

## Bank of Namibia

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## BANK OF NAMIBIA CIRCULAR BIA 1/08

Bank Supervision Department

TO: ALL BANKING INSTITUTIONS

DATE: 1 SEPTEMBER 2008

### CLIENT COMPLAINTS HANDLING BY BANKING INSTITUTIONS

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#### 1. Introduction

This Circular is issued to provide clarification on the recent press release to the public about the handling of customer complaints by the Bank, and to address a missed opportunity of banking institutions in promoting good banking practice in the relationship with customers.

#### 2. Background

In recent years, the Bank has been inundated with queries regarding customer complaints on the practices at banking institutions. In promoting sound and prudential banking practices, the Bank facilitated such complaints as a mediator in persuading banking institutions to handle such complaints with due consideration and diligence. It was noted that, the influx of such queries received by the Bank are rapidly increasing. The most common conclusions drawn from these complaints point to the non-disclosure of certain information (pre-contractual conduct and changes in terms and conditions), which could create an unfair advantage to banking institutions.

In the resolution, monitoring and sanctioning process of disputes, banking institutions have a duty to continuously inform the client of the progress made. The continuance with such a practice could endanger the confidence prevailing in the banking sector.

In this regard, the Bank, as a regulator considers it absolutely essential that banking institutions should comply with a set of minimum standards, to ensure the fair treatment of clients. Additionally, the Bank also saw it fit to introduce this Circular, which stipulates some minimum standards to be maintained in the process of resolution, monitoring and sanctioning of client disputes.

### **3. Minimum standards on the day-to-day dealings with clients.**

This Circular expresses that all banking institutions shall commit to:

- act fairly and reasonably in all their dealings with their clients;
- give clients information on their products and services in plain language, and offer assistance if there is a need for clarity on certain aspects, which clients do not understand;
- assist customers to gain an understanding on how their accounts operate and continuously seek to give them a good understanding of banking services offered;
- assist clients to choose a product or service to fit their needs;
- ensure all terms and conditions of products and services are fair;
- promptly correct errors and handle customer complaints speedily and carefully;
- ensure that all their products and services comply with all the legislative requirements applicable to banking institutions;
- ensure that the procedures and training of banking institutions' staff reflect the minimum standards set out in this Circular.

### **4. Availability of information about dispute resolution processes**

All banking institutions shall undertake to prominently announce the availability and accessibility of both internal and external processes, including the time necessary for resolving disputes through their points of contact with clients, and where such a point of contact will be located including:

- (a) branches;
- (b) internet sites; and
- (c) telephone-based banking services.

## 5. Client Relations

All banking institution's relationships with clients are based on mutual trust and loyalty. enhanced by long-term cooperation and expectation are that banking institutions will take account of the clients' interests in their activities.

## 6. Monitoring and Reporting

The Bank shall receive on a quarterly basis from banking institutions:-

- (a) A report on information concerning the number of disputes logged and handled by a banking institution; and
- (b) The resolution and sanctioning thereof.

## 6. Additional Copies

Two additional copies of this Circular are enclosed for the use of your banking institution's independent auditors. The attached "Acknowledgement of Receipt" duly completed and signed by both the Managing Director of the banking institution and the said auditors should be returned to this Office at your earliest convenience.

Thank you,



MICHAEL MAMBO MUKETE  
DIRECTOR