



Press Conference on the  
2016 Banking Services Enforceable Code of Conduct

Statement by  
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Mrs Dolsie Allen, CEO of the Consumer Affairs Commission, Mr Nigel Holness, President of the Jamaica Bankers Association, representatives from the banking sector, members of the media, ladies and gentlemen, good morning and thank you for coming.

Today, we are here to discuss the “*Banking Services Code of Conduct.*”

As the regulator of banks and other deposit-taking institutions, or DTIs for short, Bank of Jamaica’s primary responsibility is to ensure that whenever you place your hard-earned money in a DTI, that money is safe.

To guarantee this peace of mind, Bank of Jamaica holds deposit-taking institutions to the highest international prudential standards, sometimes higher, so that the financial system overall is safe and sound. Banks, merchant banks and building societies are required to adhere to benchmarks on capital adequacy, liquidity, asset quality, risk, earnings, profitability, efficiency, corporate governance and proper accounting and financial reporting standards.

This robust and assertive regulatory regime is in the interests of all.

However, ladies and gentlemen, while Jamaica has required this high level of prudentially sound operations, not enough focus has been placed on ensuring that there is an enforceable minimum standard of service provided to the clients of these institutions.

Clients of DTIs need to be assured that they will receive fair, transparent and high quality service. This, ladies and gentlemen, is where the “*Banking Services Code of Conduct*” comes in.

Now, please note that it is not the role of regulators anywhere to micro-manage bankers or tell them how to run their business beyond operating within the prescribed regulations. Indeed, I must also stress that we operate in a free market, where you have choices and so competition usually takes care of service standards, supported by relevant agencies like the Consumer Affairs Commission and the Fair Trading Commission. You can always take your money and go elsewhere and since bankers know this, the logical expectation is that they should

always try to give you the best service at the best price in order to keep your business and attract more business.

But even the best systems are imperfect and indeed a free market environment does have its limitations.

In that regard, Bank of Jamaica has over time received numerous complaints, although some may have been misplaced or better directed to some other agency. Our reticence about acting on some of those complaints does not mean that, as regulator, the central bank does not care how a bank treats its customers. Nothing could be further from the truth and we have a vested interest in making sure that our banks, merchant banks and building societies are treating all their customers, existing and new, in a fair and transparent way. We want to make sure that all DTI's are aware that an unhappy customer is both a source of learning and an opportunity to improve. As banker to the banks, the banks in fact are also *our* customers and we try to treat them well but, truth be told, it is the customers of the banks who are our greatest priority.

It must also be noted, however, that Bank of Jamaica is a creature of statute and we regulate banks within a context of legislation that empowers us to do so. Up to now, no legislation existed regarding the conduct of deposit-taking institutions towards their customers.

The 2014 Banking Services Act, which became effective in September 2015, empowered Bank of Jamaica to issue a code of conduct on consumer-related matters in order to establish minimum standards of good banking practice for deposit-taking institutions. Following the passing of the Act, we immediately began consultations with a number of organisations, including the deposit-taking industry, the Consumer Affairs Commission and the World Bank. Feedback was also received on a public consultation paper which was issued in March 2015.

I am very pleased to be able to formally announce that, in accordance with the provisions of the Banking Services Act, Bank of Jamaica issued the Banking Services Enforceable Code of Conduct on Customer-Related Matters on 30 August 2016.

The Code provides for transitional arrangements for deposit-taking institutions to comply with its provisions.

The Act stipulates that within three months of the effective date of the Code, ie, by the end of November 2016, deposit-taking institutions are required to notify the Supervisor of the measures they will take to be compliant with the Code. These measures should then be in place within a period not exceeding twelve months from the effective date of the Code, which means by the end of August 2017.

To err is human and to confess is divine so where a deposit-taking institution fails to comply with the Code, Bank of Jamaica can either issue a warning or give direct instructions to comply with whatever article of the code has been or is being breached. A deposit-taking institution that does not comply with a direction given by the Supervisor commits an offence.

Ladies and gentlemen, I hasten to point out that the Code is not a panacea and must be seen as the start of a process and not the end.

While this is an important step in Jamaica's banking services legislative framework, there is still the need for a more comprehensive framework that directly addresses financial consumer protection. This is intended to come from upcoming initiatives regarding financial inclusion. However, even while they are being designed, we chose this path as it is the quickest way to have in place a common standard for deposit-taking institutions and their customer relationships.

Looking forward, Bank of Jamaica is committed to supporting efforts to establish a comprehensive framework of consumer protection for financial services, particularly banking services, that goes beyond the limitations of a prudential regulatory regime. Instead of just leaving it to the market and to competition, modern times demand that effective regulation of financial services should take place in a manner that ensures that minimum standards in customer relationships are maintained.

The central bank therefore looks forward to working with stakeholders to expand financial inclusion, increase financial literacy and improve the quality of consumer protection in the financial sector.

We envision this future with no small degree of confidence because we know that, in collaboration with our colleagues at the CAC and with other stakeholders, there is a strong foundation on which to build.

Thank you.