AL AHLI BANK OF KUWAIT

Customers' Protection Manual

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October 2025

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Introduction

In light of the rapid changes taking place in the financial and banking sector, and in line with the Central Bank of Kuwait's commitment to keeping pace with the international best practices in the protection of customers' rights, the Central Bank of Kuwait is preparing an updated Customer Protection Manual, a comprehensive reference that replaces the previous instructions issued on 05/07/2015. This manual reflects current developments in the banking services nature, particularly in light of the major expansion in electronic and digital services, along with the challenges related to data protection and privacy.

This guide is based on the principles of protecting customers' rights, and aims to enhance customers' confidence in the banking sector, while emphasizing the importance of financial inclusivity as a key pillar in the expanding society's access to financial services. The manual also promotes the principles of transparency and disclosure, which contributes to establish a fair and equal banking environment that enables customers to make informed and balanced financial decisions.

The Central Bank of Kuwait has continued, through this manual, its endeavors to enhance a trusting relationship between the banking sector and customers, while providing a competitive environment characterized by professional conduct. This ensures banks' commitment to providing financial services that meet the customers' needs, contributing to achieve financial inclusivity that serves all society segments.

Definitions

- Customers: natural persons who deal with banks, and other legal customers.
- Annual Percentage Rate: a measurement used to demonstrate the cost, taking into account interests/returns and other fees that are included in the cost.
- Minor: a person under the legal, (21) years old.
- Customers with special needs: a customer who suffers permanent partial or full disabilities that results in incapacitation in his/her physical or sensory abilities which may prevent him/her from

accessing banking services on an equal basis with other customers, despite their ability to make their own decisions (such as hearing or visual impairment, or physical disabilities). This definition does not include the customers with limited decision-making capacity, such as those with mental illnesses.

- Limited and low-income persons: Individuals working in governmental or non-governmental entities, with monthly income not exceeding KD 400.
- Craftsmen and servicemen: Individuals who practice manual or service professions, with an unstable income not exceeding KD 400.
- Houseworkers: Individuals working inside private residences (or its equivalents) for individuals.

First: Customers' Protection - Importance and Concept

The customers' protection means the regulatory frameworks, policies, and measures implemented and aimed at mitigating risks to which such customers are exposed to in the field of their transactions with the banks. These policies and procedures ensure that the customers receive the different financial services from banks in an integrated framework of transparency and disclosure in their financial dealings, to ensure providing all rights to those customers without detriment or prejudice of their interest, and hold any person who infringes these regulatory frameworks accountable.

The Customer Protection Manual is based on 3 dimensions represented by the following:

- **Organizational and Regulatory Dimension:** This dimension encompasses regulatory instructions, regulations, and procedures for the purpose of enhancing customer protection.
- **Legislative Dimension:** This dimension encompasses a set of legislations and controls organizing customer rights and obligations, which form the binding framework through which business should be processed, whereby the bank which falls in breach of these legislations shall be liable to application of the appropriate penalties.
- Awareness and Educational Dimension: This dimension encompasses a set of activities and practices aimed at raising the

standard of financial and banking knowledge and culture to those customers, thus raising their capabilities to take the right decision, which enhances the approaches of their protection and obtaining their rights.

Second: Organizational and Regulatory Framework

The Central Bank of Kuwait's mandate in protection of bank customers falls within the framework of the law No. 32 of 1968 concerning currency, the Central Bank of Kuwait and regulation of the banking business and its amendments of several provisions in this regard, and in compliance with the stipulations of the basic practices of effective banking oversight, starting from the extension of the regulatory role to ensuring that banks have adequate policies and procedures which ensure the availability of stringent due diligence regulations for the protection of customers, and to enhance implementation of high-standard professional standards in the banking sector.

Therefore, this Manual includes the principles and regulations that should be complied with by banks and which should be observed when rendering banking products and services to their customers, and when rendering financial advices and information to them or in event of announcement of or advertising these products and services, along with treatment of the complaint, grievance cases and settlement of disputes and conflicts.

Third: Objectives of Issuing the Customer Protection Manual

The aim of issuing this Manual is to achieve a set of objectives, most important of which are the following:

1. Stressing the CBK's concerns in terms of protecting customer rights, to ensure that they will obtain the financial and banking services in an integrated framework of transparency and disclosure, and to enable those customers to take their decisions on sound grounds, along with stressing the importance of banks to keep pace with the banking developments relevant to the present and future needs of customers and enlightening them on whether these products and services are suitable to them or not, to realize their ambitions.
2. Setting a group of standards and regulations relevant to protection

of banks' customers, so that these standards and regulations will account for a basis for assessment of the bank performance in protecting customers and application of corporate governance in this regard.

3. Developing a general concept for the protection of customers to enhance the regulatory objectives in support of the financial stability, through enhancing professional practices in the area of rendering financial services to customers, and to ensure prevention of any regulatory risks, as a result of unsound practices upon banks dealing with customers.
4. The availability of a written manual containing important principles on customer protection, stresses the integrity and honesty, and is expected to cast positive impacts on the banking and financial actors, due to the fact that such a Manual accounts as a documentation in support of the efforts expended for application of these principles.
5. This Manual accounts for an educational and awareness instrument to bank customers, because it contains demonstration of the rights, obligations and principles which improve the standard of acquaintance of the nature of the relation with the bank, and contribute to promoting customers financial and legal educational process in their banking transactions. The availability of customers who are equipped with financial and banking culture and understanding will help rationalize their behaviors and financial decisions, and will reduce the likelihood of their involvement in causing crises due to their low standard of awareness.
6. Establishment of fair practices that should be adopted when rendering the financial and banking services and products through banks, which account for minimum limits of policies and procedures applied by banks in their dealings with customers, specifically for focusing on transparency and disclosure to help customers take their decisions in light of their real positions.
7. Enhancement of the trust props and pillars in the banking system units, based on the fact that such trust is deemed amongst the most important factors for the success, growth and development of relations with customers, specifically in view of the presence of active mechanisms and clear frameworks for dealing with customer complaints and grievances and any practices that lack fairness or clarity.

Fourth: Applicability

1. This Manual shall apply to banks operating in the State of Kuwait, including Kuwaiti banks and branches of foreign banks in Kuwait.
2. For the purpose of application of the instructions included in this Manual, customers are meant to be those customers of natural persons who deal with the above mentioned banks, and other corporate body customers, especially small and medium size enterprises, to the extent these instructions are applied to them and in light of the nature of their transactions and dealings with banks.
3. This Manual shall replace the Manual issued by CBK on 05/07/2015 about Customer Protection, as well as the instructions concerning the services provided by the banks for Customers with Special Needs.

Fifth: General Principles for the Bank Customers' Protection

The following general principles for bank customers account for the minimum regulations that should be complied with by banks upon their applications and should be taken into consideration in their dealings with customers. The banks are required to continuously develop their internal procedures, commensurate with the nature and volume of their workload, and in accordance with the best related practices and standards.

Principle One: Fair and Equal Treatment

Banks shall, in their dealings with customers, take into consideration that these transactions shall be processed with fairness, equality, transparency, justice, and honesty, and shall be committed to make these approaches a part of their corporate governance rules and regulations, starting from developing the product up to the launch of the product. Banks shall also pay further attention and special care to limited-income and education customers, old people and customers with special needs, without discrimination on the basis of gender.

Principle Two: Disclosure and Transparency

Banks should provide their customers with all information relevant to services and products rendered to them, through all communication channels related to the service that include branches and banking services through the Bank Mobile App or Online Banking and their social media accounts. In addition, appointing a staff to clarify the terms and conditions of the service when requested by the customer, provided that this information shall be clear, accurate, simple and easy to understand, to ensure that customers are fully informed with the advantages and risks of such products and services, and that customers should not suffer any difficulty for obtaining this information. Banks should also take into consideration that the information provided to customers must include explanations of the rights and obligations of those customers, details of rates, commissions and fees collected by each bank in consideration of each product or service, and a clarification of the merits and risks related thereof, the mechanism of termination of the relation, and the ensuing impacts of the same, so as to make it easy for customers to make their decisions. The disclosure information should also be available in both Arabic and English language. Advices rendered to the customer must be tailored with their capabilities, potentials and financial objectives, and within the experience they hold concerning products and services. Customers must also be urged to provide comprehensive and accurate information on their positions and requirements, to enable banks to provide the appropriate services and advices.

Principle Three: Financial Awareness and Education

Banks shall have to lay down the appropriate plans and mechanisms for development and dissemination of financial and banking information to their present and potential customers, and work towards raising the standard of their awareness and education, so that they can identify all aspects relevant to banking services and products rendered to them. As such, customers will be able to take conscious decisions and be guided to the appropriate entity from which they can obtain any additional information, if so needed. Banks shall have to keep customers informed of their rights and obligations, especially the limited-income and minimally educated retail customers.

Principle Four: Professional Conduct

Banks shall have to observe exercising and carrying out their businesses in a professional and responsible manner, taking into account and realizing the best interests of their customers in the process of their dealing with banks, on the basis that banks are accountable for the protection of customers with regards to the banking products and services rendered to them. In the forefront of these behaviors should always be, the integrity, credibility and verification and convenience of the products and services offered to the customer along with their potentials and requirements, and to ensure the availability of sufficient training to the bank staff that communicate with customers and render banking services to them.

Principle Five: Protection of Customers against Financial Fraud

Banks shall have to protect customer deposits and savings, and other financial assets under transactions with banks, by means of laying down effective, competent and high standards and precisely supervised internal control systems, for the purpose of curbing fraud and embezzlement acts or misuse of financial services, and ensure that at a continued pace the used systems are efficient to cope with the changes of the fraudulent approaches. In addition, complying with CBK instructions issued in this regard.

Principle Six: Protection of Confidentiality and Information Secrecy

Banks shall have to lay down the regulatory systems, mechanisms and policies that ensure the protection of financial and personal information of their customers. All financial and personal data of the customers should be protected through clear and strong regulations and mechanisms that outline the purposes of collecting and using data. All transactions processed with banks must be carried out in confidence and such information must not be accessed or disclosed unless in conformity with the law and the applicable legislations, and banks shall have to provide the secure systems for electronic transactions.

Principle Seven: Handling Customer Complaints & Grievances

Banks shall have to pay due diligence for treatment of customer complaints and their grievances in a swift, fair and independent manner. They have to ensure that the Customer Complaints Units at these banks would actively assume their responsibilities, in light of the existence of clear and definite mechanisms for following up and treatment of these complaints, and providing the best solutions without delay, and Customer Complaints Units must be given the due diligence and the proper oversight by banks boards of directors, and banks should maintain in-house mechanisms for settlement of disputes with customers.

Principle Eight: Competitiveness

Required information should be made available for conducting comparisons between the best banking and financial products available to customers from banks. This includes streamlining the transfer and moving amongst banks and various products and services without burden or complications, and the same must be made with reasonable costs, taking into consideration that the same shall lead to raising the standard of services rendered by banks.

Principle Nine: Protecting Customers against the risks of Outsourcing

In case the bank seeks outsourcing for operating services, the bank shall have to ensure compliance by the outsourced entities with the principles contained in this Guide, that they act to the interest of banks' customers, and that they shall assume the responsibility of their protection, including maintaining the banking secrecy of their information, taking into consideration that banks providing banking services and products shall remain responsible for the measures taken by the outsourced entities, and banks shall obtain an evidence of the compliance of these entities with customer protection applications.

Principle Ten: Conflict of Interest

Each bank shall have to maintain a clear and written policy approved by its board of directors concerning conflict of interest. The board of directors shall have to ensure on a continued basis the adequacy of the measures applied and the applicable policy in disclosing the potential cases of conflict of interest, and that such measures are effectively applied. Furthermore, it is necessary to ensure that the disclosure of any conflict of interest cases is made as provided for by that policy, and the stipulations of the corporate governance rules and regulations issued by the Central Bank of Kuwait in this regard.

Sixth: Disclosure Practices and Providing Banking Services and Products Banks must, in this regard, comply with the following:

a. General provisions of all products and services:

1. Gathering sufficient information on the customer before giving any recommendations on services or products to be provided to them, to ensure that the product or the service satisfies their requirements and is tailored to their financial capabilities. In addition, ensuring not to suggest products that are not tailored to the customer's financial status and goals.
2. Using transparent and fair approaches in marketing their banking products and services.
3. Providing to their customers written copies, whether hard or soft copies, of the general and specific terms and conditions, in addition to basic information statement relevant to each product and service before such product or service is rendered. In addition, obtaining an acknowledgment of receipt from the customer, whether as a hard or soft copy, while retaining proof thereof.
4. It is necessary to satisfy the requirements of disclosure of products and services to be disclosed.
5. All rules and regulations relevant to the banking services rendered by banks must be made available on the bank website and be easily accessible.
6. In lieu of the hardcopy monthly statements, the medium through which obtaining of information must be appropriate, legible and contain the appropriate details.

7. Providing qualified staff for the direct dealing with the customers in conformity with the degree of complication in the products and services they render. Those staff must receive adequate training to reply to customers' inquiries with sound information.
8. Avoiding the method of being persistent excessively with customers in marketing, when directing them to obtain a product or any financial service from the bank or other entities.
9. It is prohibited to turn purchasing a product or a financial service from the bank into a condition for obtaining a product or other services, for example requiring an insurance to obtain a loan/financing, or requiring the customer to issue a credit card as a condition for opening an account, as customers should have the freedom to choose and approve the use of a service or other products, unless the bank obtained a prior approval from the Central Bank of Kuwait.
10. Take into consideration that the measures applied in setting off and settlement of payments belonging to customers shall be clear and known to them.
11. The interest / return rates related to the products provided to the customers should be displayed in the homepage of the bank's website and mobile banking application in a manner that facilitates the access to the products and its interest/return rate, while instantly updating the rates when administrating any change or amendments.

b. Basic Information Statement

1. The basic information statement related to all products or services, including digital products, should be provided separately and clearly, in a simple, easy-to-understand language, prior to signing the contract. An acknowledgment of receipt of the statement must be obtained from the customer, whether in print or electronically, and retain proof thereof.
2. The basic information statement should be in a concise document, containing the key information that helps the customer understand the product or service easily and clearly. It should include, at a minimum, the following:
   - Using "Infographic" to simplify and clarify the basic features of each product or service.

- Indicating whether the bank has the right to amend the terms and conditions in the future.
- Specifying the notice period that will be provided before any changes made to the terms and conditions, interest/return rates, fees, and other key items.
- Displaying the main obligations, fees, interest rate or annual return, restrictions, and basic requirements related to the product in a clear and legible writing.
- Setting a box designated for highlighting the main risks associated with the product or service.

3. The basic information statement shall not substitute the contracts or service-related terms and conditions.

c. Contracts:

1. Forms and contracts signed by customers must be legible, understandable and suitable for all customer segments. They should also be printed in a unified, clear, and legible font, which should not be less than (12). The texts should also be clear, with providing an Arabic or English copy, as per the customer's choice.
2. Customers should be provided with all final transaction-related documents, including any document carrying the customer's signature or indicating their consent. Customers should receive a free copy of these documents immediately upon completion of the transaction, regardless of the delivery method.
3. Including a separate clause in contracts concluded with customers stating that the bank has the right to amend the terms and conditions associated with the product or service. This clause should specify the mechanism used to notify the customer of any amendment, the time period granted before the amendment takes effect, and the customer's explicit consent to such amendment upon concluding the contract.
4. In the event of making any changes to the terms and conditions of the contract or amending an existing service, the bank should provide customers with a clear brief of the substantial changes in simple, easy-to-understand language, attached therewith a copy of the amended terms and conditions, emphasizing the clarification of any changes that may directly impact the customers' rights or banking transactions. In addition, notifying

customers of the amendments before they take effect through the bank's various communication channels, such as text messages, email, or banking applications.

5. If the contract concluded with the customer includes an annual automatic renewal clause, the bank should send the customer a notice at least three months prior to the renewal date through the bank's various approved communication channels. The notice should include an explanation of the mechanisms and dates of cancelling auto renewal, as well as disclosing to the customers any costs or fees that may be incurred as a result of the renewal, such as annual fees or any additional fees applicable to the service or product.
   If the customer chooses to not renew the service, they should be allowed to continue using the product or service until the end of the contractual period, unless the service is cancelled by the customer.
6. If the customer requests to cancel a service or product, the bank must refund the fees for the remaining period of the contract, after deducting direct costs, provided that this is clearly stated in the approved terms and conditions signed by the customer.
7. The contract should include a clause that clearly and prominently, and in boldface, outlines the risks associated with any product or service. For example, a statement of the penalties of non-payments or any potential financial repercussions for the customer in the event of non-compliance.

d. Accounts and Deposits

1. The banks should provide their customers with periodical statements on the key details of financial transactions, transfers and balances of their accounts.
2. The banks should issue to their customers a free of charge monthly statement of customer's accounts showing all transactions processed by the customer during the month, and the interests, returns or fees debited/credited to these accounts through the means available to the bank, per the customer's choice of receiving his/her statements of accounts through electronic media or phone service, unless verbally requested by the customer to not receive this statement.

3. Maintaining historical records of customers transactions, and access to such records shall be easy and convenient, free of charge or against reasonable charges.
4. The banks should notify the customers of the maturities of their deposits within (5) business days from the maturity date, while noting that the expected interest/return rate is changeable during this period. All information should be made available through available digital channels.
5. Deposits contracts or opening account forms signed with customers should include clear and distinct clauses outlining any specific provisions related to the nature of the account, including, but not limited to, the following:
   - The conditions stipulated for breaking a deposit before the maturity date, and the costs incurred by the customer. The procedures for renewing the deposit and the expected interest/ return rate that will be applied thereto.
   - The procedures related to joint accounts.
   - Clarifications of the periods and procedures for freezing accounts and the repercussions thereto.
   - The procedures of closing an account and any incurred costs, if any.
6. Upon receiving a request from the customer to close the account, the bank should not exert any pressure to cancel the request or disrupt the procedures, especially if there aren't any financial obligations that could bind the customer with the bank.
7. The banks should issue a clearance certificate to the customer within (1) business day from the date of receiving the request, provided that the customer has no outstanding financial obligations, regardless of the purpose of the certificate. If the customer owns a credit card, the certificate should be issued within (5) business days.

e. Dormant Accounts:

1. Banks should prepare a clear and publicly announced for their customers, including the procedures for dealing with dormant accounts and the mechanism for activating them.
2. Banks should notify their customers whose accounts have been inactive for a long time, via text messages, in-app notifications,

email, or the registered mail for customers who do not use emails or online banking services, at least a month prior to classifying the account as dormant. These accounts must be taken care of and controls are in place to ensure access and protection.

f. Cheques:

1. Taking into consideration that the measures applied in setting off and settlement of the payments of cheques shall be clear and known to the customers, including determination of the periods during which amounts of cheques deposited in their accounts shall be settled, along with all terms and conditions relevant to collection of cheques and the sources upon which such measures are based shall have to be determined.
2. Informing the customers about the legal measures that may be taken against them in case of issuing cheques without sufficient balance, prior to issuing such cheques, and the consequences of such action.
3. Informing the customers of the procedures to be taken in case they are forced to cease payment of cheques that the customers may have issued, in view of the developments which require advising the bank of the same.

g. Fees:

1. Informing the customers of the charges and expenses related to products and services offered to them, providing them with a copy of an approved list of fees when providing them with the product or service, upon signing the contract, or upon the customer's request at any time, including any fees levied by third parties with clearly determining its value, such as cheques service, whether for obtaining a cheque book or endorsement of those cheques or their settlement, or other relevant procedures.
2. The fee amount charged by the bank must be clearly separated from the transaction's amount in the customer's account statement.
3. The list of fees and commissions for products and services should be clearly displayed in all bank branches using modern

means, as well as published on the homepage of the bank's website and mobile application in an easily accessible manner. It should also be updated upon any amendments or changes.

4. Notifying their customers in writing, by a text message, or in-app notification, before introducing any changes in fees or commissions, or in event of charging new fees, at least three months prior to implementing the changes.

h. Banking Cards:

1. Banks should disclose to customers the limits on payment transactions made using banking cards for each available payment channel and establish a mechanism, whether through branches or online banking channels, that enables customers to select and modify limits based on their classifications with the bank, while notifying them of any modifications.
2. If the customer reports to the bank the loss of the card, the bank must suspend the card.
3. Banks should assure the merchants to not impose any additional fees on customers when paying with credit/prepaid/banking cards, whether the payment is made through Point of Service (POS) devices or online payment gateways. This commitment must be included in the agreements concluded with merchants.

i. Loans/Financing:

1. The banks should comply with CBK instructions issued on 11/11/2018 Regarding the Rules & Regulations for Granting Personal Loans & Financing Facilities (Consumer/Housing) in addition to Issuance of Credit Cards and its amendments, in addition to the following:

- Banks must, before concluding the contract with the customer, disclose all the requirements for issuing credit cards, such as issuing fees and expenses, including financing expenses, credit limits, exchange rates, applicable interest rates / return, method of calculation, and the minimum limit of the monthly installment, number of months required to settle the amount in the event of settling the monthly minimum amount, or any charges imposed in the event of late payment or exceeding the card's limits, as well as the amount of cash withdrawals. The customer must be notified of the grace period for objecting to any transactions restricted to the card, and other relevant information. This information should be made public to customers through the bank's digital channels.

- Banks must notify their credit card customers of the minimum limit of the amount required to be repaid per month, and to identify any costs relevant to the interest rates/return which will accumulate in case the customer repays the minimum limit only. Credit cards transactions statements should include a note of the minimum limit required to be repaid and the cost of the interest / return (ratio and the amount) – if any – that shall be calculated on the outstanding balance in case the card holder repays the minimum limit / monthly installment.
- Upon enabling customers to deposit additional amounts to their credit limit, banks must not charge any fees for the deposit and must allow the customer to reclaim the deposited amount at any time, without any imposed fees for the reclaiming process.
- Banks are prohibited from collecting any credit card fees without obtaining a prior approval from the customer.
- Notifying the customers via text messages or in-app notifications of the reward points, if any, (30) days prior its expiry date.

2. Calculator for financing products and Credit Cards:

   A calculator for financing products and credit cards must be provided through the bank's website and banking applications. This enables the customer to calculate the interest/return rate, periodic installments, annual percentage rate, and all related fees and charges. The customer should also determine the type of product or card and the appropriate credit limit based on the customer's inputs. An Estimated Cost Calculator is also provided to help the customers calculate the rewards earned from transactions conducted using the credit card, if any.

3. Annual Percentage Rate:
   - Banks should disclose the Annual Percentage Rate (APR) to customers and include in the following:
     a. Credit Card's advertising campaigns and marketing offers.
     b. Terms and conditions published through the bank's digital channels.
     c. Calculator for financing products and credit cards
     d. Basic information statement
     e. Loan/financing offers
     f. Loan/financing contract
     g. Periodic statements provided to the customers
   - The Annual Percentage Rate (APR) should be clearly and simply explained to customers, explaining the purpose and objective of its use and how its calculated. This includes identifying the rates and fees included in its calculation, such as the interest/return rate and annual fees for credit cards. Fees that are not included in the calculation should also be clearly explained, such as cash withdrawal fees, late payment fines for credit cards, and optional services such as insurance and other fees.

4. Requesting Customers to Repay their Debts to Banks
   - Banks should not use in their claims to customers, to repay loans they borrowed or debts they owe to the bank, unprofessional means or practices, including incorrect information and reasons or unfair practices. Banks should also help the customers if they noticed earlier indications of irregular payments, and encourage them to reach out to the bank to discuss the financial problems they may encounter, with offering some solutions to rectify them.
   - In case of repayment by setting off between the customer accounts, banks shall have to include such provision in the contracts concluded with customers, and shall have to advise their customers of the same after the repayment transaction.

j. Online Banking through Digital Channels

1. Banks which provide online banking services to their customers through digital channels should comply with all relevant CBK

instructions, such as the Requirements of Customer Protection from Cyber Fraud and Requirements and Security Controls for Cybersecurity.

2. Notifying customers beforehand, in case banks are obliged or planning to cease some of its services for maintenance purposes or for other reasons.
3. Banks shall impose a form of supervision and follow-up in the case of outsourcing third parties to provide online banking services through new digital channels.
4. Banks shall inform customers, who want to use new digital channels for processing their transactions, with the fees and expenses (if any) relevant to the services rendered by these means and the amounts of such fees and expenses.
5. Banks shall include in the messages sent to customers the purpose of sending OTP password or any other authentication methods.
6. Banks shall lay down clear and definite rules for rectifying any cases of errors or fraud, if it takes place.
7. Banks shall arrange for launching regular awareness programs aimed at raising the awareness of customers of using online banking and its associated risks. Banks must also provide them with the guidance that enhances the safe use of these services, and inform customers of any changes or developments in the applicable systems.

k. Online Transfer of Funds and Drafts:

1. Banks must provide sufficient information to their customers who use online drafts and transfer of funds. This information must include the rates, the advantages of these services and the means of processing these services in as simple and easy to understand format as possible. They must also include the fees to be paid by the customer or the beneficiary of such service required by the customer (draft / transfer), exchange rates of foreign currencies, the expenses and time the draft or the transfer will take until funds shall be delivered to the beneficiary, and other terms and conditions relevant to online transfer of funds, of which the responsibilities, rights and obligations.
2. Banks which receive or forward online transfers or drafts of funds must document all basic information relevant to these

transactions, provided that they shall advise their customers of the details of these transactions immediately upon their completion and without charging any fees for the same.

3. In the event of adding a new beneficiary, the bank should notify the customer of the same through the available communication channels, with clarifying the beneficiary's name and emphasize the importance of contacting the bank to the customer if he/she was not aware of this addition. Activating the beneficiary will only be feasible after 12 hours as a maximum, unless the addition is directly confirmed by the customer.
4. Banks must make available to their customers easy and clear information on the procedures taken in case of error or in case the customer is exposed to fraud during processing online transfer or draft of funds.
5. Banks must inform their customers who use credit cards/ prepaid card/ATM abroad, with the terms and conditions of these outbound transactions and the exchange rates of foreign currencies applicable in these cases.

Seventh: Protection of Banking Secrecy and Privacy of Information Banks shall, in this regard, comply with the following:

1. Protect customers by setting up high level regulatory systems, including appropriate mechanisms which determine the objectives for which data and information are collected and treated. Contracts and account opening forms shall include a clause stating that the data and information obtained from the customer, within the framework of the contractual relationship, are subject to the provisions of banking secrecy.
2. Banks' responsibility of protecting customer data and information and maintaining their secrecy extends to these data maintained with banks or that data available with a third party whose support banks seek in carrying out their activities related to customers.
3. Create an in-house environment that ensures realizing safety and secrecy of all information and data available with them on customers and their transactions. Banks shall have to examine, on continued basis, such environment and ensures its soundness.

4. Banks shall abide, internally and externally, by the “need to know” principal, where access to confidential or sensitive information or data is limited to authorized persons or entities whose duties require it, and to the extent necessary to perform their responsibilities. Any information outside this scope shall not be shared or circulated except through secure and approved channels, taking into account Clause (Seventh-2).
5. Disclose to their customers with appropriate manner the cases where the rules for maintaining the secrecy of customer information and data shall be excluded, as cited in the following:

    a. Cases where information are disclosed by written consent of the customer.
    b. Cases where disclosure of information is obligatory by force of the applicable laws or legislations.

6. In case of providing interactive products or services directly to the customer through third parties, prior explicit consent from the customer is required before any of their data is shared, while ensuring that the bank and service provider adhere to the highest standards of security, privacy, and data protection, such as (EKYC, E-Wallet, Open Banking Service, Fintech, etc.) services. The option to consent to share customer data by default may not be activated, and the customer may be granted the right to cancel at any time in the future, with the exception of the following cases:

    a. The cases referred to in Clause 5 above.
    b. In cases where the role of third parties is limited to providing basic or operational services supporting the bank’s activities, such as processing and executing transfers, settling payments, or the like, data is shared according to the contractual frameworks and agreements concluded between the bank and the service provider, without requiring separate consent from the customer. The approval shall be included in the terms and conditions of the contract, with the bank fully committed to protecting the rights and privacy of its customers.

7. The third party may not reshare the customer data, with the exception of the cases referred to in Clause 5 above.
8. Upon recruitment of their staff or having support of third parties, the necessary documents which ensure those staff compliance with maintaining the secrecy of customer data and information must be completed.
9. Upon receiving inquiries from customers, the bank must not disclose any information related to the customers or their accounts unless their identity has been verified using approved verification methods.
10. Upon becoming aware of any customer data leak, banks must immediately notify affected customers without undue delay, and take appropriate measures to address the impact of the leak and mitigate its consequences as much as possible.

Eighth: Financial and Banking Awareness

1. Banks shall design and set up appropriate mechanisms for developing the knowledge and skills of present and future customers and raise their awareness and helping them understand the basic risks of transactions they carry out with banks so that they would be able to take the right decisions, and guide them to the appropriate entities to obtain information, in case of their need for such information.
2. As a source of financial and banking education, the bank website must contain a page for financial and banking awareness, provided such page shall contain this Manual, in addition to the rights and responsibilities of customers, the means of submission of complaints, and the frequently asked questions (FAQ) expected to be raised by customers and the bank responses thereto.

a. Each bank shall develop an annual plan containing designated programs for enhancing the dissemination of financial and banking information for the purpose of enhancing financial and banking literacy.
b. Banks shall participate with civil society institutions and organizations as well as scientific and professional institutions

which endeavor to enhance financial and banking literacy, and raise the standard of knowledge, and shall cooperate in setting up and implementing financial and banking awareness programs.

c. Banks shall take part from time to time in conducting studies on surveying the financial awareness and the impact of the measures taken in this regard on enhancing awareness and financial literacy, in the framework of evaluating the results of the policies applied at banks and considering their development.
d. Awareness programs and activities should aim to raise the level of financial literacy of customers and enhance their financial capabilities, and not for the purpose of marketing or promotion.

Ninth: Financial and Banking Inclusion

Financial and banking inclusion means a set of procedures and policies that target availability of the financial and banking services to all segments of the society, including people with special needs, limited or low-income persons, craftsmen and servicemen, micro, small and medium enterprises, taking into consideration that such services would be tailored with their requirements and circumstances and be fair and transparent. In this regard, banks must have to take the following into consideration:

- Set up annual programs for realizing the objectives of financial and banking inclusion, with the presence of mechanisms that allow following up and implementation of these programs, listing of beneficiaries thereof and their diversity to encompass several categories of potential customers, to realize the expansion of distribution channels with the banking system units.
- Expand further efforts in studying the needs of the requirements of segments that do not deal with banks and take serious steps towards assisting them to satisfy their requirements according to safe and convenient means to them.
- When banks come to set up plans for their activities and programs of the financial and banking comprehensiveness, they shall have to adopt appropriate approaches for attracting segments who are not used to dealing with banks (for example: people with special needs, and limited incomers), along with making available

positive measures towards direction to these segments and encourage them to raise the level of transactions and benefit of the developments in several areas, specifically the technological aspects.

1. Banking Services Provided to Minor Customers:

- In cases where accounts are opened directly for minors under the age of 18, the bank shall immediately notify the relevant guardian or trustee by available means. The guardian or trustee shall have right to review these accounts without performing transactions thereon, in accordance with the relevant laws and regulations in force in the State of Kuwait.
- Banks shall provide financial services and products appropriate for this age group, disclose all potential risks associated with them, and explain the relevant terms and conditions in a simplified manner that is compatible with the minor’s level of understanding.
- The bank shall commit to not providing banking services or products that entail financial obligations, such as loans of all types and credit cards, unless there is a salary or monthly income. This obligation shall be met by the minor guardian’s guarantee.
- Working to raise financial awareness and literacy among minors by designing and implementing simplified awareness programs tailored to this age group. This aims to enable them to understand the basic principles of banking transactions, promote the concepts of financial planning, savings, and investment, and demonstrate safe financial behavior to avoid associated risks.
- When implementing promotional and advertising materials targeting this age group, be careful to adhere to the following:
    - Use simplified methods appropriate to the target age group.
    - Prohibit marketing or promoting any financial products that entail future financial obligations, including digital advertisements or promotional campaigns.

2. Banking Services Provided by Kuwaiti Banks to People with Special Needs:

General Instructions:

Banks, when dealing with all customers with special needs, shall consider the following:

- Prepare the building environment of all bank branches to ensure easy access and movement for customers with physical disabilities. This is achieved by providing accessible entrances and exits, wide corridors, elevators or ramps, or an automated lift device, taking into account the needs of various mobility disabilities, ensuring fair, easy, and safe access to ATMs, tellers, and bank branches.
- Designate (at least) one branch in each governorate to provide banking services to people with special needs, alongside its normal business. Noting that, such services shall be provided to customers with special needs at other branches, provided that the nature of the transaction or the customer's condition does not require special arrangements or requirements.
- Identify the customer and the extent of his/her ability to take decisions within the framework of the Bank's measures in respect of "Know Your Customer (KYC)" and provide him/her with the arrangements and/or assistance that may be required to facilitate dealings with the Bank.
- Allocate special account numbers to customers with special needs to distinguish them from other bank customers in order to speed up and facilitate the services provided to them either by phone or in case the customer attends in person to the Bank.
- Safe deposit lockers must be provided to those customers upon request. Such lockers should be convenient to use in terms of location and accessibility.
- Train employees and rehabilitate specialized cadres to communicate effectively with all customers from this segment, in order to provide the necessary assistance to facilitate transactions in a smooth and convenient manner.
- Taking into account that the documents required from those customers are the same as those required from any other customer (except for the proof of disability status). Their account must be classified as a "Special Needs Customer Account".

- Take all appropriate and effective measures to ensure equal treatment for customers with special needs while managing their financial affairs as well as access to banking services, credit facilities and other financial services.
- Banks shall ensure that banking transactions for customers with special needs are conducted with complete privacy, provided that the option to have witnesses present – without requiring it - should be offered during these transactions, with the decision to accept or decline left to the customer's own discretion. This guarantees the principle of equality among customers and promotes the independence of this group. Banks shall develop and adopt alternative methods of documentation and identity verification that ensure the protection of customer rights and the integrity of procedures, in accordance with the regulations adopted in the State of Kuwait. This is conditional upon obtaining a declaration from the customer expressing their desire to conduct the transaction without witnesses, and retaining supporting documentation.
- Ensure the availability of a mechanism for dealing with customers with special needs that guarantees equal access to banking services for all customers, regardless of whether they possess communication skills such as Braille or sign language, or not.
- Facilitate the tasks of people with special needs and their judicial assistant.
- Allow a customer with special needs to appoint an agent(s) to operate his/her bank accounts upon the customer's desire. In such case, the bank shall explain to the customer the associated risks of granting this authority to a person. Moreover, banks shall clarify to the customer the measures of terminating such authority.
- Inform customers with special needs with all associated rights, obligations and risks before providing any banking services.
- Provide banking services to customers with special needs, including credit and financing facilities, offered by banks to any other customers, without increasing any burdens, such as interest / profits, fees or the like, owing to the fact that those customers have special needs. Banks must also inform and

guide those customers of the risks involved in providing these services, taking into account their special conditions compared to other customers.

- Provide a free of charge over-the-counter cash withdrawal service for people with special needs.
- Banks shall develop their websites and mobile applications in line with international accessibility standards, such as the Web Content Accessibility Guidelines (WCAG) issued by the World Wide Web Consortium, to ensure that people with disabilities can use these digital channels independently and securely. This matter shall be considered when making any updates or modifications to the website or mobile application to guarantee the continuous and unhindered access of this customer segment to digital services.
- Highest safety levels shall be provided upon those customers' use of online and mobile phones for banking services.
- Banks shall develop and implement awareness programs and financial literacy mechanisms that take into account the specific needs of persons with disabilities with the aim to enhance their ability to understand the features and risks of financial products and services, enabling them to make informed and effective financial decisions.
- Taking into account to include people with special needs in the marketing and advertising policy to guarantee that information reaches them effectively, enabling them to benefit from the products and services offered.

Instructions on Dealing with Deaf and Mute Customers:

- Each bank shall train some of its staff on sign language or appoint specialists at the branch to provide services and support people with special needs while conducting transactions.
- Providing assistive technologies such as Text Relay, which allows for the conversion of voice conversations into written text, thus facilitating communication between these customers and the bank.

Instructions on Dealing with Blind and Low Vision/eyesight Customers

a. General Instructions:

Banks must comply with the following:

- Provide automatic voice recordings both on the bank website or through a device equipped with speakers inside the bank explaining the most important terms and conditions of the contracts, forms and documents to be signed by blind customers, in addition to all rights, obligations and risks that may result from any banking service, along with reading the contracts full texts to the customer prior to signing the same.
- Use special forms for opening accounts, facilities and other financial transactions' contracts. In addition, it shall be taken into account that the services, statements and notices sent to this category of customers must be printed in Braille language and that the customer has received opening account application, facilities contracts as well as any other contracts conclude by the customer and the Bank. With the assurance that the papers used are in good condition and not worn out.
- Banks shall provide point-of-sale (POS) terminals that meet the needs of customers with visual disabilities and ensure that they are equipped with a Braille keyboard, ensuring ease of use and enabling customers to conduct their banking transactions independently and privately.
- Assistance should be offered to these customers in filling out forms and documents, with the decision to accept or decline remaining with the customer.

b. Automated Teller Machine (ATM) & Interactive Teller Machine (ITM):

- Banks shall provide ATMs or ITMs designed to meet the needs of people with disabilities, enabling them to use them independently and safely. These machines should be distributed in easily accessible locations, particularly in public and busy areas, and their locations should be clearly marked to ensure accessibility for those customers.
- ATMs and ITMs shall be equipped with voice reception or transmission services and headphones. The machines shall

be housed in a glass enclosure that opens using methods that provide the highest levels of security and privacy for the user, while also ensuring easy access.

c. Safe Deposit Lockers:

- Procedures and steps that precede the allocation of safe deposit lockers for blind and low vision/eyesight customers must not be much different from those adopted for any other customer.
- When using safe deposit lockers, blind and low vision/eyesight customers shall be granted the following options:
- Personal use of the safe deposit locker.
- Using the safe deposit locker with the help of a judicial assistant.
- In case a blind or low vision/eyesight customer requests that the person in charge of the safe deposit lockers to be present when opening the safe deposit locker, the staff must satisfy the customer's request by the presence of two staff members, one of them should be the person in charge of the safe deposit lockers.

Banking services provided to customers with limited and low incomes, those in simple service and craft jobs, and domestic workers:

- Banks shall take the necessary measures to remove obstacles preventing these groups from opening accounts, and develop the required policies approved by the Board of Directors, and update their work procedures manuals, in accordance with the circular issued on June 20, 2024.
- Financial services shall be rendered in a manner that suits the capabilities and needs of this group, and customers shall be informed of the relevant terms, conditions, and risks before signing contracts for these services.
- A mechanism shall be established to notify customers and grant them a reasonable timeframe to update their card information before the bank restricts the use of their account or bank card.
- Promoting awareness initiatives to raise the level of financial literacy among the above-mentioned groups, using all available means at the banks and in multiple languages to ensure that they reach those groups in an easy and simplified manner, provided that these initiatives include publishing the mechanism for opening bank accounts, methods of using and managing those accounts, and how to confront and avoid financial frauds.

Tenth: Publicity and Advertising Materials:

Banks shall comply in this regard with the following:

1. Ensure that their ads and publicity materials used in rendering their products and services do not contain unreal or inaccurate information that may lead to unsound understanding to the existing and potential customers, thereby resulting in taking erroneous decisions.
2. Be keen that all publicity and advertising materials for the products and services would be simple for reading and understandable to the public in general.
3. Take into consideration, when issuing any ads or advertising materials, the legal liability that they may undertake as a result of these ads or advertising materials, used in sale of their products and services to customers, containing incorrect data or information.
4. Take into consideration not to publish ads on products or services associated with risks that cannot be recognized unless by specialists, and not to encourage customers to benefit from these services and products without proper explanation on the risks relevant thereto.
5. Set up a policy for advertising and publicity that should be endorsed by their boards of directors. These policies should contain the professionally and legally acceptable principles, rules and practices issued by the bank, including ads or publicity materials.
6. Customer Complaint Units at banks should ensure that the policies for advertising and publicity materials are made in accordance with, at minimum, the rules and practices included in the Customer Protection Guide, and that they are free from any messages that could inflict erroneous or incorrect understanding. In case these units receive queries or clarifications raised by these advertising materials, the appropriate immediate measures should be taken to remove any doubt or ambiguity therein.
7. When banks announce obtaining awards, preference or distinction certificates, they should disclose sufficient information on the awarding entity, the mechanism and methodology upon which the certificate was awarded and the standards adopted by that entity.

8. If a financial product or service offers free services for a specific period, the advertisement should clearly state that the product or service will no longer be free after this period expires. The customer shall be reminded of the same three months prior to the application of any fees, interest rates, or returns. Furthermore, it is prohibited to impose any fees or penalties for cancelling a free product or service during the offer period.
9. When advertising or promoting any product or service, the advertisement shaould provide customers with easy access to the terms and conditions required to obtain the product or service. If this information is provided through a digital channel, customers shaould be redirected directly to a page containing the relevant terms, conditions, and criteria for that advertisement or promotion.
10. Banks shall provide a mechanism that allows customers to control whether or not they receive advertising or marketing messages and communications at any time. Customers shall be notified of the existence of this mechanism through the bank's approved channels and methods.
11. Banks are prohibited from promoting loans/financing through direct telephone calls.
12. No cash or in-kind incentives shall be offered, whether directly or through draws or any other form, to customers when they obtain credit facilities.

Eleventh: Customer Service Staff and Marketers/Promoters of Banking Services & Products

1. Customer Service staff and bank products and service marketers should be well aware and cognizant with the regulatory and legislative rules for protection of customers, and the provisions of this Guide, including regulations and controls relevant to practicing of their functions in service of customers, along with the knowledge of all technical aspects relevant to the service or the product provided to customers.
2. Upon selection of customer service staff and products and services marketers, banks shall have to take into consideration a set of standards laid down that should be satisfied by those staff, either in terms of the period of the service in identical functions,

and the knowledge of the banking products and services, tailored with the degree of complexity therein, along with the availability of communication skills and other personal attributes conforming with the nature of the tasks entrusted to them, and their obtaining the necessary certificates and training.

Twelfth: Enhancing the Functions of Customer Complaint Unit

Banks shall observe the following in this regard:

1. Comply with the instructions issued by the CBK concerning protection of bank customers. The board of directors of each bank shall have to ensure the same.
2. Put in a reachable place (through the customer complaint unit at the bank, branches, website, social media) a written summary or infographic design of the procedures and steps to be followed by customers in the event that they wish to submit a complaint on their transactions with the bank, provided that these procedures should contain designation of the steps to be taken in event the customer submits a complaint, so that these steps shall include those steps that can be taken in a gradual manner until the customer complaint shall be finally resolved, including submission of a grievance to the CBK.
3. Customer Complaint Units in banks are accountable for verification of the compliance of each bank with the Customer Protection Manual and the other instructions and controls relevant to the same.
4. The board of directors of each bank is responsible for laying down the policies and procedures which ensure to the Customer Complaints Units to effectively exercise their functions, provided that their reports in this regard must be submitted to the board of directors to take the appropriate action it deems necessary. These units should prepare annual report on the compliance with the Customer Protection Manual and such report shall be presented to the board of directors including their recommendations and suggestions, and such report shall be submitted to the CBK when necessary.
5. The complaint filing mechanism shall be clear to customers and available in multiple languages to ensure its understanding and ease of use by all segments of society.

6. If the complaint is submitted in person by the customer, the bank shall provide the complaining customer with a copy of his complaint, marked with an acknowledgment of receipt and the date of receipt. If the complaint is submitted electronically, the bank shall retain the receipt of the complaint, whether by registered mail or electronically, and notify the customer of the complaint's receipt via email or SMS to the phone number registered with the bank.
7. The bank shall provide a feature that allows customers to submit complaints electronically through the mobile application. This feature includes an electronic complaint form that allows customers to attach supporting documents electronically. Customers shall be notified electronically of the receipt of their complaint and provided with an electronic response through the mobile application. This response shall be printable should the customer wish to file a grievance with the Central Bank of Kuwait.
8. The Unit shall respond to the customer within a maximum of five (5) working days from the date of receiving the complaint. This response will be delivered either by hand to the customer, by email, or by registered mail with return receipt requested. In cases where the investigation requires more than five (5) working days due to the need to receive responses from external parties involved in the complaint, the customer should be informed immediately in writing via the methods mentioned above. The bank shall also notify the customer in writing immediately upon completion of the investigation, within a maximum of two working days from the date of the other concerned party's response.

9. In case the customer does not reach a settlement of his/her complaint through the Customer Complaints Unit in the bank, it is necessary to guide such customer to submit a grievance to the Customer Protection Unit at the CBK.
10. Customer Complaint Units in banks shall have to ensure the customer acquaintance of all documents submitted to them by the bank upon obtaining any service or product to them, and that the customer has received a copy of these documents, by means of signature of the customer upon receipt of these documents.

11. The bank shall develop performance indicators to measure the handling of complaints received by the bank directly, including (measuring customer satisfaction, measuring the quality of complaint handling), and submit the results of the indicators on an annual basis to the Chief Executive Officer.
12. The Customer Complaint Unit shall present a written opinion to the customer on the subject of the outstanding complaint and support this opinion by appropriate justifications, including the corrective actions, if any, needed to resolve the subject of complaint. Concerning telephone complaints and objections, the bank is entitled to refer the complaint to its Complaint Unit or to other various departments and units at the bank, with the need to develop internal control system to ensure finding appropriate responses and that the same telephone complaints and objections shall not exist in the future.
13. Upon taking corrective procedures by the bank against which the complaint was filed regarding a customer's complaint, in particular, that is related to violating the CBK instructions and the bank's applicable bylaws, the bank shall examine other customers' positions to verify non-existence of irregularities rather than to wait for other customers submitting their complaints concerning the same subject.
14. Banks shall handle customer complaints in the same manner as before. If banks wish to streamline their customer complaint process, they can provide clear guidelines distinguishing between inquiries and suggestions and complaints, which are addressed and responded to in writing within five business days. These guidelines should be provided before customers submit their complaints through the mobile app. If customers continue to submit inquiries and suggestions through the app despite these guidelines, the banks have procedures in place to take appropriate action.
15. The bank can add an inquiry feature to its mobile app, ensuring that the complaint submission process is separate and independent from the inquiry submission process. This will improve the handling of each. The bank's response to inquiries should be provided within five business days.
16. If the same complaint is repeatedly submitted without any new developments, information, or evidence warranting its

reconsideration, the bank may exclude it, provided that the customer is notified of the dismissal decision in writing or via a reliable means of communication, along with a statement of the reasons for the dismissal, and that supporting documentation is retained.

17. Banks shall be considerate of customers with special needs and facilitate the complaint submission process in a manner that accommodates their circumstances.

Thirteen: Customer's Responsibilities and Obligations:

Within the framework of designation of the Customer responsibilities and obligations, he/she shall comply with the following:

1. The information he/she submits to the bank with which he/she deals must be authentic.
2. He/She must read carefully all documents the bank provides to him/her for obtaining any service or product, with the necessity to identify any fees, commissions or any other liabilities or obligations laid down on the customer. The customer should keep a copy of these documents before any financial or banking obligation is created on him/her.
3. In case a customer does not understand any of the conditions or the procedures relevant to the product or service he/she desires to obtain, he/she shall have to submit his/her queries to the concerned bank staff, so that he/she can take his decisions based on clear and complete vision.
4. The customer must comply with the procedures for submittal of the complaint, including the grievance measures to the Customer Protection Unit at the CBK.
5. The customer must identify the risks that may arise as a result of his/her use of a product or service rendered by the bank, through the queries addressed to the concerned persons on the impacts ensuing from these risks, and shall have to avoid such risks as much as possible.
6. The customer shall select amongst the products and services offered to him/her the ones that are most convenient to his/her circumstances and actual real capabilities to satisfy his/her actual requirements.
7. He/She must immediately inform the bank with which he deals

of any banking transactions made on his account which he/she does not know anything nor does he/she know their reasons, or those transactions which have not been authorized by him/her.

8. He/She must be cautious and vigilant in maintaining the confidentiality of his/her private information relevant to his/her transactions with the bank, and shall not disclose such information to any third party for safeguarding his monies.
9. He/She must seek the advice and consultancy from the bank concerned staff in case he/she encounters any financial difficulties that may lead to his/her failure to satisfy the conditions of the contract concluded with him/her or use of the products and services rendered to him/her.
10. He/She must update his/her personal and banking information with the bank when requested to do so by the bank, or in event of change of this information.
11. To maintain confidentiality, and in the event where the customer needs to communicate with the bank, he/she deals with by normal courier or email, he/she must use the postal address belonging to him/her to avoid access by any other person to his/her personal and banking information if he/she used an address that does not belong to him/her.
12. In case the customer needs to grant an authorization or a proxy to another person to transact on his/her accounts or monies with the bank, he/she must be cautious concerning the authorities and information granted to the attorney, and to take the necessary action immediately upon his/her desire to revoke the proxies and to inform the bank of the same.
13. Not to sign any financial documents, blank or incomplete information contracts, and he/she has to check these documents which the bank submits to him/her before their signature.
14. It is necessary for the customer to maintain in a safe place copy of documents of transactions with the bank for ease of reference to these documents when necessary.
15. The customer shall submit the complaint related to a specific subject once and wait for the official response within the specified response period, unless any new developments, information, or evidence arise that necessitate resubmission.