



BANK OF GHANA'S ASSESSMENT OF BANKS AND SDIS' COMPLIANCE WITH ITS CONSUMER PROTECTION REGIME

Introduction

In 2019, the Bank of Ghana established a Market Conduct Examinations Office within its Financial Stability Department, to ensure adequate focus on the conduct of banks and Specialised Deposit-Taking Institutions (SDIs) towards their customers. This was to complement the prudential supervision of banks and SDIs by the Banking Supervision Department and the Other Financial Institutions Department, the objective of which is to promote the safety and soundness of these institutions.

The Bank of Ghana's current market conduct regulatory regime is underpinned by the Banks and Specialized Deposits-Taking Institutions Act, 2016 (Act 930), the Borrowers and Lenders Act, 2008 (Act 773), and the Credit Reporting Act, 2007 (Act 726), among others.

Section 3 of Act 930 mandates the Bank of Ghana to, among other things, regulate and supervise the conduct of banks and SDIs. In pursuance of section 3(2)(d) and section 92(2)(a)(xi) of Act 930, the Bank of Ghana issued the Consumer Recourse Mechanism Guidelines for Financial Service Providers in 2017 to provide customers of institutions licensed by the Bank of Ghana (banks, Savings & Loans Companies, Finance Houses, Rural and Community Banks, Micro Finance Institutions and Forex Bureaus) with access to adequate redress that is fair, efficient, timely, and without cost to the complainant.

Specifically, the Guidelines require licensed institutions to display notices in all branches, informing their customers of the processes in place at that institution for lodging and addressing customer complaints, the timelines for resolving such

complaints, and how unresolved complaints may be escalated to the Bank of Ghana. The Guidelines also provide for how customers may lodge complaints with the Bank of Ghana if they are unsatisfied with the manner in which their complaints have been dealt with by the licensed institution, after which they may proceed to court for redress if they remain unsatisfied.

In pursuance of section 7 of the Borrowers and Lenders Act, (2008), the Bank of Ghana also issued the Disclosure and Product Transparency Rules for Credit Products and Services in 2017, to help ensure that borrowers are able to make informed decisions before signing up for credit products or facilities. The Rules also seek to promote fair and equitable credit practices by lenders by:

- Prohibiting discriminatory lending practices for reasons that are non-commercial in nature (i.e. lenders cannot discriminate on the basis of tribe, religion, political affiliation, etc.);
- Requiring lenders to strictly ensure the suitability of credit products for various types of consumers;
- Requiring mandatory disclosure of all fees, interest rates, charges, and other terms and conditions prior to loan approvals and disbursements, and the signing of a Truth-in Lending Agreement with each borrower;
- Limiting loan prepayment penalty fees which were previously set at the discretion of licensed institutions, to 0.25%.

Customer Complaints

Following the completion of the banking and SDI sector clean-up in 2019, the Bank of Ghana has intensified its market conduct supervision. Since the Market Conduct Office published its hotline and other contact details in 2019, the Office has received an average of thirty (30) weekly complaints from the public through phone calls, WhatsApp messages, e-mails, and direct walk-ins to the Market Conduct Office located at Cedi House. These complaints have typically been resolved by the Office within twenty (20) days.

On-Site Conduct Supervision

The Market Conduct Office undertakes both off-site and on-site supervision of licensed institutions with the aim of ensuring that these institutions comply with all consumer protection requirements under relevant laws and as prescribed by the Bank of Ghana.

The maiden on-site conduct examinations were conducted by the Office from November 2019 to February 2020. The exercise involved officials of the Market Conduct Office visiting eight selected banks to examine the structures, systems, and processes in place to promote consumer protection and the early resolution of customer complaints, and to generally assess compliance with relevant market conduct rules. Specifically, the examinations covered a number of key areas including (i) Board and Management oversight of the complaints handling function; (ii) unfair banking practices; (iii) privacy and data protection issues; (iv) ambience of banking halls; (v) disclosure and transparency; and (vi) the content of marketing material.

A summary of the major findings of the examination is presented in the table below. The relevant banks have committed to addressing the identified issues within timelines agreed with the Bank of Ghana.

Summary of Findings from Maiden On-Site Market Conduct Examinations

Area of Examination	Findings
A. Board and Management oversight of Complaint handling function	Consumer Reporting Officers (CROs) were not submitting reports on customer complaints to the Board.
	There was no evidence of Board of Directors reviewing the CROs reports for policy directions.
	Complaint reports of CRO were not shared with Bank of Ghana.
	Complaint resolution procedure posters were not prominently displayed at banking halls for the attention of the public.
	Inadequate training of staff especially frontline/customer service officers and loan officers on the two consumer protection directives issued by the Bank of Ghana and other conduct related topics.

Area of Examination	Findings
	<p>Channels provided by banks to enable customers to lodge complaints such as SMS, Website portal and dedicated telephone lines, did not function.</p> <p>Under-reporting of complaint data to Bank of Ghana</p> <p>Non-compliance with Bank of Ghana's complaint resolution timelines.</p>
B. Unfair Banking Practices	<p>Customers' savings accounts were charged for over-the-counter withdrawals below stipulated minimum amounts.</p> <p>Customers were automatically signed onto E-banking products and services and consequently charged without their explicit consent.</p> <p>Changes in terms and conditions of loan agreements were made and implemented without the required period of prior notification of customers.</p> <p>The maximum penalty of 0.25% for early repayment of loans was breached.</p> <p>Prior to pursuing enforcement actions on loan defaulters, the minimum prescribed notice period of 30 days was not given some borrowers.</p>
C. Disclosure and Transparency requirements	<p>Some borrowers were not provided with pre-agreement disclosure statements prior to the signing of loan agreements.</p> <p>Borrowers were not clearly informed of the requirement to submit their credit data to credit bureaus and to conduct credit search on them when taking loans.</p>
D. Data Protection	<p>Personal details taken from remittance customers were subsequently used for telemarketing promotional activities without the consent of the affected persons.</p> <p>Abandoned forms or slips used by customers for balance enquiries and other transactions were not properly disposed of, thereby exposing customer personal details to third parties.</p>
E. Marketing and Advertising	<p>Inability to deliver on marketing promise of disbursing certain loan facilities within 24 hours.</p>
F. Ambience	<p>Access to most banking facilities such as banking halls and ATMs were not friendly to physically-challenged persons.</p> <p>There were instances where hawking activities were allowed in front of some banking halls.</p>

Additional Consumer Protection Measures Due to COVID 19

Following the outbreak of Covid-19, the Bank of Ghana has implemented a number of measures to help provide economic relief to individuals, households, and businesses, and to increase credit to key sectors of the economy to help with economic recovery. In particular, with the intervention of the Bank of Ghana:

- banks and other stakeholders in the payments system have waived fees on digital platforms ATMs, GhIPSS instant pay and cheque-clearing transactions;
- banks and Mobile Network Operators have waived transfer fees on mobile money transactions up to GHS100;
- all mobile phone subscribers are now permitted to use their existing mobile phone registration details to register for mobile money accounts without necessarily compromising on anti-money laundering and countering of terrorist financing measures;
- daily transaction limits, mobile wallet limits, and the monthly transaction limits for mobile money, have been increased.

Furthermore, following Bank of Ghana's decision in March 2020 to reduce its policy rate to 14.5%, and its decision to provide regulatory reliefs to banks and SDIs, these licensed institutions have been able to conserve additional liquidity in order to provide a broad range of reliefs to their customers, such as:

- interest rate reduction averaging 2% on existing loans and advances;
- moratorium/deferred loan repayment ranging from 3 months to 12 months;
- extension of loan maturities for thousands of customers on a case by case basis;
- Deferred legal action against loan defaulters;
- Deferred penalty fees on loan products/suspension of defaults payment charges;
- New loans and advances to critical sectors of the economy.

The Bank of Ghana will continue to deploy all legal tools available to it to pursue its financial stability and consumer protection mandate, and continue to sensitize consumers on their rights and obligations in their dealings with licensed financial institutions.

For more information on the above, please contact the Market Conduct Office of the Bank of Ghana as follows:

Hotline: 0302 66 50 05

WhatsApp : 0596912354/0501502270

Email: complaints.office@bog.gov.gh

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