



ENFORCING A CUSTOMER-CENTRIC APPROACH GUIDELINES

Financial Consumer Protection Department

Financial Awareness and Literacy Division



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First: Introduction

This guideline comes as a result of the Central Bank of Jordan's (CBJ's) keenness to ensure the protection of financial consumers and achieve positive outcomes for them when dealing with the financial and banking sector, and to keep pace with global trends of regulatory authorities to encourage the financial sector to shift towards a customer-centric approach and change their corporate culture to support this approach. The financial consumer is no longer merely a recipient of a service or product, but has become a fundamental focus in the decision-making process and the design of policies and services.

Second: Definition of Customer Centricity

The term "customer centricity", in the financial and banking sector, refers to the provision of financial and banking services and products based on a deep understanding of the financial consumer's needs, preferences, and behavior. Financial consumer needs are taken into account when developing strategies and making decisions by financial and banking service providers, which requires a change in the organizational mindset, as well as modifying their operations to create a culture among financial and banking services providers that supports the financial consumer centricity.

Third: Objective of the Guidelines

These guidelines are based on best international practices and standards in the field of customer- centricity. They aim to support managements and employees at all levels in embedding a customer-centric culture in all followed processes, policies, and procedures, through promoting effective communication, downwardly, across the organizational structure and achieving a positive financial consumer experience, which positively reflects on the institution's reputation and results, and enhances customer confidence in financial and banking services providers.

Therefore, achieving true customer centricity is not limited to adopting general concepts or corporate slogans. Rather, it requires systematic, practical steps that translate this approach into concrete behaviors, policies, and processes in practice. Thus, these guidelines outline the key steps required to effectively and comprehensively implement a customer centric approach, starting from collecting and analyzing data to understand customer needs, reaching to developing products and services, and effectively engaging with customers to ensure a positive and sustainable experience.

Fourth: Scope of Application

These guidelines have been prepared, for banks and non-banking financial institutions, to implement a customer-centric approach, ensuring the creation of a customer-centric culture and establishing a responsible mechanism that safeguards customer interests and meets their needs, ultimately helping them achieve their financial goals and enhance their financial health.

Fifth: Key Steps to Implementing a Customer-Centric Approach

A. The service provider shall provide customer-centric products and services, through the following:

1- Collecting and analyzing data to understand customers' needs, through the following procedures:

1.1 Conducting market studies and pilot tests, including the following:

- 1.1.1 Studying the availability of the product in the market and the possibility of providing it.
- 1.1.2 Customer data (gender, age, geographical distribution, income level).
- 1.1.3 Data on customers' needs and goals, and identifying any obstacles facing the use of financial products.

1.2 Using data to identify patterns of financial behavior according to customer categories, through the following:

1.2.1 Analyzing financial contracts data according to the demographic, social, and economic classification of customers (such as average loan size, repayments, withdrawals and deposits for savings accounts).

1.2.2 Analyzing data on the use of financial products in terms of type and number according to the demographic, social, and economic classification of customers.

1.3 Collecting customers' feedback on their experiences using products and services, through the following:

1.3.1 Conducting a customer satisfaction survey at least once every two years.

1.3.2 Conducting interviews with customers who requested to discontinue the product to find out the reasons and whether there is a problem with the product.

2- Providing products, services and channels that benefit customers, through the following:

2.1 Using customer data to design products and services, through the following:

2.1.1 Designing products and services (financial and non-financial), as well as channels based on market observations, pilot studies, and customer feedback.

2.1.2 Modifying existing products and services based on customer needs.

2.1.3 Allocating resources (financial and human) for the continuous development and improvement of products, services, and channels.

2.2 Eliminating barriers to access financial products and services, through the following:

2.2.1 Providing products that fit the financial position and cash flow of customers from all segments of society.

2.2.2 Providing various channels for customers to access products.

- 2.3 The products, services, and channels provided by the service provider must not harm customer interests, through the following:
- 2.3.1 Designing payment schedules for customers based on their cash flow and the nature of their business.
 - 2.3.2 The guarantees and guarantors requested by the service provider must not be unachievable, taking into account the availability of alternatives in the event that any request is not met.
 - 2.3.3 In case the service provider has agents, they shall ensure that the agents maintain customer protection practices and have complaint handling mechanisms in place.
- 2.4 Products and services shall contribute to reducing customers' exposure to shocks, through the following:
- 2.4.1 Providing products and services that meet customers' needs and avoiding consumerism.
 - 2.4.2 Providing products and services that help customers maintain stable spending levels and protect them from over- indebtedness.
 - 2.4.3 Financial and banking service providers shall contribute to enhancing their customers' financial resilience by encouraging savings for the future and to address emergency situations, responsible borrowing, and providing money transfer services at minimal (or no) cost.
- 2.5 Products and services shall help customers achieve their goals, through the following:
- 2.5.1 The service provider shall take the necessary procedures to enhance financial literacy and awareness among their customers.
 - 2.5.2 Providing investment products and services to customers, such as business loans for startups.

B. The service provider shall protect their customers, through the following:

1- Avoiding exposing customers to over-indebtedness, which is achieved through the following procedures:

1.1 Loan granting decisions are made based on the customer's ability to repay, based on the following:

1.1.1 The service provider's policy must include clear procedures for approving loans, including the use of credit inquiry reports, and ensuring an acceptable debt burden ratio.

1.1.2 Conducting cash flow analysis to assess repayment capacity.

1.2 The service provider monitors the market and responds to increased risks of over-indebtedness, through the following:

1.2.1 Senior management shall periodically monitor the quality of the loan portfolio granted to customers to identify risks of over-indebtedness.

1.2.2 Identifying any other risks the customer may be exposed to that require increased monitoring, follow-up, and response.

2- Providing customers with clear and timely information to help them make sound financial decisions, through the following:

2.1 The service provider shall be committed to transparency regarding the terms, conditions and prices of their products, through the following:

2.1.1 Providing a fact sheet to borrowers before signing the contract.

2.1.2 Including basic information in loan contracts, according to the instructions and as a minimum.

2.1.3 Providing all product information (regardless of its types and taking into account the specifics of each service provider) to help customers make sound decisions, through all available channels, most importantly the website.

2.2 The service provider shall communicate with customers at appropriate times and through appropriate channels, through the following:

2.2.1 Allowing customers to review the terms and conditions of the products they receive.

2.2.2 Providing customers with a complete, signed copy of the contract.

2.2.3 If installments are automatically deducted from the account, a reminder shall be sent to customers at least one day in advance.

2.2.4 Sending SMS reminders to customers ten days in advance.

3- Treating customers fairly and respectfully, through the following:

3.1 Including in the service provider's code of professional conduct a commitment to treating customers fairly and respectfully, through the following:

3.1.1 Including in the service provider's code of professional conduct core values, standards of professional conduct, and penalties for noncompliance to treating customers fairly and respectfully.

3.1.2 In case of a partnership with a third party, their code of conduct shall be reviewed to confirm this.

3.2 The service provider must not use aggressive sales tactics, through the following:

3.2.1 Establishing internal controls to monitor the marketing tactics used by employees or agents.

3.2.2 Ensuring that the incentives structure does not promote aggressive sales volume.

3.2.3 Motivating customer service employees to achieve positive customer outcomes, developing an incentive structure commensurate with achieving this goal, and linking incentives to the quality of the employee's portfolio.

3.3 The service provider shall adhere to appropriate collection procedures, by including in the collection policy appropriate and inappropriate practices, taking into account providing customers with sufficient time to repay and finding appropriate solutions in the event of default.

4- Ensuring the protection of customer data and informing customers of their rights in this regard, through the following:

4.1 The service provider shall maintain the security and confidentiality of customers' data, taking into account the legislations related to the protection and privacy of personal data. Thus, the service provider must adhere to the following:

4.1.1 Creating policies related to the security and confidentiality of customer data, including its collection, use, distribution, storage, and retention.

4.1.2 The service provider shall maintain paper and electronic documents in a secure system.

4.1.3 Conducting a customer data risk assessment at least once a year.

4.1.4 If a third party has access to customer data, agreements must be in place to maintain the security and confidentiality of that data.

4.2 The service provider shall inform customers of data privacy and make them aware of their rights and responsibilities, through the following:

4.2.1 Explaining to customers how their data will be used and shared with third parties, and obtaining customers' consent before using or sharing their data.

4.2.2 Informing customers of their right and responsibility to review and update their personal and financial data and correct any inaccurate data, if such exists.

5- Receiving and handling customer complaints, through the following:

5.1 The service provider shall provide multiple and accessible channels for receiving complaints, through the following:

5.1.1 Informing customers about how to file a complaint.

5.1.2 Providing appropriate channels for filing complaints.

5.1.3 Raising awareness among branch employees about the complaint filing procedures and the timeframes required for resolution and decision taking.

5.2 The service provider shall provide an efficient and effective mechanism for handling complaints, through the following:

5.2.1 Handling customer complaints quickly and effectively.

5.2.2 The complaints policy shall specify the classification of complaints according to their severity and the procedures for escalating high-risk complaints to senior management.

5.3 Using information generated from complaint analysis to manage operations and improve the quality of products and services provided, through the following:

5.3.1 Preparing a periodic complaint report for management and providing it to customer service staff.

5.3.2 Reviewing complaint reports and key performance indicators (such as average time to handling complaints and percentage of complaints resolved) by management and taking the necessary corrective actions to address the causes of the complaints.

5.3.3 Assisting customers in resolving their complaints with third parties if the service provider deals with a third party.