

# Revised code of banking practice aims to protect customers

Consumer protection is an essential element of the dynamic and challenging business environment in which the banking sector operates. A critical tool through which banks fulfil their obligations to customers is the Code of Banking Practice, which sets out the aspirational commitments banks make to their customers, and provides information on the respective rights and obligations of both parties.

The current Code of Banking Practice has been in effect since 2004. The Banking Association SA has recently completed a significant review of the code to account for changes in regulation and to respond to recommendations made by the 2008 Competition Commission's Banking Enquiry (the Jali enquiry).

## Banks have to do more to provide good service

The revised Code of Banking Practice has been finalised and will become effective from 1 January 2012. "The code provides the platform within which the Ombudsman for Banking Services adjudicates disputes between banks and their customers. It supplements the regulatory and contractual requirements that govern relationships between banks and these customers, committing the banks to do that little bit more in providing good service," says Cas Coovadia, MD of The Banking Association South Africa.

"An essential element of consumer education and information is to enable consumers to understand how complex pieces of legislation affect them. An example of this is the Consumer Protection Act, which requires promotional material from banks to be clear, fair, reasonable and not misleading, and also allows customers to opt out of a transaction under certain circumstances, as well as their obligations if they choose not to opt out. The revised code explains rights and obligations like these in a simple way, and we urge all bank customers to get a copy of the Code of Banking Practice, in order for them to hold us accountable to it," says Coovadia.

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