



FINANCIAL CONSUMER PROTECTION ANNUAL REPORT

**The Central Bank of Jordan
Financial Consumer Protection Department
Oct. 2020**

Preface

The issuance of the first financial consumer protection report comes in light of the Central Bank of Jordan's (CBJ's) continuous efforts to maintain a sound financial consumer protection system in Jordan. This has been the outcome of our plans to develop legislative and supervisory frameworks that ensure customers are being treated fairly and transparently when dealing with banks and non-banking financial companies.

This report highlights the measures taken by the CBJ during the COVID-19 pandemic to alleviate the burden consumers currently face as they try to manage their liabilities from banking and financial services. The report also includes the measures imposed on banks and non-banking financial companies by the CBJ during the years 2018-2020, which aimed to ensure their commitment to CBJ instructions regarding financial consumer protection.

These efforts did not come without unfavourable consequences. The financial sector has also witnessed cases which had adverse effects on large groups of customers such as scams and other forms of fraud. Therefore, the CBJ will continue to monitor the risks that may impact the financial consumer and work towards putting in place measures to counter these risks.

As for providing financial awareness as an important element in promoting protection for consumers of financial services, the CBJ attached particular importance to financial education, which targeted different strata of society. The CBJ will continue to publish this report periodically on its website.

The Governor

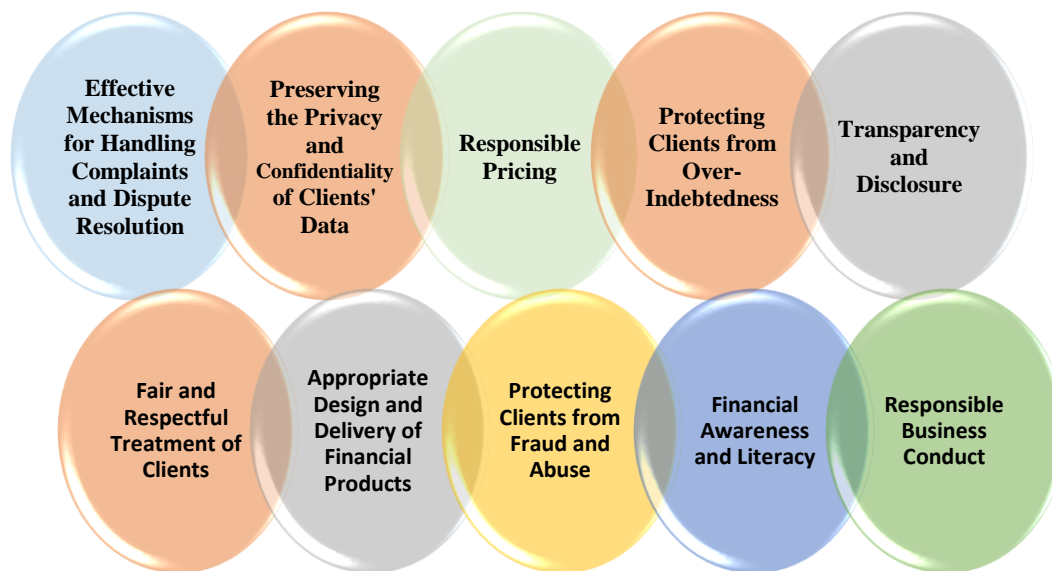
Dr. Ziad Fariz

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Introduction

The global financial crisis has shown the negative impact of information asymmetry and the imbalance of powers between providers of financial services and their clients. This prompted supervisory authorities around the world to search for a way to maintain customer confidence in the banking and financial sector, enhance transparency and competition standards among financial service providers, and protect them from reputational risks. This could be achieved through creating a legislative and regulatory framework that defines the relationship between financial and banking service providers and their clients, to ensure that clients obtain their rights upon grievance, and are being treated fairly and respectfully, in addition to raising clients' awareness and encouraging them to improve the knowledge and skills that are necessary for managing their money to enable them to make thoughtful financial decisions. Moreover, the lack of mechanisms protecting the financial sector's clients will make them more exposed to abusive sales and collection practices, as well as obtaining financial products and services that are not suitable for them and might harm their interests, which requires a financial consumer protection system that takes into consideration and achieves the following principles:

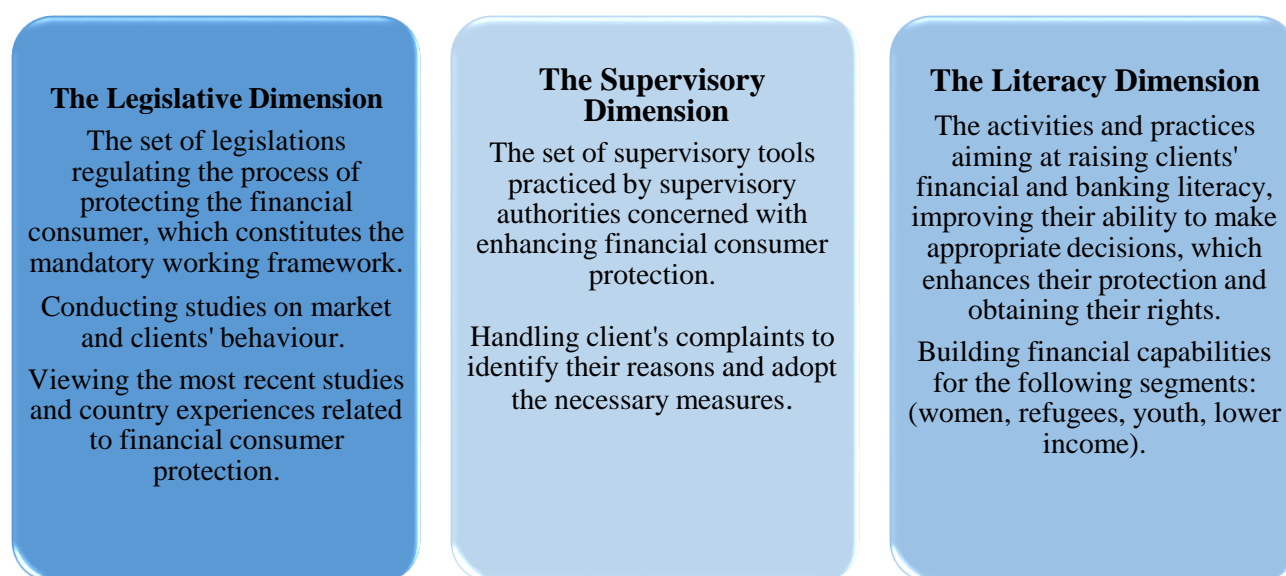


The availability of a comprehensive framework for financial consumer protection leads to higher confidence and competitiveness in the financial and banking system and thus improves the quality of financial services provided to clients. It also contributes to encouraging individuals and increasing their willingness to use financial services, which contributes to achieving sustainable economic development, stability of the financial system and enhancing financial inclusion, which is one of the pillars of the national strategic plan.

Owing to CBJ's keenness to provide protection for financial services clients, the "Instructions on Dealing with Customers Fairly and Transparently" were issued in 2012, which set the basic rules and controls for the mechanism of banks and non-banking financial institutions fair and transparent treatment of clients. In 2016, the CBJ Law was amended, and financial consumer protection was added to CBJ's responsibilities. Thus, in 2017 efforts were directed towards the establishment of a department concerned with financial consumer protection in the CBJ.

The department's scope of work covers retail customers (individuals) at banks and financial companies subject to CBJ's supervision and oversight. The focus is on this category because it is the most vulnerable to unfair treatment, in terms of insufficient information and poor financial literacy that enable them to make sound and informed financial decisions.

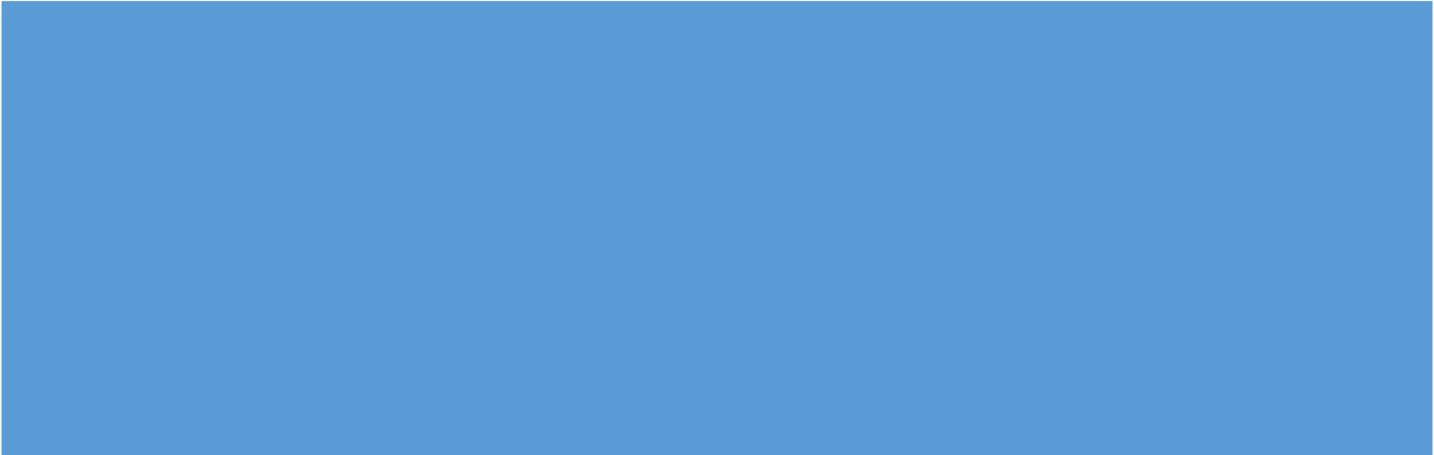
In this respect, the department's work concentrates on three main dimensions as follows:



The financial consumer protection report aims to highlight the CBJ's activities implemented during the period 2018-2020, in order to enhance the financial consumer rights protection system in Jordan. The report consists of six chapters. The first chapter clarified CBJ's measures to protect the financial consumer from the repercussions of the COVID-19 pandemic. While the second chapter demonstrated the legal framework for financial consumer protection in Jordan and the main related legislations. Whereas, the third chapter listed key supervisory activities of banks and non-banking financial companies subject to the supervision of the CBJ. The fourth chapter handled building financial capabilities, and the most prominent financial literacy and awareness initiatives. Meanwhile, the fifth chapter addressed monitoring and surveillance of market conduct practices in Jordan. Finally, the sixth chapter covered complaints of clients of banks and non-banking financial companies.



Chapter One
CBJ's Measures for Protecting the Financial Consumer under the
Repercussions of Covid-19 Pandemic



Measures aiming to contain the Repercussions of Coronavirus Crisis

Introduction

In light of the accelerating global developments resulting from the impact of novel coronavirus, and the challenges it imposed on the national economy, in addition to its negative effects on individual borrowers in terms of income loss/ or reduction, and the resulting impact on their ability to repay their debts from banks; the CBJ, since the beginning of the crisis in mid-March 2020, introduced a bundle of measures aiming to reduce the effects on the consumers of financial services, to the extent possible. These measures are summarized as follows:

1.1 Loan payment deferrals

The CBJ has been precautionous, since the beginning of the Corona pandemic in the Hashemite Kingdom of Jordan, regarding the negative effects on individuals who borrowed from banks. Hence, the CBJ allowed banks to defer loans payments for clients affected by the pandemic until end-2020 without charging any commissions and/ or delay interests.



In addition, the CBJ allowed banks to restructure the loans of clients, who meet the restructuring concept, without a down payment or delay interests. Moreover, the CBJ allowed microfinance companies to postpone the due installments on loans/ finances granted to clients negatively affected by the crisis for the months of April and May 2020, without charging any additional interests/ yields or commissions or fees.

Furthermore, the CBJ emphasized, pursuant to a circular issued for banks, on the importance of clear disclosure regarding the costs and interests collected from the client as a result of payment deferrals, and on following up with banks regarding not charging the early repayment fees on payments postponed during the curfew period which the clients want to pay.

The following tables clarify the number and value of installments deferred for individuals and companies during the months of March, April, May, and June.

“The number and value of installments postponed for individuals”

Month	Number of Installments	Size of Installments (JD)
March	659, 284	154, 467, 077
April	759, 684	184, 048, 187
May	747, 164	178, 422, 577
June	160, 528	56, 248, 659
Sum of deferred payments during the months (3-6/2020)		573, 186, 500

“The number and value of installments postponed for companies”

Month	Number of Installments	Size of Installments (JD)
March	6, 888	165, 421, 057
April	15, 800	354, 108, 471
May	17, 173	350, 658, 728
June	12, 414	243, 647, 494
Sum of deferred payments during the months (3-6/2020)		1, 113, 835, 750

In general, the total value of payments deferred by banks to clients, both individuals and companies, during the period from March until June reached around JD 1.7 billion.

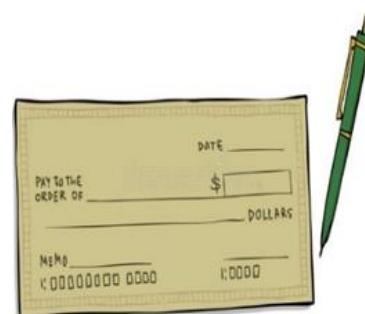
1.2 Reducing Interest Rates

In accordance with CBJ’s decisions of lowering interest rates on its monetary policy instruments by 1.5% in March, banks reduced interest rates on individual and retail clients’ credit facilities by a total of 1.5% by end-April 2020, with the aim to reduce financing and debt service costs for all economic activities, and contribute to enhancing the opportunities of economic activity recovery after the crisis. It is noteworthy that the number of clients who benefited from this reduction exceeded (300) thousand clients. In this respect, the CBJ followed up with banks to ensure their reduction of interest rates, whose impact was reflected on the clients through reducing their monthly payments and/ or payment period.



1.3 Measures related to cheques and their settlement

It was decided not to include the clients whose cheques were declined for financial reasons within the list of defaulted clients and not to charge them with commissions that apply to bounced cheques, for the cheques returned during the crisis, provided that this segment of clients is given an appropriate time period to settle their cheques.



1.4 Dealing with clients' complaints and inquiries

Despite the curfew, the CBJ continued receiving complaints through phone calls. An integrated team has been allocated to receive calls on mobile phones. The CBJ received over (5,000) calls, most of which were inquiries and complaints regarding payment deferrals.



Moreover, the CBJ handled all complaints received from the National Aid Fund (NAF) beneficiaries, whose financial assistance was transferred through e-wallets, as several technical issues have occurred, which have been dealt with to help the clients and deliver the transfers to their beneficiaries.

1.5 E-Wallets

Pursuant to government orders and precautionary measures implemented by the CBJ to counter the effects of the Coronavirus, the government has entrusted mobile payment services companies to deliver financial aid to day laborers, by opening electronic wallets, in accordance with simplified due diligence procedures principle in terms of identity identification and beneficial owners, to ensure access to formal financial services by all strata of society, and continue providing electronic payment services in a manner that appropriately meets the needs of the service recipients. Accordingly, citizens' willingness to open e-wallets has increased, resulting in a rise of the number of e-wallets from (371) thousand e-wallets since the beginning of the Coronavirus crisis, to (955) thousand e-wallets at the end of July 2020, which led the CBJ to deal with a huge number of complaints related to e-wallets. These complaints are being resolved, respectively.

In this respect, a circular was issued to mobile payment services providers on the importance of the commitment to the provisions of our instructions in this regard for dealing with clients' complaints professionally, efficiently, and effectively, and in a way that ensures following best practices in this regard, with the aim to preserve the clients' rights, companies' reputation, and clients' trust.

1.6 Withdrawals from ATMs

Within the framework of precautionary measures implemented by the CBJ to counter the impacts of the Coronavirus, and CBJ's keenness to provide clients' needs at lowest possible commissions; it was decided not to charge clients with any commissions for performing cash withdrawals from ATMs as of 16th March 2020 and until 9th August 2020. In addition, the CBJ coordinated with banks to equip mobile ATMs moving among different governorates in the kingdom, especially remote areas, or areas that were completely locked down.



Chapter Two

The legal framework for protecting the financial consumer in Jordan

Introduction:

The existence of a legal framework for the financial consumer protection allows the supervisory authority (the central bank) to monitor and supervise banks and non-banking financial companies and protect their customers. The legal framework for financial consumer protection must reflect the supervisory authority's concerns regarding the relationship between banks and non-banking financial companies and their clients. The framework should also include, at a minimum, the authority to set and enforce instructions and procedures that lead to protecting the financial consumer, as well as the authority to monitor and inspect financial services providers

Within the framework of the Central Bank of Jordan's keenness to enhance the principles of transparency and fairness in the dealings of banks and non-banking financial companies with their customers in a way that enhances the competitiveness of the banking and financial sector, contributes to protecting banks and non-banking financial companies subject to its supervision from reputational and legal risks, and ensures a sound and stable retail sector; the Central Bank Law was amended in 2016 by expanding the scope of the main functions of the bank according to what was mentioned in Clauses 13 and 14 of Article No. (4) as follows:

- Set the rules and controls necessary for the dealings of Banks and Financial Institutions with their customers in a fair and transparent manner.
- Increase the public's awareness on banking and financial activities.

Consequently, the issue of financial consumer protection has become one of the Central Bank's main tasks to achieve one of its objectives represented in achieving banking and financial stability.

The following are the instructions and circulars issued by the Central Bank that were intended to provide adequate protection for financial and banking services users:

1. Instructions on Dealing with Customers Fairly and Transparently no. (56/2012) dated 31/10/2012 and its amendments:

The aim of issuing	Promoting the values of dealing with customers with fairness and transparency, as an essential part of the bank's culture at all levels, in a way that ensures that the banking service or product provided to customers has clear and understandable characteristics and conditions that enable bank clients to understand the characteristics, benefits, risks and cost of the products provided to them.
Scope of application	Retail customers at banks.
The most important contents of instructions	<ul style="list-style-type: none"> - Transparency and Responsible Pricing. - Avoid over-indebtedness. - Appropriate collection procedures (practices). - The ethical behavior of the employee. - Mechanisms for handling and resolving customer complaints. - Privacy and confidentiality of customer information. - Commissions and Fees.
Instructions link	https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/e56e1e8f-526f-49d9-af0b-6dfb08b4d3de.pdf

2. Financial Consumer Protection Instructions and Complaints Handling for Mobile Payment System Customers no. (1/1/5/4941) dated 30/3/2017:

The aim of issuing	Organizing the relationship between the users of electronic wallets and the companies issuing them.
Scope of application	All mobile payment service companies and their agents licensed by the Central Bank
The most important contents of instructions	<ul style="list-style-type: none"> - Disclosure of sufficient information to the customer about the mobile payment service. - Protecting customer data. - Regulating the relationship between payment services providers and their customers in accordance with contractual agreements. - Mechanisms for handling and resolving customer complaints.

3. Instructions of the Internal Procedures for Handling Consumers' Complaints of Financial and Banking Services Providers no. (1/2017) dated 28/8/2017:

The aim of issuing	Set the general regulatory framework for the internal policies and procedures that must be put in place by financial and banking services providers regulated by the Central Bank of Jordan (CBJ) to handle consumers' complaints. This will ensure that consumers will access various financial and banking services in an integrated framework of transparency and disclosure during the financial engagement with the service provider.
Scope of application	Banks and non-banking financial institutions (MFIs, Electronic Payment and Money Transfer Companies, and Money Exchange Companies)
The most important contents of instructions	<ul style="list-style-type: none"> - The existence of policies and procedures for handling consumers' complaints. - Conditions that must be met in the consumers' complaints unit. - Informing customers of their right to submit complaints. - Means for submitting complaints. - Complaints registration procedures. - Time frame for complaints handling. - Complaints periodic reports.
Instructions link	https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/55c500f7-f8db-4b43-9757-3a18f00d00ef.pdf

4. Instructions of Financial Consumer Protection for Microfinance Sector no. (15/ 2018) dated 27/6/2018:

The aim of issuing	Promote the principles of the fair and respectful treatment of microfinance institutions consumers
Scope of application	All MFIs operating in the Kingdom
The most important contents of instructions	<ul style="list-style-type: none"> - Design of the product or service. - Credit policy and responsible pricing. - Consumers protection against over indebtedness. - Disclosure and transparency. - Consumers' data protection. - Fair and respectful treatment of consumers. - Handling consumers' complaints.
Instructions link	https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/2cb0f489-ba5c-4add-b807-829a9632479c.docx

5. The Instructions of Financial Consumer Protection for Customers with Disabilities no. (18/2018) dated 18/11/2018:

The aim of issuing	Removing all physical and behavioral barriers which impede or hinder access to the banking and financial services by customers with disabilities.
Scope of application	Banks and non-banking financial institutions
The most important contents of instructions	<ul style="list-style-type: none"> - Procedures to ensure that customers with disabilities can easily access financial and banking services. - Preparing buildings, roads, and parking spaces to accommodate their needs. - Providing specialized Automated Teller Machines (ATMs). - Enabling clients with visual impairment to use financial and banking services without the need for witnesses, and use the stamp or electronic fingerprint.
Instructions link	https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/2cffa924-cc7d-4852-90d8-1468bd39cbdb.pdf

6. Instructions of the Basic Bank Account no. (1/2019) dated 4/2/2019:

The aim of issuing	Enabling legally qualified citizens to own a bank account, and enhancing their saving culture in a way that facilitates life for them and improves their standard of living, thus enhancing financial inclusion and contributing to achieve financial, economic and social stability
Scope of application	Retail customers at banks
The most important contents of instructions	<ul style="list-style-type: none"> - Simplified due diligence procedures for account opening. - There is no minimum balance. - Exempting the customer from some commissions and fees, and providing basic banking services such as withdrawals, deposits, and bank transfers, as well as electronic banking services.
Instructions link	https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/62366192-14f9-4ab5-9e58-0546bf93768c.pdf

7. Circular regarding the amendment of reference interest rate No. (27/3/2502) dated 15/2/2018:

The aim of issuing	<ul style="list-style-type: none"> - Finding a reference interest rate for pricing loans, so that the reference rate is based on actual transactions and no party can influence it. - Linking the variable interest rate to the monthly rate of the effective interest rate in the interbank lending market (over-night interbank) announced by the Central Bank of Jordan.
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8. Circular regarding the prizes related to saving accounts no. (27/5/3808) dated 10/3/2019:

The aim of issuing	Organizing the process of awarding prizes to savings accounts with banks through quantitative and qualitative controls during the year 2020, provided that they are completely canceled at banks as of the beginning of 2021, with the exception of what is related to reward and benefits programs that all customers benefit from as a result of their use of the bank's services and products.
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9. Circular regarding credit facilities contracts for banks no. (27/1/9889) dated 29/7/2018:

The aim of issuing	Not including unfair terms against the client and /or inconsistent with the provisions of the instructions in force within banks contracts.
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10. Circular regarding credit facilities contracts for MFIs no. (27/4/7362) dated 14/5/2019:

The aim of issuing	Not including unfair terms against the client and/or inconsistent with the provisions of the instructions in force within MFIs contracts.
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11. Circular regarding DagCoin no. (27/4/16361) dated 24/11/2019:

The aim of issuing	Prohibiting all forms of dealing in all types of cryptocurrencies, whether directly or indirectly, including buying, selling, exchanging them, dealing in futures contracts or investing in investment funds or index funds of these currencies, whether for the benefit of banks, companies or customers.
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12. Circular regarding the periodicity of interest rate adjustment no. (27/1/4872) dated 27/4/2020:

The aim of issuing	<ul style="list-style-type: none">- Standardizing the periodicity of interest rate adjustment at banks, so that the periodicity of the interest rate is quarterly on all existing credit facilities that include a variable interest rate.- Not to raise the interest rate on customers, when the period of adjustment subsequent to the date of the interest rate reduction is due, and until the end of 2020, unless the Central Bank changes interest rates.- Notifying clients of the interest rate and the monthly installment, as well as the new periodicity to amend the interest rate.
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13. Circular regarding e-wallets no. (27/4/5415) dated 13/5/2020:

The aim of issuing	Ensure that payment services companies handle customer complaints in a professional, efficient and effective manner.
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14. Circular regarding announcing the costs of postponing installments to customers during the year 2020 no. (27/1/5545) dated 18/5/2020:

The aim of issuing	A clear announcement by the banks of all costs and interest that will be collected from the customer as a result of the installment postponement.
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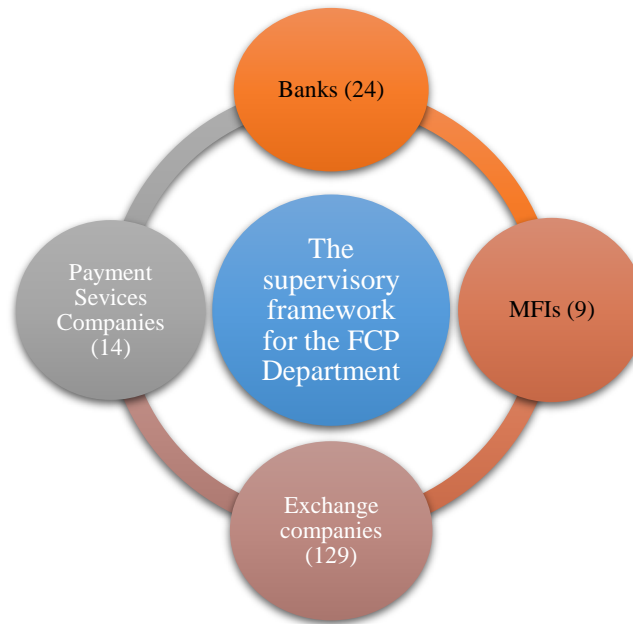
Chapter Three

Supervisory and inspection activities over banks and non-banking financial Institutions

Introduction:

The supervisory framework for the Financial Consumer Protection Department includes both banks and non-banking financial institutions, which include (MFIs, Electronic Payment and Money Transfer Companies, and Money Exchange Companies).

The banking sector constitutes the largest percentage of the financial system in the Kingdom, followed by non-banking financial institutions that complement the banking business with a wide variety of products and services and with their ability to interact live and continuously with the renewable requirements of the market and serve their customers and the national economy as a whole. This is so especially in light of the targeting of these institutions to certain sectors and groups that could not reach the banks, and their enjoyment of some advantages that give them the ability to overcome some obstacles and barriers.



The basic supervisory work to protect the financial consumer is based on the use of a group of control tools, represented by the following:

- Off-site Supervision.
- On-site Supervision.
- Mystery Shopping.

3.1 Off-site Supervision

Includes the supervisory work that is practiced by the Central Bank through received periodic statements and any requested documents, where compliance with the main consumer protection requirements is examined, and preparatory information is provided for the upcoming on-site inspection. This is in addition to monitoring indicators that may require specialized on-site inspection work (Thematic Inspection). In this regard, from the beginning of 2018 until the first half of 2020, the department carried out many off-site inspections of banks and non-banking financial institutions in the Kingdom, and the following are the most important topics that were supervised:

3.1.1 Off-site Supervision over contracts

During (2018-2019), a sample of loan contracts for retail clients was studied for all banks and MFIs, in order to determine the terms of the contracts and the extent of their compliance with the Central Bank's instructions for the financial consumer protection and verify that they did not include unfair provisions against the debtor and / or the guarantor or clauses from one party. The inspection results showed the following:



- Contracts contain explicit violations, such as some unclear texts that may have more than one explanation and/or the interest rate of the contract is not clearly mentioned, and/ or contracts do not include the conditions of the early payment mechanism ... etc.
- Contracts include clauses that violate the rights of clients / guarantors and contradict the principles of financial consumer protection, especially with regard to including clauses that the customer tacitly agrees to and waives his right to object.

Based on the observations and violations that have been monitored, a circular was issued to each of the banks and MFIs to correct all the observations that appeared on their contracts. The Central Bank ensured that banks and MFIs corrected the situation.

3.1.2 Web Sites

The websites of banks and financial institutions are monitored and reviewed periodically to ensure their commitment to disclose all details of the products/ services they provide, including interest rates/ returns, commissions and fees and the customer's ability to file a complaint through these websites. In addition, all banks and non-banking financial institutions are required to update the above-mentioned data on their websites.



3.1.3 Advertisements

The advertisements of banks and non-banking financial institutions are monitored on an ongoing basis on various advertising media and social media to assess the content of the ads in terms of not containing exaggerations and/ or the absence of vague or unclear phrases or incorrect promises. A sample from the beneficiaries of the advertised product is asked to ensure that the banks adhere to these terms.

3.1.4 Acknowledgments

During the year 2019, a study was prepared to review acknowledgments and permits for access and/ or exchange and/ or inquiries about data and information that customers sign on, in order to ensure that all expressions used in drafting contract clauses and /or appendices do not carry in their content anything indicating the cancellation

of banking confidentiality provisions or inconsistent with them. Based on this study, a circular was issued to banks to review the forms that the clients/ guarantors sign on; they shall not include any items stating that the client revokes his right to banking confidentiality. In addition, banks were directed to prepare a separate form (informed statement) so that the formulation of the form is clear in scope, specifying the reasons, and limited to the purpose for which the customer's consent was obtained.



3.1.5 Internal Procedures for Handling Consumers' Complaints of Financial and Banking Services Providers

To ensure that banks and non-banking financial institutions deal with their consumers' complaints efficiently and effectively, the Central Bank's instructions obligated all financial and banking service providers to have units to receive customer complaints. Therefore, during the years 2018-2020, the policies/procedures of banks and non-banking financial institutions to handle their consumers' complaints were studied, in order to ensure that banks and companies

practice their work in a responsible professional manner and to achieve a better interest of customers in all stages of their dealings. The study showed the existence of some observations, most of which focused on that banks and non-banking financial institutions did not include some clauses in their policies. As a result, banks and companies were directed to make the necessary adjustments, and these observations are also taken into account when performing the comprehensive inspection tasks.



3.1.6 Commissions and fees

During the year 2012, the Central Bank set a maximum limit for commissions and fees that banks can charge from their customers on various banking services. In order to ensure that banks adhere to these limits, the Central Bank studied during the year (2019) the rates of fees and commissions on products and services for retail customers published on banks' websites and compared them with the maximum limits of commissions and fees in particular. It was found that some banks have included

commissions not stipulated in the enforceable instructions or failed to comply with the maximum limits of the commissions and fees in those instructions, and, accordingly, the concerned banks have been addressed to correct their violations.

As for the commissions and fees imposed by the MFIs, being recently subjected to the supervision of the Central Bank, the Central Bank, during the first half of 2020, reviewed the rates of fees and commissions imposed by the MFIs on the loans/ financing granted by them, with the aim of studying setting clear frameworks to define the maximum fees and commissions that MFIs can impose. This contributes to increasing competitiveness among companies and reducing exaggeration in fees and commission rates.



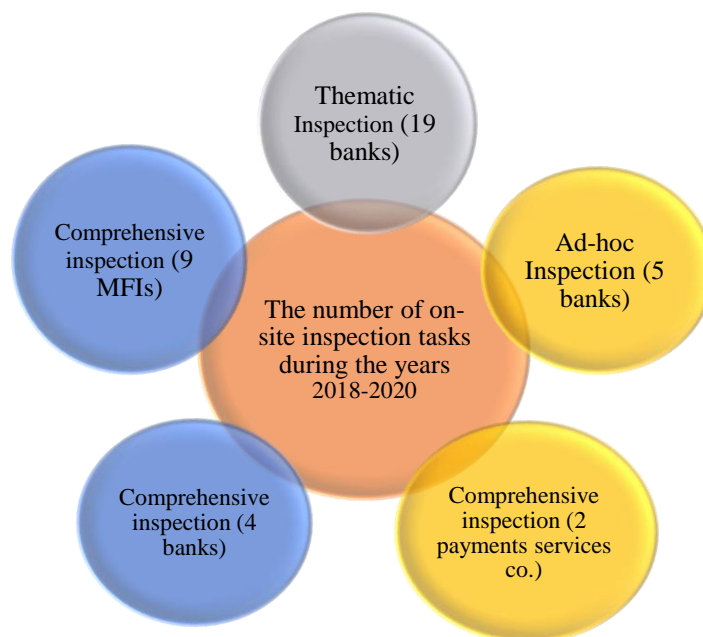
3.2 On-site Supervision

On- site supervision aims to verify the compliance of banks and non-banking financial institutions with the laws and legislations issued by the Central Bank. The on-site supervision takes the following types:

- a. Comprehensive inspection: on-site inspection mission where the inspection team visits a bank / non-banking financial institution to find out all aspects related to issues that help in protecting the financial consumer.
- b. Thematic Inspection: on-site inspection mission that aims to verify a specific issue with all banks/ financial institutions.
- c. Ad-hoc Inspection: on-site inspection mission regarding a specific issue with a bank/ financial institution as a result of a complaint submitted by a customer / number of clients or a note from another party.



During the years 2018-2020, 39 inspection missions of various kinds were conducted.



3.2.1 On-site Supervision on banks

During the years (2018-2019), several inspection missions were carried out, as follows:

- **Comprehensive inspection:**

Four comprehensive inspection tasks were carried out to evaluate the performance of banks in relation to financial consumer protection, such as the procedures followed by the bank for Handling Consumers' Complaints (complaints handling unit and its employees, complaints system, customer awareness of their right to file complaints and ways to do so), the banking products provided for retail customers (credit policy, contracts and appendices), and the extent of compliance with the Central Bank's instructions for consumer protection. Based on the results of the inspection, the notes were reported to the banks and they were corrected by them.

- **Thematic Inspection:**

Three topics that have a direct impact on clients have been selected, as follows:

1. The mechanism that banks use to adjust the interest rate for the customer, the mechanism for notifying the customer of the change in the interest rate, the effectiveness of the method used for that, and the adequacy and clarity of the information mentioned in the notice.
2. Commission for granting credit with banks and the extent of their commitment to this commission.
3. The mechanism used to structure clients' personal and real estate loans, commissions and fees levied from clients.

The above three topics were examined at (19) banks, and based on the inspection results, the following were requested from the banks:

- ✓ Amending the content of interest rate adjustment notices to include sufficient information that is understandable by customers.
- ✓ Adopting more effective and faster mechanisms to notify customers, such as using short text messages (SMS) instead of sending paper notices through the mail or delivering them to customers through branches, so that periodic follow-up is done with banks to confirm and correct.

- **Ad-hoc Inspection:**

During the year 2019, (5) inspection missions were carried out based on complaints submitted by clients to the Central Bank. The following topics were inspected:

- ✓ Acceptance of guaranteeing clients burdened with obligations in a manner that exceeds the debt burden ratio permitted under the bank's credit policy.
- ✓ Rising monthly installment amounts for customer loans and the balloon payment phenomenon.
- ✓ Not informing customers of commissions and fees imposed on credit cards, and not sending SMS with commissions and fees that are charged to the account of those cards.
- ✓ Complaints related to contracts and terms of business.
- ✓ Ensure that banks are ready to serve customers with disabilities.

At the end of the aforementioned inspection tasks, banks were addressed to take the necessary corrective and preventive measures regarding the above, such as:

- Amending the values of commissions collected from clients as stipulated in the Central Bank instructions.
- Giving the necessary importance regarding the client's awareness of the financial and legal obligations entailed by him, whether as a debtor or a guarantor.
- Ensuring that the client is notified immediately of all movements that take place on his accounts, including commissions and fees.

A periodic follow-up is to be done for verification and correction, not only for clients submitting complaints, but for all clients.

3.2.2 On-site Supervision on MFIs

During the second half of the year 2019, the Central Bank began conducting diagnostic rounds on the MFIs, which numbered (9) institutions, and by the end of the year, inspections were completed on all these institutions. The scope of inspection included the following:

- Ensuring the availability of the basic elements for the work of the complaints unit and the mechanism for its work, and its compliance with the supervisory instructions and work procedures related to it, as well as the availability of an organizational structure for the unit and a clear definition of duties and responsibilities and the availability of qualified

human cadres to perform the tasks assigned to it to the fullest, and ensuring the independence of the unit to carry out its work.

- An assessment of the readiness/ commitment of these institutions to implement the provisions of our instructions in this regard, namely (Instructions of the Internal Procedures for Handling Consumers' Complaints of Financial and Banking Services Providers, Instructions of Financial Consumer Protection for Microfinance Sector, The Instructions of Financial Consumer Protection for Customers with Disabilities).

Based on the inspection reports prepared on these institutions, many of the violations and observations that were detected have been corrected.

3.2.3 On-site Supervision on electronic payment and money transfer companies

During the second half of the year 2020, the Central Bank began inspecting the payment services companies, which numbered (7) companies. Inspection work was completed on two companies in order to assess the performance of these companies in relation to financial consumer protection issues such as the procedures followed by companies for handling consumers' complaints, the products and services provided to clients, and the extent of compliance with the Central Bank's instructions for consumer protection.



Chapter Five

Market Practices Surveillance and Monitoring



Introduction

Monitoring any unsafe financial practices occurring in the local market falls within the scope of CBJ's responsibilities. The source of such practices is either unlicensed companies or fraudulent acts aiming to earn illegal money. The supervisory approach of these practices depends on following up the advertisements on social networking websites and advertisements on several commercial TV channels and/ or receiving complaints and inquiries from clients who became victims of scams and fraud.

The most prominent fraudulent practices that were spotted during the years 2017-2019 are:

5.1 Intermediation between Banks and Clients

Some individuals or companies, registered with the Ministry of Industry and Trade, claimed to be intermediaries between banks and individuals to facilitate the process of obtaining loans from banks against charging flat commissions that may reach JD (250). When the citizen pays the commission, the intermediary company procrastinates or does not answer the telephone calls. This phenomenon appeared during the period 2016-2019.

With a view to protecting the citizen from this phenomenon, the CBJ issued warnings for citizens through various advertising media during the years 2016-2018 which included that the aim of the intermediation method is deceiving the citizens and getting money from them without providing any service. It was also emphasized that the only safe and appropriate method of obtaining a loan is through direct application to banks and licensed finance companies, and that the decision of extending credit is up to banks and finance companies and according to the credit policies approved by their boards of directors.

Moreover, the CBJ addressed the Ministry of Industry, Trade and Supply, to ensure not registering the goal of intermediation in obtaining loans from banks, since this activity is not permitted in the Kingdom. Despite the warnings made by the CBJ, this phenomenon continues and several citizens have been scammed by these companies.

5.2 Fictitious Transfers

During the years 2018-2020, several people impersonating a central bank, banks or exchange companies communicated with citizens via phone calls, text messages, or e-mail, claiming that there are incoming transfers for them sent by Gulf princes, and that the transfer is seized at the exchange companies or the central bank. Therefore, the citizen has to transfer a certain amount of money for these remittances to be released. It is noteworthy, that several citizens have become victims to such a fraud.

As a measure adopted by the CBJ to address this phenomenon, a press release has been issued for citizens to warn them from such people. In addition, the General Attorney was provided with the names of people who commit fraud.

5.3 Dagcoin

The CBJ banned dealing with all types of cryptocurrencies during the previous period, pursuant to several circulars addressed to all banks and financial companies subject to its oversight and supervision. In 2019, a widespread dealing with Dagcoin, by promoting the currency on a large scale on the "Facebook" website, has been noticed. Additionally, several stores in the kingdom accepted payments in this currency.

To protect citizens from the risks of dealing with this currency, being based on Pyramid marketing; the CBJ issued a press release through different advertising means warning the citizens from dealing with all kinds of these currencies, because of their high risks represented by, for example and not limited to, their severe price volatility, financial crimes, online piracy, and the risk of losing their value. In addition, there are legal risks of dealing with these currencies, as they are not classified as money, nor even as private property according to the legislations, laws, and regulations in force in the kingdom, due to their lack of physical coverage, and not being issued by a licensed or accredited party that legally binds to them.

The CBJ also emphasized, for banks and all financial companies subject to its supervision, on banning all forms of dealing, either directly or indirectly, with all types of cryptocurrencies; including the DagCoin, whether it is for the benefit of banks, companies, or clients.



Chapter Six
Consumers' Complaints of Banks and Non-Banking Financial
Companies



Introduction

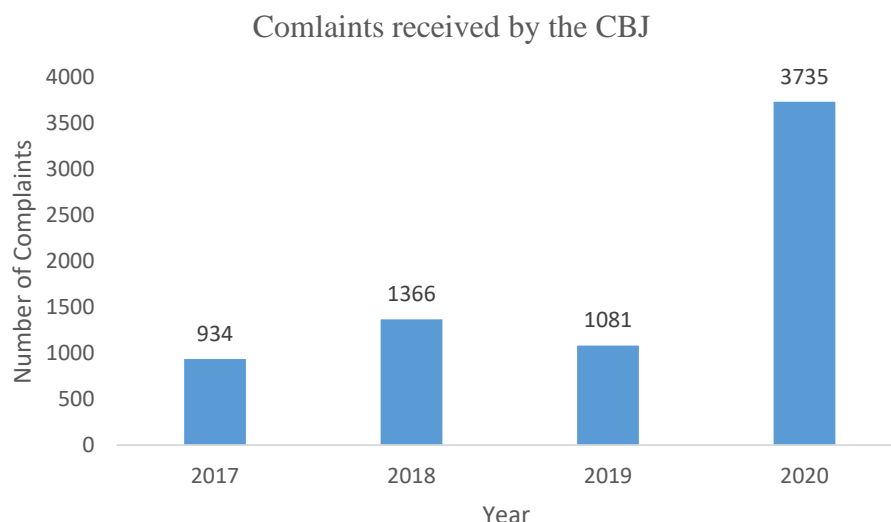
In light of the CBJ's keenness to establish the rules for treating the clients of banks and non-banking financial companies fairly and respectfully, in addition to providing protection for consumers of financial and banking services; the CBJ pays a special attention to dealing with clients' complaints and ensuring their rights to lodge grievances. The CBJ acts as a link between providers of financial and banking services and clients, to avoid unfair practices against clients.

6.1 Directly receiving clients' complaints

- ✓ The CBJ receives the complaints through a special division, as it provides various channels to make it easier for the citizens to deliver their complaints to the CBJ. These channels include:

- 1- Phone Calls
- 2- Personal Attendance
- 3- CBJ's Website
- 4- E-mail
- 5- Complaints and Suggestions Box
- 6- Ministry of Public Sector Development Website
- 7- Fax
- 8- Mail

The chart below shows the complaints received by the CBJ against financial and banking service providers, during the period (2017-Jun.2020):



In this regard, we would like to point out that the time-period targeted to handle clients' complaints at the CBJ ranges from one day up to ten days.

6.2 "At Your Service" Online Platform

The Jordanian government launched the "At Your Service" interactive online platform in December 2018. The platform enables the citizens to deliver their views to the government and its institutions through raising inquiries, suggestions, sending complaints, and reporting any violations.



Being a member of "At Your Service" Platform, the CBJ; as an authority concerned with handling clients' complaints against banks and non-banking financial companies, and with the aim to provide direct response to the complaints received by the platform; has implemented the following measures:

- Appointed four liaison officers and provided them with the authorities that enable them to carry out the tasks assigned to them.
- Secured the necessary requirements for liaison officers' work, including computers and phone lines, to be able to communicate with citizens directly.

In this respect, the CBJ dealt with (1,584) applications since December 16th 2018, until June 30th 2020. All these complaints were closed on time.

6.3 Consumers' Complaints Report of Banks and Non-Banking Financial Companies

Since the establishment of the Financial Consumer Protection Department in early 2017, the CBJ continuously issued a semi-annual report regarding Clients' Complaints of Banks and Non-Banking Financial Companies. Five reports have been issued until June 30th, 2020.

The issuance of periodic reports on complaints by the CBJ aims at determining the themes of the complaints against banks and non-banking financial companies, and their frequency, and accordingly implementing the necessary measures in their regard, including improving their procedures regarding these complaints. It is to be noted that all complaints reports are published on the CBJ's website.