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THE ASSOCIATION OF BANKS IN CAMBODIA

CODE OF BANKING PRACTICE

16th February 2015



CODE OF BANKING PRACTICE

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SECTION I: CODE FRAMEWORK

1. INTRODUCTION

In line with efforts to contribute towards a banking system that is robust, inclusive, customer-oriented, and trust-based, this Code of Banking Practice (“Code”) sets out the standards of good banking practice that individual customers, business customers, and guarantors (collectively known as “Customers”), can expect when dealing with Financial Institutions. The Code is intended to apply to Banks, Specialized Banks, and Micro-Finance Institutions (collectively known as “Financial Institutions”), who as signatories agree to be bound by its provisions.

The Code is designed to be updated on a periodic basis as the banking sector in Cambodia develops.

2. OBJECTIVES

This Code aims to:

- (a) promote good banking practices by setting standards for us to follow;
- (b) increase transparency so that Customers can have a better understanding of what they can reasonably expect of the services provided by Financial Institutions;
- (c) build a fair and professional relationship between Customers and Financial Institutions, based around principles of equity and equality;
- (d) foster confidence in the banking system; and
- (e) encourage a corporate culture of fair dealing.

3. APPLICATION OF THIS CODE

This version of the Code of Banking Practice commences on 16th February 2015, and we will generally apply this Code to:

- (a) banking products and services provided to Customers on or after that date; and
- (b) new Guarantees taken from Customers on or after that date.

The Code remains in effect and valid until otherwise reviewed by the Association of Banks in Cambodia.

Nothing in the Code will override obligations that are lawfully and mutually agreed between contracting parties.

4. AVAILABILITY OF THIS CODE

Financial Institutions will:

- (a) display, at branches, a copy of this Code in both Khmer and English language in a readily visible manner;
- (b) make this Code available to Customers on request;
- (c) if they have a website, publish this Code on that website; and
- (d) send this Code by electronic communication or mail on request.



5. DISPUTE RESOLUTION

In the circumstances where disputes and complaints may arise from the application of this Code, this Code provides for a two-step dispute resolution mechanism. Financial Institutions must deal with complaints in an effective and timely manner.

Step One:

- (a) If you are dissatisfied with any of the services your Financial Institution provides and would like to lodge a complaint, you should contact the Financial Institution directly.
- (b) On its part, the Financial Institution will ensure that:
 - i. up-to-date information on its complaint procedures is available in all its branches and on its website;
 - ii. all staff who deal directly with customers are familiar with the complaint procedures and are able to give you correct information about the procedures;
 - iii. it acknowledges the complaint within 2 business days of receiving it;
 - iv. unless for complaints requiring investigation by a third party (which may take longer), it investigates your complaint and informs you of the status of its investigation within 14 business days of receiving your complaint; and
 - v. It provides you with information on where to go if you are not satisfied by the resolution provided by the Financial Institution.

Step Two:

- (a) If you are not satisfied with the outcome of your Financial Institution's investigation into your complaint, you may bring the complaint for mediation before the **Complaints Committee** of the Association of Banks in Cambodia (contact secretariat@abc.org.kh);
- (b) The Complaints Committee shall be made up of three members, which shall be:
 - i. one representative of the National Bank of Cambodia (NBC);
 - ii. one representative of the Association of Banks in Cambodia (ABC); and
 - iii. one independent person
- (c) The Committee will seek to mediate between the parties, and will make non-binding recommendations; and
- (d) All Costs involved with the Complaints Committee process will be borne by the Financial Institution who is the subject of the complaint.

6. COMPLIANCE WITH THIS CODE

All Financial Institutions who are signatories to this Code have agreed to be bound by its provisions. In order to ensure consistent application of the standards of this Code, the Association of Banks in Cambodia, with the support of the National Bank of Cambodia, will request all Financial Institution signatories to undertake an annual self-assessment of compliance with the Code.



SECTION II: THE CODE

7. OUR GENERAL COMMITMENTS TO YOU

7.1. Information

We will promote better informed decisions about our banking services:

- (a) by providing effective disclosure of information;
- (b) by ensuring our staff (and our authorized representatives) are trained so that they:
 - i. can competently and efficiently discharge their functions and provide the banking services they are authorized to provide in compliance with this Code; and
 - ii. have an adequate knowledge of the provisions of this Code and its application to banking services
- (c) by explaining to you, when asked, the contents of brochures and other written information about banking services;
- (d) by providing information to you in plain language in either Khmer or English or both;
- (e) if you ask us for advice on banking services:
 - i. by providing that advice through our staff authorised to give such advice;
 - ii. by referring you to appropriate external sources of advice; or
 - iii. by recommending that you seek advice from someone such as your legal or financial adviser; and
- (f) communicate with you and/or your representatives in a timely and responsible manner whether by written or electronic communications (including by telephone).

7.2. Legal and Ethical Behaviour

We will at all times comply with applicable laws, rules and regulations of the Kingdom of Cambodia. We will not engage in or support any corruption activities and we will be socially responsible to the cultural community and environment of Cambodia.

We will act fairly and reasonably towards you in a consistent and ethical manner. In doing so, we will consider your conduct, our conduct and the banking arrangement between us.

7.3. Discrimination

We will act in a manner that does not discriminate unfairly against any customer on grounds such as marital status, gender, disability, age, race, sexual orientation or religious denomination in the provision of banking services and in the quality and terms of services provided.



7.4 Privacy

We will ensure that your privacy is protected by:

- (a) committing ourselves to a general duty of confidentiality towards you, except in the following circumstances:
 - i. where disclosure is compelled by law;
 - ii. where there is a duty to the public to disclose; and
 - iii. where disclosure is made with your express or implied consent;
- (b) treating all your personal information as private and confidential; and
- (c) ceasing the use of your information for marketing purposes, or ceasing to contact you on an unsolicited basis, if you inform us that you object to these practices.

8. ADVERTISING, MARKETING AND SALES

8.1. We will ensure that:

- (a) all advertising and promotional material is clear, and not misleading;
- (b) in all advertising or promotional material that describes a product or service, and includes an interest rate, we will disclose whether any other fees and charges apply, and agree to provide full details of these fees and charges, and any other relevant terms and conditions, upon request.
- (c) If we use third parties to provide sales and marketing services, we will ensure that they adhere to the same policies with the same degree of confidentiality and security as the Financial Institution would.
- (d) In the event of receipt of any complaint that a Financial Institution representative/agent has engaged in any improper conduct in violation of this code, appropriate steps to investigate and handle the complaint will be taken.

9. TERMS AND CONDITIONS

9.1. On request, we will provide to you:

- (a) the terms and conditions of any ongoing banking service we currently offer;
- (b) full particulars of standard fees and charges that are, or may become, payable for any banking service we currently offer; and
- (c) particulars of the interest rates applicable to any banking service we currently offer.

9.2. The terms and conditions of our banking services will:

- (a) be distinguishable from marketing or promotional material;
- (b) be available in either Khmer or English or both;
- (c) be consistent with this Code; and
- (d) specifically mention, where relevant, the availability of information about:



- i. account opening procedures;
- ii. our obligations regarding the confidentiality of your information;
- iii. complaint handling procedures;
- iv. the advisability of you informing us promptly when you are in financial difficulty; and
- v. the advisability of you reading the terms and conditions applicable to the relevant banking service.

9.3. We will include, where relevant, the following in our terms and conditions applying to a banking service:

- (a) the standard fees and charges that then apply;
- (b) the method by which interest, if any, is calculated and the frequency with which it will be credited or debited;
- (c) the manner in which you will be notified of changes to:
 - i. the terms and conditions;
 - ii. fees and charges; and
 - iii. interest rates;
- (d) any minimum balance requirement or restriction on depositing money in, or withdrawing money from, an account;
- (e) for term deposits:
 - i. how we will pay interest and repay the principal;
 - ii. how funds may be dealt with at maturity; and
 - iii. details of any fee or charge or change in an interest rate resulting from a withdrawal in advance of maturity; and
 - iv. withdrawal in advance of maturity; and
- (f) for loans, the repayment details.

9.4. We will include in, or with, the terms and conditions for our credit cards and, where relevant, debit cards:

- (a) relevant terms and conditions such as fees and interest charges, billing and payment, method of computation of overdues, renewal and termination procedures;
- (b) general information on chargeback rights;
- (c) a prominent statement:
 - i. that you should report a disputed transaction to us as soon as possible (so that we may reasonably ask for a chargeback where such a right exists);
 - ii. which refers you to the specific reporting requirements for disputed transactions in your credit card terms and conditions; and
 - iii. a warning that the ability to dispute a transaction may be lost if it is not reported within the timeframes we specify or describe.

9.5 For our credit card and debit card services:

- (d) You may pick up your card and pin at a branch, only after providing relevant identification.
- (e) If the limit on your credit card is reduced, we will inform you immediately.



- (f) Any changes to fees, charges, terms and conditions will be provided at least 30 days prior to taking effect.

9.6 For all mobile banking services, we will provide prior to your registration:

- (a) The security procedure adopted by our Financial Institution for user authentication and the legal risk, if any, associated with the same; and
- (b) The applicability or otherwise of stop payment instructions and the terms and conditions for acceptance, if any, for the same.

10. CHANGES TO TERMS AND CONDITIONS

10.1. When, in relation to a banking service, we intend to:

- (a) introduce a new fee or charge;
 - (b) vary the minimum balance to which an account keeping fee applies;
 - (c) vary the method by which interest is calculated;
 - (d) vary the balance ranges within which interest rates apply to a deposit account; or
 - (e) vary the frequency with which interest is debited or credited;
- we will provide notice of the introduction or variation to you at least 30 days before the change takes effect, except where you cannot reasonably be located or you have engaged in the transaction or procured the service anonymously.

10.2. We may notify you of variations to terms and conditions by advertisement in the national media or local media or in writing directly to you;

10.3. If:

- (a) you have a credit facility with us; and
 - (b) we make a variation to only the terms and conditions of your credit facility (and not to the terms and conditions of the credit facilities of other customers), and we reasonably consider the variation will be materially adverse to you;
- we will give you a reasonable period of notice (not less than 10 business days) of that variation, unless we consider a shorter notice period is necessary for us to avoid or reduce an increase in the credit risk to us.

11. OPERATION OF ACCOUNTS

11.1. Before opening an account for you, we will:

- (a) provide to you, on request, general descriptive information concerning our banking services, including where appropriate:
 - i. account opening procedures;
 - ii. our obligations regarding the confidentiality of your information;
 - iii. complaint handling procedures;



- iv. the advisability of you informing us promptly when you are in financial difficulty so that we may discuss your situation; and
 - v. the advisability of you reading the terms and conditions applying to the relevant banking service.
- (b) for an account with cheque access, we will provide you, on request, with general descriptive information on:
- i. the time generally taken for clearing a cheque and how a cheque may be specially cleared;
 - ii. the effect of crossing a cheque, the meaning of “not negotiable” and “account payee only” and the significance of deleting “or bearer” when any of these expressions appear on a cheque;
 - iii. how and when a cheque may be stopped;
 - iv. how a cheque may be made out so as to reduce the risk of unauthorized alteration; and
 - v. the dishonor of cheques, including post-dated and stale cheques.

11.2. In opening an account for you, we will:

- (a) satisfy ourselves about your identity in order to protect you, the public, and ourselves against misuse of banking services; and
- (b) inform you about what information you need to provide.

11.3. While your account is active, we will:

- (a) provide you with monthly paper or electronic statements of your account unless otherwise stated in the terms and conditions;
- (b) provide you, on request, with more frequent statements of account, subject to any fees or charges we may impose; and
- (c) this does not apply in cases where the product feature of your account excludes the provision of such statements – for example, passbook accounts.

11.4. We may only close your account:

- (a) subject to the specific terms and conditions governing the closure of accounts; and
- (b) by giving you reasonable notice, except in exceptional circumstances where we have reasonable suspicion that the account is being used for unlawful activities.
- (c) We reserve the right, subject to provision of notice to you, to close accounts for reasons of poor account conduct, or activities engaged in which contravene policies of the Financial Institution for legal, ethical, moral or environmental reasons.

12. PROVISION OF CREDIT

12.1. Before we offer, disburse, or increase a credit facility, we will exercise the care and skill of a diligent and prudent banker in assessing your ability to repay the credit facility by:



- (a) using one or more of the following criteria to assess your creditworthiness (this list of criteria not being exhaustive):
 - i. income and financial commitments;
 - ii. prior knowledge of your financial affairs;
 - iii. information obtained from credit agencies, including Credit Bureau Cambodia;
 - iv. credit assessment techniques such as credit scoring; and
 - v. security provided, if any;
- (b) if you are our business customers, requesting and endeavoring to procure from you a set of independently audited financial statements to support the offer of the credit facility.
- (c) We will also obtain information on any outstanding loans from other institutions to further assess capacity to repay.

12.2. If you are experiencing financial difficulties with your credit facility, we will:

- (a) with your agreement and co- operation, try to help you overcome your financial difficulties with your credit facility by, for example, working with you to develop a repayment plan; and
- (b) deal with you or, at your request, with your authorized financial counselor or representative.

12.3. We will make information about our processes for dealing with customers in financial difficulty with a credit facility available on our website (including relevant contact numbers). We will inform you at your request about how to find this information on our website and we will make this information available in another format if you tell us you do not have access to our website.

13. COLLECTIONS AND DEBT RECOVERY

13.1. In the event that you are unable to repay or discharge other obligations under the terms and conditions of your credit facility, our staff and/or the staff of our appointed collection agents will:

- (a) take into account your financial situation when providing you with options to establish a debt repayment plan;
- (b) at all times comply with applicable laws, rules, and regulations;
- (c) be respectful and professional when dealing with you;
- (d) respond in a timely manner to any reasonable request for information or clarifications; and
- (e) unless required by applicable law, protect your privacy by ensuring that information about your indebtedness is not shared with a third party without your authorization.



13.2 Our staff or any third party authorized to represent us in collections will identify himself/herself and display an authority letter issued by us and upon request display his/her identity card issued by the Financial Institution or under authority of the Financial Institution.

13.3 We will include a system of checks in place before passing on a default case to collections so that there is no inadvertent inconvenience/harassment due to lapses on the part of the Financial Institution.

13.4 All staff or third party authorized agents for collections would follow the guidelines set below:

- (a) You would be contacted ordinarily at the place of your choice and in the absence of any specified place at the place of your residence and if unavailable at your residence, at the place of your business/occupation;
- (b) Identity and authority to represent would be made known to you;
- (c) Your privacy would be respected;
- (d) Interaction would be in a civil manner;

13.5 The Financial Institution shall remain accountable for its agents, including debt collection third party agencies. The Financial Institution will not incur unreasonable costs and expenses in the process of recovering a debt. The Financial Institution will provide you with a detailed breakdown of the costs and expenses that the Financial Institution has incurred upon request.

14. GUARANTEES

14.1. This clause applies to every guarantee and indemnity obtained from you (where you are an individual at the time the guarantee and indemnity is taken) for the purpose of securing any financial accommodation or facility provided by us to another individual or a business (called a “Guarantee”).

14.2. We may only accept a Guarantee if your liability:

- (a) is limited to, or is in respect of, a specific amount plus other liabilities (such as interest and recovery costs) that are described in the Guarantee; or
- (b) is limited to the value of a specified security at the time of recovery.

14.3. We will do the following things before we take a Guarantee from you:

- (a) give you a prominent notice that:
 - i. you should seek independent legal and financial advice on the effect of the Guarantee;
 - ii. you can refuse to enter into the Guarantee;
 - iii. there are financial risks involved;
 - iv. you have a right to limit your liability in accordance with this Code and as allowed by law; and



- v. you can request information about the transaction or facility to be guaranteed (“Facility”) (including any facility with us to be refinanced by the Facility);
- (b) tell you if any existing facility we have given the debtor will be cancelled, or if the Facility will not be provided, if the Guarantee is not provided;
- (c) provide you, on request, with a copy of:
 - i. any related credit agreement together with a list of any related security contracts; and
 - ii. the final letter of offer provided to the debtor by us.
 - iii. any related credit report from the credit bureau.

14.4 You may, at any time, extinguish your liability to us under a Guarantee by paying us the then outstanding liability of the debtor (including any future or contingent liability), or any lesser amount to which your liability is limited by the terms of the Guarantee, or by making other arrangements satisfactory to us for the release of the Guarantee.

14.5 You can, by written notice to us:

- (a) withdraw from the Guarantee at any time before the credit is first provided under the relevant credit contract; or
- (b) withdraw after credit is first provided, if the credit contract differs in a material respect from the proposed credit contract given to you before the Guarantee was signed.

14.6 We will not, under a Guarantee, enforce a judgment against you unless:

- (a) we have obtained judgment against the principal debtor for payment of the guaranteed liability which remains unsatisfied after we have made written demand for payment of the judgment debt;
- (b) we have made reasonable attempts to locate the debtor without success;
- (c) the debtor is insolvent;
- (d) a court, tribunal or other body with relevant jurisdiction has relieved us of the obligation to proceed first against the principal debtor;
- (e) you have provided a mortgage or other security for your liability under the Guarantee and the principal debtor has not provided a mortgage or other security for the guaranteed liability; or
the principal debtor has provided a mortgage or other security for the guaranteed liability and we have enforced that mortgage or other security or reasonably expect that the proceeds of its enforcement will not be sufficient to repay the guaranteed liability.

15. PINS AND PASSWORDS

15.1. In relation to PIN numbers and passwords issued by this Financial Institution:



- (a) if PINs or Passwords are not issued to you in person or are not selected by you personally, the PINs or Passwords will be issued separately from the card or other product or service with which they are to be provided;
- (b) where PINs and Passwords are issued to you personally, we must be satisfied about your identity before allowing cards to be issued or before you are given access to other PIN or Password operated services;
- (c) we will inform you of the kinds of PINs and/or Passwords that are unsuitable. This would include (this list is non-exhaustive):
 - i. birth dates, months or years;
 - ii. sequential numbers (e.g. 12345);
 - iii. number combinations that may be easily guessed (e.g. 5555);
 - iv. parts of your mobile or telephone number;
 - v. parts of numbers in the order in which they are printed on any of your cards;
 - vi. other easily accessible personal data; and
 - vii. relative, family, pet or street names.
- (d) we will inform you that you must safeguard your PIN or Password. This includes measures such as:
 - i. memorising your PIN or Password;
 - ii. not recording your PIN or Password anywhere;
 - iii. not disclosing your PIN or Password to anyone (including the police, bank staff or your family);
 - iv. ensuring any authorised signatories on your account keep their own PINs or Passwords secure;
 - v. taking care to ensure no-one can see you enter your PIN at ATMs; and
 - vi. reporting the disclosure or possible disclosure of your PIN or Password as soon as you are aware or suspect your Pin or Password has been disclosed.
- (e) in addition, we will inform you that you should consider using a different PIN or Password for different cards or equipment;
- (f) we will conform to internationally accepted standards for methods of generation, storage and terminal security relating to Pins and Passwords, to ensure confidentiality and security for your protection.