

Code of Banking Practice

Produced by General Assembly of Bank Chief Executives under the auspices of
THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA

PREAMBLE

Procedure

The overall objectives of the code of business practices are to ensure the highest level of adherence to good banking practice and a strong commitment to high ethical standards in the banker-customer relationship.

An Ethics Committee of the General Assembly of Bank Chief Executives will consider and deliberate on matters of ethics referred to it. It will pronounce opinions and/or make recommendations to the General Assembly of Bank Chief Executives where appropriate

Matters may be referred to the Committee by a Bank or by an individual banker (through the Institute) or by the General Assembly of Bank Chief Executives.

In the event that further action is indicated, the General Assembly may refer the matter to the Council of The Chartered Institute of Bankers of Nigeria to be considered by its Investigating Panel and, if necessary, a Tribunal in accordance with the provisions of The Chartered Institute of Bankers of Nigeria Decree 12 of 1990 or any amendment or re-enactment of same.

The Ethics Committee has no legal status. It has no formal powers to compel appearance nor to impose any sanction. Its whole purpose is to provide rulings on the facts presented to it in each instance. Its force is moral.

GENERAL STANDARDS EXPECTED OF BANKERS & BANKING INSTITUTIONS

Banks and Bankers will operate with the legal framework .

Banks and Bankers will follow the best professional practice in the global industry.

Banks will always place their depositors' interest before all others.

Banks will always meet their commitments. Such commitments will not be lightly given, and should never be broken.

Banks will repay depositors at maturity on the agreed terms.

Banks will meet their trade engagements.

Banks will meet delivery on their trading contracts at maturity at agreed rates.

Banks will always lend on agreed terms.

The CBN or any arbitration body duly constituted should be invited to arbitrate to resolve among banks if such disputes cannot be resolved through the Institute.

Banks will deal only with respectable parties. They will take all reasonable steps to establish that all parties they deal with are bona-fide. Individual bankers should not ask for, nor even accept, any form of gratification, either in cash or in kind, for performing their normal services.

Banks should not pay brokerage to members of their staff.

Banks and employers will follow only the best professional practice in their recruiting and employment practices.

Bankers (of either sex) should not harass (either sexually or otherwise) their staff or colleagues.

Banks should not undermine other banks' stability in the process of marketing so that competition is healthy.

CODE OF CONDUCT

1. GOVERNING PRINCIPLES

1.1 The governing principles of the Code are:

1.1.1 To set out the standards of good banking practise which banks will follow in their dealings with their customers

1.1.2 To provide guidelines for banks to make them act fairly and reasonably in all their dealings with customers and other banks;

1.1.3 To cause banks to help customers to understand the operation of their accounts and to give them a good understanding of their banking services including known risk relating to the operations; and

1.1.4 To maintain confidence in the security and integrity of the banking system. Banks must recognise that their systems and technology need to be reliable to protect their customers and themselves

1.2 Banks are to provide basic information to customers. This will usually be at the time when an account is opened. Information, if any, will also be made available to customers from bank branches. Banks will provide additional information and guidelines about specific services at any time.

CUSTOMERS AND THEIR BANKS

2.0 OPENING AN ACCOUNT

2.1 Banks are required by law to satisfy themselves about the identity and address of a person seeking to open an account to assist in protecting their customers, members of the public and themselves against fraud and other misuse of the banking system. References on character and suitability for account holder are imperative.

2.2 Banks will provide to prospective customers details of the identification needed.

2.3 Banks should educate customers on the proper handling of cheque books and other security items.

3.0 TERMS AND CONDITIONS

3.1 Banks will provide written terms and conditions expressed in simple language, to customers, of the various types of financial services offered by them.

3.2 Banks will ensure that adequate notice is given to customers about any change in such terms and conditions. For changes resulting from administrative or statutory action by the authorities as contained in the

Monetary Policy circulars (or any other circulars from the Regulatory Authorities) should be considered adequate.

3.3 Banks will give reasonable notice before closing a customer's account

3.4 Banks will send comprehensive statements of accounts to customers, at regular (agreed) intervals in order to enable customers to manage their accounts effectively and to check entries. Customers should in addition be at liberty to ask for their balances at any time

3.5 All terms and conditions should be in line with the prevailing laws.

4.0 CHARGES AND INTEREST PAYABLE BY CUSTOMERS

4.1 Banks will disclose to their customers in sufficient detail the basis of the charges incidental to the operation of their accounts. Such charges will be determined by the Bankers Tariff published by the Central Bank of Nigeria from time to time, based on the recommendations of the Bankers Committee. Such disclosures will be made to customers when new accounts are opened or upon request.

Adequate information about changes in the tariffs will be made available or sent to customers.

4.2 Information on charges for services not covered by the tariff will be provided by the bank on request or at the point of rendering the service.

4.3 Banks will inform their customers about the interest that is applied to debit balances on their accounts, the basis on which it is calculated and the timing of the debit. Banks will also inform their customers of the basis on which the interest rates may be varied.

5.0 INTEREST PAYABLE TO CUSTOMER

5.1 Banks will make information about the rates on all interest bearing accounts which they offer freely available and accessible to customers by one or more effective means, for example:

5.1.1 notices and/or leaflets at Head Office and all Branches;

5.1.2 press advertisements,

5.1.3 personal notices; and

5.1.4 a branch/central telephone service.

5.2 Banks will inform customers about the interest rates applicable to their accounts, the basis on which the interest is calculated and when it will be paid to their accounts. Banks will also inform their customers of the basis on which they may vary interest rates.

5.3 When banks change interest rates with immediate effect they will effectively publicise those changes, for example by notices in their branches, if any, or in the press, or on statements of account or a combination of any or all of the methods.

6.0 HANDLING CUSTOMERS COMPLAINTS

6.1 Each bank will have its own internal procedures for handling customers' complaints fairly and expeditiously.

6.2 Banks will inform their customers that they have a complaints procedure. Details of that procedure will be made available at each office showing how complaints can be made and what further steps are available if they believe that the complaint has not been dealt with satisfactorily either at the branch or more senior level within the bank.

6.3 Banks will ensure that all their staff who deal directly with customers are made aware of their institution's internal complaints procedures and are able to help customers by giving correct information about it.

6.4 All banks should have public complaints/suggestion boxes displayed in their operational locations.

7.0 CONFIDENTIALITY OF CUSTOMER INFORMATION

7.1 Banks will observe a strict duty of confidentiality about their customers (and former customers') affairs and will not disclose details of customers' accounts or their names and addresses to and third party, including other companies in the same group, other than in the four exceptional cases permitted by law, namely"

7.1.1 where a bank is legally compelled to do so;

7.1.2 where there is duty to the public to disclose;

7.1.3 where the interests of the bank require disclosure; and

7.1.4 where disclosure is made at the request, or with the consent, (expressed or implied) of the customer.

7.2 Banks will not use exception 7.1.3 above to justify the disclosure for marketing purposes of details of customers accounts or their names and addresses to any third party including other companies within the same group.

7.3 All banks should insist on their staff signing “Declaration of Secrecy” to guarantee the confidentiality of customer information.

8.0 STATUS ENQUIRIES (BANKERS’ REFERENCES)

Banks will on request:

8.1 advise other parties whether they provide bankers’ references or bankers’ opinions in reply to status enquiries made about their customers; and

8.2 explain how the system of Status Enquiries (Bankers’ References) works.

9.0 MARKETING OF SERVICES

9.1 Except in response to a customer’s specific written request or where a customer has given his express written consent, banks will not pass customers’ names and addresses to other companies in the same group for marketing purposes. Banks will not make the provision of basic banking services conditional on customers giving such written consent. For this purpose, basic banking services’ include the opening and the maintenance of accounts for money transmission by means of cheques and other debit instruments.

9.2 Banks will act responsibly and prudently in marketing. In particular, banks will ensure that all advertising and promotional literature is fair and reasonable, does not contain misleading information and complies with all relevant legislation, whether relating to their own Bank or their competitors banks.

10 FOREIGN EXCHANGE SERVICES AND CROSS-BORDER PAYMENTS

10.1 Banks will provide customers with details of the exchange rate and the charges which will apply to foreign exchange transactions.

10.2 Banks will provide customers wishing to effect cross-border payments with details of the services they offer. In doing so, they will provide, as a minimum:

10.2.1 basic description of the appropriate services available and the manner in which they can be used;

10.2.2 information as to when money sent abroad on customers' instruction will usually reach its destination or, when an exact date cannot be given, the latest date by which the money might be expected to arrive; and

10.2.3 the details of any commission or charges payable by customers to their bank including a warning where agents' charges may also be incurred.

11 GUARANTEES AND OTHER TYPES OF THIRD PARTY SECURITY

11.1 Banks will advise private individuals proposing to give them a guarantee or other security for another person's liabilities:

11.1.1 that by giving the guarantee or their party security he or she might become liable instead of, or as well as, that other person;

11.1.2 that he or she should seek independent legal advice before entering into the guarantee or third party security.

11.2 Guarantees and other third party security documentation will contain clear and prominent notice to the above effect.

12 INTER-BANK TRANSACTIONS

12.1 A bank should at all times and as expeditiously as possible seek adequate information about the credit-worthiness of any other bank before engaging in inter-bank transaction with it.

12.2 Banks should accord priority to inter-bank obligations.