standard use of the product in the market;
- (f) fulfil their obligations in contractual relationships with financial institutions;
- (g) ensure that their personal information such as account numbers, Personal Identification Number (PIN), Bank Verification Number (BVN), access codes, payment instruments including cheques, Automated Teller Machine (ATM) cards are safely protected and not shared with third parties, including bank staff, for any reasons.
- (h) ensure records of transactions or communications between the bank and the consumer such as card receipts, account statements and transaction statements are safeguarded or disposed of properly to avoid unauthorised access;
- (i) take reasonable steps to prevent fraud;
- (j) exercise due care when issuing a power of attorney; and
- (k) avoid using the account for money laundering and financing of terrorism purposes.

5 SECTION E: OBLIGATIONS OF REGULATED ENTITIES

5.1 Fair Business Practices and Fair Dealing

- 5.1.1 A regulated entity should conduct its business and interact with customers in a manner that will boost customer confidence.
- 5.1.2 A regulated entity should be honest and have integrity in its dealings with customers.
- 5.1.3 A regulated entity should not engage in misrepresentation, in deceptive advertising and pricing, in improper trade practices or in oppressive or unconscionable acts or practices.
- 5.1.4 The incentives and remuneration structures of management, employees, agents and third parties should be designed in order to foster responsible business practices, taking into account not only financial performance but also consumer fairness and satisfaction indicators.

5.2 Provision of Information & Advice

- 5.2.1 Prior to a customer choosing a product or service, a regulated entity should:
 - a) use plain, simple language comprehensible to consumers to explain key features of the range of products and services that the consumer is interested in so as to enable the consumer to arrive at an informed decision concerning the products and services;
 - b) inform the customer of all charges, fees, penalties and any other financial liability or obligation which would be incurred arising from accessing the product or service;
 - c) request the customer to provide, where applicable, all the information needed to verify whether or not the consumer is eligible for the product or

service; and

- d) furnish the customer with terms and conditions in a clear format and design such as easily readable font type.

5.2.2 Where a customer has chosen a product or service, a regulated entity should, before the customer buys the product or service, give the customer the terms and conditions of the agreement in a manner that makes it possible for them to refer to key fact statements at any time during the lifecycle (i.e. pre- and post-sale) of the contract. If the channel used to sign up for the service does not allow the consumer to retain the information, it should be kept by the provider, in the exact form it was agreed upon, and should be available to the consumer upon request.

5.3 **Account Opening**

5.3.1 Before opening an account, a regulated entity should advise the customer of the rights and obligations relating to that account. This will include informing the customer about:

- (a) the type of account and how and by whom the account may be operated;
- (b) how funds may be deposited or withdrawn from the account;
- (c) the usual time taken for clearing a cheque or a payment instrument credited to the account;
- (d) any minimum balance requirements and the charges payable if the balance falls below the prescribed minimum;
- (e) any rights of set-off claimed by the regulated entity;
- (f) the requirements for closing the account;
- (g) how the regulated entity will deal with an account if it becomes dormant and has any unclaimed balance in it; and

- (h) any other types of common charges associated with the account.
- 5.3.2 The customer will be required to provide a regulated entity with the relevant identification and verification documents in fulfilment of applicable KYC requirements. Where a customer fails to provide the information required within stipulated timeframes, the regulated entity may suspend the customer's account until such information is provided.
- 5.3.3 The regulated entity may also require updated identification and verification documentation, including when there is a change in circumstances (e.g. change of name upon marriage, change of residential address, or change in company, or any other change that may require notification of the regulated entity).
- 5.3.4 The level of information gathered should be commensurate with the nature and complexity of the product or service being sought by the customer, and must be at a level that allows the regulated entity to provide a professional service.
- 5.3.5 On account opening or upon enquiry, a regulated entity should disclose to its customers whether or not their deposits are insured. The following information about the deposit insurance scheme should also be disclosed:
 - a) the insurer and contact details;
 - b) the classes of deposits which are insured;
 - c) the extent of insurance coverage;
 - d) the holder of funds for pay-out purposes; and
 - e) the event that will trigger a pay-out from this fund.

5.4 **Account Closing**

- 5.4.1 The regulated entity should assist customers to close accounts they no longer require.
- 5.4.2 A regulated entity is prohibited from closing a customer's account without

giving at least 90 days prior notice at the customer's last contact details, unless prevailing circumstances call for such actions as outlined in 5.4.3.

5.4.3 A regulated entity reserves the right to protect its interests in its discretion, which might include closing a customer's account without notice:

(a) if compelled to do so by law; or

(b) if there is reason to believe that the account is being used for any illegal purposes.

5.4.4 A regulated entity should inform customers about the implications of not using an account.

5.5 **Statements of account**

5.5.1 To assist customers in managing their accounts, a regulated entity must provide regular account statements as agreed at account opening and upon request, through various channels, including electronic banking terminals, agents or other means if registered with the regulated entity.

5.5.2 The statement of account should identify transactional debits and credits and should include the following information:-

(a) opening balance;

(b) all withdrawals and deposits;

(c) all interest credited and debited;

(d) all charges; and

(e) the closing balance.

5.6 **Business Conditions**

5.6.1 A regulated entity should ensure that products and services offered are

compatible with customers' and prospective customers' needs and goals, disclosing all products and services advantages and disadvantages (or benefits and risks).

- 5.6.2 A regulated entity should provide up to date terms and conditions for products and services to its customers, through available channels including electronic channels, and in accordance with the customer's preference.
- 5.6.3 A regulated entity should communicate directly to customers any changes in terms and conditions at least 30 days in advance of any such changes being implemented, through any channels available, including electronic channels. All terms and conditions shall be written in plain, simple and comprehensible language, in a manner that is not misleading. The regulated entity shall not raise any charges for any such information.
- 5.6.4 A regulated entity should ensure that its customer contracts contain provisions that are fair, just and reasonable, and that they are not designed in a manner that benefits the regulated entity to the detriment of the customer.
- 5.6.5 A customer may at any time prior to the agreed maturity date prepay, in whole or in part, the unpaid balance of any loan and other credit accommodation, and the regulated entity shall not charge a penalty. The terms and conditions of the contract must clearly indicate that the borrower is entitled to prepay at no cost.
- 5.6.6 A regulated entity should not misrepresent the meaning or consequence of contract provisions, and shall allow a customer at least 24 hours to consider a copy of the contract prior to signing it in order to obtain independent advice.

Interest Rates, Fees & Charges...

- 5.6.7 Regulated entities should furnish information pertaining to any particular product that a potential customer is interested in.

5.6.8 On opening a new account, a regulated entity will be required to provide the customer in writing or electronic form, statement of:

- a) all its charges for maintaining the account; ;
- b) the interest it will pay on the funds in the account, and the interest the customer will have to pay on any overdraft; and
- c) such other particulars as may be prescribed by the Registrar.

5.6.9 Where a regulated entity extends credit, it shall disclose to the borrower in writing:

- a) the interest charged and the manner in which it is to be calculated;
- b) any applicable fee or other charge and the manner in which it was calculated;
- c) every term or condition applicable to the credit, clearly identifying the obligations of the borrower; and
- d) such other conditions as may be prescribed or as the Registrar may specify.

5.6.10 During the tenure of a loan contract, the regulated entity should send or make available to the borrower and the guarantor (if applicable), a statement of account in written or electronic form, at agreed intervals showing, the capital, interest amount, payments received as capital and interest and the annual rate of interest.

5.6.11 Where the banking institution issues a credit or debit card, to a person, it should disclose his rights and obligations under the card pertaining to the credit limit authorised under the card and the amount of indebtedness outstanding at any time, the period for which each statement is issued, any charges and interest, balance outstanding for any period, charges to be levied in the event of a default and the manner in which charges are calculated.

5.6.12 Regulated entities should charge interest rates computed on reducing balance

basis.

5.6.13 Regulated entities should ensure that they comply with the *in-duplum* rule.

Display of information...

5.6.14 Every regulated entity should, at all times, display the following information in a conspicuous place in every building in Zimbabwe in which it carries on such business.

- a) a copy of latest statement reflecting the institution's operations and financial condition;
- b) a copy of the latest statement or balance sheet and profit and loss account;
- c) a notice setting out its interest rates on deposits and loans and terms and conditions under which the institution accepts deposits and makes loans; and
- d) such other information as may be prescribed.

5.6.15 At least every six months, a banking institution shall cause to be published, in a newspaper circulating in each area in which the institution carries on banking business, a notice setting out the interest rates offered by the institution on deposits and loans, and the terms and conditions under which it accepts deposits and makes loans.

5.7 Fair and responsible marketing

5.7.1 A regulated entity should market its products in a fair and responsible manner by means of truthful and accurate communication which would serve to educate the customer about a financial service or product.

- 5.7.2 A regulated entity should not prey upon the vulnerabilities inherent in segments of customers and should ensure that its targeted marketing is not aimed at putting anyone in an unsustainable position of debt or loss.
- 5.7.3 A regulated entity may use its main channels (branches, website, automated teller machines, telephone banking, account statements) as well as public media channels (audio, visual and print, etc.) for the marketing of its products and services using promotional methods and marketing as it deems appropriate for the target segment.
- 5.7.4 A regulated entity should ensure that the design, presentation and content of all advertising and promotional materials are fair, clear and not misleading or deceptive. The information should be written in plain, simple language which is easily readable, including footnotes.
- 5.7.5 A regulated entity should ensure that an advertisement does not seek to influence a customer's attitude to the advertised product or service or the institution either by ambiguity, exaggeration or omission.
- 5.7.6 Without limiting the generality of the above provisions, a regulated entity must ensure that an advertisement is not misleading in particular in relation to:
- a) the regulated entity's ability to provide the advertised product or service;
 - b) the scale of the regulated entity's activities;
 - c) the extent of the resources of the regulated entity;
 - d) the scarcity of the advertised product or service; and
 - e) past performance or possible future performance of the advertised product or service.
- 5.7.7 A regulated entity must ensure that an advertisement that promotes more than one product sets out clearly the key information relating to each product in such a way that a consumer can distinguish between the products. Further,

comparisons or contrasts should be based either on facts verified by the institution, or on reasonable assumptions stated within the advertisement.

- 5.7.8 A regulated entity must ensure that an advertisement only describes a product or service as free where the product or service in its entirety is available free of charge to the consumer.
- 5.7.9 Where a regulated entity advertises or promotes any product or service, it should include the name and logo of the regulated entity and the regulated entity's contact details.
- 5.7.10 The Reserve Bank may compel a regulated entity that does not comply with the conditions set forth in this Framework to withdraw the advertisement.
- 5.7.11 Regulated entities are legally responsible for all statements made in their advertising and sales materials and will be subject to applicable penalties under the relevant law for making any false or misleading statements.

5.8 **Comprehensible Communication**

- 5.8.1 A regulated entity should have all agreements and communication in written form, voice or any other media used to reach the consumer, including terms and conditions, pieces of advertisement and receipts, in plain and simple language comprehensible to consumers, in order for consumers to be unambiguously informed.
- 5.8.2 The agreements and communication material should contain provisions that are pertinent to the financial service or product or the respective rights and responsibilities of the regulated entity and the customer and not extraneous material that render them overwhelming, confusing, impractical and, when in written form, voluminous and difficult to read.

5.9 Debt Collection Procedure

- 5.9.1 A regulated entity, authorised agent or third party may not employ unethical, unfair or abusive debt collection practices against a customer. Further, a regulated entity may not give a false statement or give false credit information to others.
- 5.9.2 A regulated entity should notify customers at least 30 days prior to their loans becoming subject to its debt collection procedures. Such notification can be written or electronic.
- 5.9.3 Where a law allows the sale or transfer of a debt without obtaining the debtor's consent, a regulated entity should -
- (a) notify the customer in writing prior to the sale or transfer;
 - (b) inform the customer that he/she remains obligated on the debt; and
 - (c) provide the customer with adequate information relating to the purchaser, the purchaser's contact information, where payment may be made and the consequences of non-payment.
- 5.9.4 The regulated entity is exempt from notifying the customer of the sale where the customer continues repaying the loan to the originator and conditions of loan repayments remain unchanged.
- 5.9.5 When a regulated entity realises collateral on a debt, it shall remit to the customer surplus after settling the debt as well as associated debt recovery costs.

5.10 Customer Privacy

- 5.10.1 Customer information held by a regulated entity shall be as accurate, complete and up-to-date as is necessary for the purposes for which it is to be used.
- 5.10.2 A regulated entity should protect customers' data and maintain the

confidentiality of the data, including when it is held by a third party. This entails using its customers' information only for the purpose that the customer conveyed that information and should safeguard that information.

5.10.3 A regulated entity should only use a customer's information for the purposes it has been provided, except where the customer's express consent for other uses has been obtained or as authorised by the law. A regulated entity should ensure that personal information of customers can be accessed and used by only authorised employees or agents. This is to ensure that access to customer financial and/or personal information is for authorised employees or agents only, while on duty or acting on behalf of the regulated entity.

5.10.4 In order to safeguard the security, integrity and confidentiality of a customer's information, a regulated entity should take appropriate technical and organisational measures and have adequate procedures, system controls, checks and employee awareness to protect customer information from security breaches, negligence or unauthorised destruction, loss as well as from unauthorised alteration or access and any other unauthorised processing of confidential information, and to identify and resolve any causes of information security breaches where they may occur.

5.10.5 Customer information submitted to the Credit or Collateral Registry should be handled in terms of the parameters stipulated in the laws governing the Credit or Collateral Registry.

5.11 **Avoid Conflict of Interest**

5.11.1 A regulated entity should avoid conflict of interest with its customer or between its employees and its customer.

5.11.2 Conflict of interest refers to any situation in which personal and/or financial

considerations have the potential to influence or compromise professional judgment resulting in an unfair or unethical decision being made.

5.11.3 To the extent practicable, a regulated entity should always disclose and provide information to the customer about conflict or potential conflict of interest.

5.12 **Treatment of Customers**

5.12.1 A regulated entity should treat all its customers fairly, equitably, honestly and in a professional manner by ensuring that its products and services are suitable and appropriate to the risk profile of its customers, pricing is transparent and non-discriminatory and that the product or service is delivered in a safe and secure manner.

5.12.2 A regulated entity should respond or at a minimum acknowledge receipt of customers' queries within 48 hours of receiving the query.

5.12.3 In addition, a regulated entity should train its employees, agents and third parties adequately in customer care with special attention being given to vulnerable groups.

5.13 **Customer Records**

5.13.1 A regulated entity should maintain up-to-date records in respect of each customer which should contain the following at a minimum:

- (a) copies of all documents required to identify the customer and provide the customer's profile including the customer's address, telephone number and all other customer contact details;
- (b) any information or document in connection with the customer that has been prepared in compliance with any statute, regulation or code of conduct;
- (c) details of all products and services provided by the regulated entity to the

customer;

- (d) all documents and applications of the regulated entity completed, signed and submitted to the regulated entity by the customer;
- (e) a copy of all original documents submitted by the customer in support of an application by the customer for the provision of a product or service by the regulated entity; and
- (f) any other relevant information concerning the customer.

5.14 **Electronic Banking**

5.14.1 A regulated entity should ensure that when it is connected to a payment gateway or offers electronic access to financial services or products, the regulated entity should:

- (a) impose a PIN entry as a security measure for validation of the transaction;
- (b) provide a customer initiating an electronic payment instruction with a prompt of the payment instruction with the beneficiary and/or the beneficiary's account number clearly indicated, requesting its confirmation; and
- (c) provide confirmation of the transfer after the customer confirms the payment instruction.

Bank Cards, Credit Cards and Point of Sale (POS)...

5.14.2 A regulated entity should ensure that cards are issued and delivered to the consumer named on the card, or to an authorised person.

5.14.3 A regulated entity should not issue a credit card or increase a credit card limit except upon customer's request and/or consent, in written or electronic form.

5.14.4 The issuing entity is responsible for any fraudulent or unauthorised transactions

carried out without the knowledge of the card holder, whether made before or after the cardholder informs the banking institution, except in cases where the financial services provider proves the cardholder's responsibility for these transactions.

Internet, Mobile Banking and ATM Banking Services...

5.14.5 A regulated entity should take appropriate measures to ensure that all online banking channels are safe and secure. The regulated entity should compensate the customer of any loss concerning liability of the provider of service.

5.14.6 A regulated entity providing internet and mobile banking should have in place a security program that ensures:

- (a) data privacy, confidentiality and data integrity;
- (b) authentication, identification of counterparties and access control;
- (c) non-repudiation of transactions;
- (d) a business continuity plan; and
- (e) the provision of sufficient notice when services are not available.

5.15 Avoid Consumer Over-indebtedness

5.15.1 Before agreeing to grant a loan or any other type of finance facilities for a customer, a regulated entity should assess the status of the customer's credit rating and ensure their ability to repay the loan amount based on the customer's current situation. Activities of the regulated entity should not lead to over-indebtedness.

5.16 Conditional Sales

5.16.1 A regulated entity should not require a customer who buys one product or service

to buy another product or service from a specified provider.

5.16.2 Where the provision of a product or service by a regulated entity to a customer requires additional but ancillary products or services from other providers, the regulated entity should provide a list of approved service providers to which their services may be bundled. Customers should be allowed to exercise free will to select the providers from the approved pool.

5.16.3 However, the above requirement does not preclude a regulated entity from offering linked products where the provider is the same institution providing each of these linked products (e.g. making it a condition of a salary loan that the customer has a current or savings account with that same provider).

5.17 **Reliability of Banking Channels**

5.17.1 A regulated entity should ensure that the institution's channels used to provide services to consumers are available most of the time. The institution's channels must be closely monitored to ensure that they are functioning and are not used for illegal activities.

6 **SECTION F: CUSTOMER COMPLAINTS HANDLING PROCEDURES**

6.1 **General**

6.1.1 Customers may present complaints to the regulated entities through the following channels:

- a) verbally in person or by telephone;
- b) in writing; or
- c) any other communication channels that the regulated entity offers, including websites, electronic mail, and agent locations.

- 6.1.2 All regulated entities and their authorised agents are required to have complaints handling procedures for dealing with complaints made by customers and members of the public. To this end, every regulated institution is required to:
- (a) display a notice in a conspicuous place at each of its branches and premises where it conducts business, and other available channels both within and outside the regulated entity's structure, explaining the procedures and the manner in which complaints are to be made and dealt with; and
 - (b) designate an employee, who may have other responsibilities, in each of its branches and premises where it conducts business as a customer service officer responsible for receiving and dealing with complaints from its customers and members of the public.
- 6.1.3 The regulated entity should provide for the ability of consumers to complain through the channel they acquire a service such as internet banking and agents, among other channels.
- 6.1.4 Regulated entities should institute procedures for proper handling and speedy resolution of customer complaints, with a summary of its complaints procedure forming part of the Customer Contract Terms and Conditions.
- 6.1.5 Regulated entities should not impose a fee or charge on a customer for submitting a complaint or for the costs of investigation and resolution of the complaint. A regulated entity should provide a toll free number for customer complaints and to help customers to easily report suspicious or unusual transactions or unauthorised access to their data or accounts.
- 6.1.6 A regulated entity's complaints handling procedures should provide for the customer's right to escalate complaints to the Reserve Bank, any available alternative dispute resolution mechanisms or the Courts if dissatisfied with the outcome of the complaints resolution process.

6.1.7 When filing a complaint, a customer should disclose to the financial services provider information that is reasonably necessary for the investigation. The regulated institution should be flexible to enable a complainant to provide such information in the form that is appropriate to them in the context of their circumstances such as their literacy level.

6.1.8 A regulated entity shall:

- (a) acknowledge in writing, including in electronic form, within 48 hours of receipt of the complaint;
- (b) assign an employee or officer to investigate and resolve the complaint and inform the customer of that appointment, providing pertinent details including the name of one or more individuals appointed to be the complainant's point of contact in relation to the complaint until the complaint is resolved or cannot be progressed any further; and
- (c) investigate and resolve a complaint within 10 working days of receipt of the complaint.

6.1.9 Where the regulated entity is unable to resolve the complaint within the stipulated period, the regulated institution shall:

- (a) inform the complainant of its requirement for additional time to resolve the issue;
- (b) provide the complainant with a regular update on the progress of the investigation of the complaint at intervals of not greater than seven (7) days. The regulated entity should maintain records of all updates and follow-ups; and
- (c) advise the customer of the outcome of the investigation, in writing or through electronic channels, within **seven (7) days** of completing the investigation.

6.1.10 A regulated entity should ensure that there are clear rules on the procedures for error resolution and fraud.

6.2 **Investigation and Resolution of Complaints**

6.2.1 Once a complaint has been received by a regulated entity, the institution should:

- (a) investigate the complaint competently, promptly and impartially;
- (b) assess whether the complaint should be upheld and what remedial action or redress (or both) may be appropriate;
- (c) explain to the complainant, in a manner that is fair, clear and not misleading and in a language comprehensible to the consumer, the regulated entity's assessment of the complaint, decision on it, and any offer of remedial action or redress; and
- (d) comply promptly with any offer of remedial action or redress which the complainant accepts.

6.2.2 When assessing the track record of an institution in investigating and determining complaints, the Reserve Bank will have regard to the quality and fairness of the institution's investigations and determinations and to the clarity of its written communication to complainants.

6.3 **Record of Complaints**

6.3.1 A regulated entity should maintain an up-to-date log and comprehensive record of all complaints received from customers subject to the complaints handling procedure.

6.3.2 This log must contain, at a minimum, the following:

- (a) unique complaint registration number;
- (b) gender and age of the complainant;

- (c) complainant's contact details;
- (d) details of the complaint, including the product/service and the distribution channel;
- (e) date the complaint was received;
- (f) a summary of the bank's response(s), including dates;
- (g) details of any other relevant correspondence or records;
- (h) the action taken to resolve each complaint;
- (i) the date the complaint was resolved;
- (j) if complaint has not been resolved, reasons for failure to resolve the complaint and mechanisms to prevent future occurrences; and
- (k) where relevant, the current status of the complaint which has been referred to the Reserve Bank.

6.3.3 A regulated entity must undertake an appropriate analysis of the patterns of complaints from consumers on a regular basis including investigating whether complaints indicate an isolated issue or a more widespread issue for consumers.

6.3.4 This analysis of consumer complaints must be escalated to the regulated entity's compliance/risk function, senior management and the board regularly and at a minimum, on a quarterly basis. The regulated entity should link each problem reported by consumers to a proposed permanent solution indicating timelines and the implementation or resolution status.

6.3.5 A regulated entity shall preserve complaints records for a minimum of two years or such longer period as may be prescribed.

6.4 **Quarterly Complaints Reports to Reserve Bank of Zimbabwe**

6.4.1 Every regulated entity should submit to the Reserve Bank a report on the type, frequency and resolution of complaints on a quarterly basis in the format as may

be prescribed.

6.4.2 The quarterly complaints reports should be submitted to the Reserve Bank of Zimbabwe within 14 days after the end of each quarter.

6.5 **Resolution of Errors**

6.5.1 A regulated entity must have written procedures in place for the effective handling of errors which affect customers. At a minimum, these procedures must provide for the following:

- (a) the identification of the cause of the error;
- (b) the identification of all affected customers;
- (c) the appropriate analysis of the patterns of the errors, including investigation as to whether or not it was an isolated error;
- (d) proper control of the correction process; and
- (e) escalation of errors to compliance/risk functions and senior management.

6.5.2 A regulated entity is not entitled to benefit from any amounts which are a result of an error. The sum shall be returned to the affected consumer's account without delay and without waiting for the customer to register a claim.

6.5.3 A regulated entity shall not take retaliatory measures against a complainant, such as termination of relationship or denial of access to other services.

6.5.4 A regulated entity should ensure the continuity of banking systems to meet the consumers' needs at all times, and to provide alternatives when a defect or malfunction occurs. A regulated entity should resolve all errors speedily and no later than 48 hours after the date the error was first discovered, including:

- (a) correcting any systems failures;
- (b) ensuring effective controls are implemented to prevent any recurrence of the identified error;

- (c) effecting a refund (with appropriate interest) to all customers who have been affected by the error, where applicable; and
 - (d) notifying all affected customers, both current and former, in a timely manner, of any error that has impacted or may impact negatively on the cost of the service, or the value of the product, provided, where possible.
- 6.5.5 Where an error which affects customers has not been fully resolved within 48 hours of the date the error was first discovered, a banking institution must inform the Reserve Bank, in writing, within fourteen (14) days, highlighting the reasons why the error has not been resolved.
- 6.5.6 In certain exceptional circumstances where a longer period of time may be required, the customer should be advised of the expected time for crediting of the amount due, where applicable.
- 6.5.7 A regulated entity should maintain a log of all errors affecting customers, for a minimum of two years or as may be prescribed, with the following key information details:
- (a) nature or type of system errors;
 - (b) date the error was discovered;
 - (c) an indication of how the error was discovered;
 - (d) period over which the error occurred;
 - (e) number of customers affected;
 - (f) monetary amounts involved;
 - (g) status of the error;
 - (h) date the error was resolved;
 - (i) number of customers refunded where applicable; and
 - (j) total amount refunded where applicable.

7 SECTION G: STAKEHOLDER ROLES AND RESPONSIBILITIES

7.1.1 Stakeholders in the financial services industry have a duty to ensure achievement of the objectives enshrined in this Framework, hence it is important that the spirit of collaboration among regulators and industry associations in the financial services sector be nurtured.

7.2 Role of the Reserve Bank of Zimbabwe

7.2.1 The Reserve Bank will take appropriate enforcement action to ensure compliance with this Framework and circulars issued from time to time.

7.2.2 The Reserve Bank may request information from regulated entities regarding consumer protection compliance and may in its sole discretion and at any time, conduct on-site visits or investigate a regulated entity's consumer protection compliance.

7.2.3 The Reserve Bank may require reports from, and conduct examinations of regulated entities for the purposes of:

- i. assessing compliance with consumer protection laws and regulations;
- ii. obtaining information about the activities, practices, policies and procedures of the regulated entity; and
- iii. assessing risks to customers of financial products and services.

7.2.4 The role of the Reserve Bank of Zimbabwe will include:

- a) **Raising awareness** – this will involve raising awareness to the public through publishing articles, brochures, leaflets, magazines and annual publications. Such publications may be conveyed to end-users in electronic and/or written form.

- b) **Coordinating financial education and awareness programs** – this will involve supporting and coordinating financial education programs. This includes coordinating initiatives for education and raising awareness by organising interactive seminars and lectures.
- c) **Training of stakeholders** – the Reserve Bank will facilitate training of key stakeholders in the financial services industry on consumer protection issues.
- d) **Developing standards on consumer protection;**
- e) **Conducting consumer protection supervision** through on-site examinations and offsite surveillance; and
- f) **Continuous monitoring of consumer protection frameworks for regulated entities** - this will involve monitoring of evolution in the financial products and assessing the appropriateness of the financial education and frameworks that are in place to inform and protect consumers.

7.3 **Role of Bankers Association and Other Industry Associations**

7.3.1 The Bankers Association of Zimbabwe's (BAZ) and other industry associations play a pivotal role in raising awareness on products and services and thus contribute to strengthening the role of financial education. The role of Bankers Association of Zimbabwe and other industry associations will include:

- a) defining the standards for the sector on consumer protection and promote compliance with the same through incorporating this Framework in the Code of Banking Practice and other industry codes that all banking institutions / regulated entities should sign;
- b) ensuring that affiliated institutions act fairly and reasonably in all their dealing with consumers;
- c) ensuring that customer grievances are recognised and adequate procedures

- are put in place for the proper handling of customer complaints; and
- d) provision of clear, adequate and full information on specific financial products and terms under which they are purchased.

7.4 Commencement

- 7.4.1 This Framework shall come into force immediately on the date of issue.

Reserve Bank of Zimbabwe

26 June 2017