



## Guidance on Fair and Clear Relations with Customers

### Rationale

WSBI/ESBG members enjoy a long history of socially responsible banking. Although their organisational structure differs from country to country, they share important values in their business policy, which are embedded in the three “Rs”:

- **Retail:** they are active in providing retail financial services for individual consumers, households, SMEs, local authorities
- **Regional:** they are often organised in broad decentralised distribution networks, providing local and regional outreach and offer their services throughout their region
- **Responsible:** they have invested responsibly in their region for many decades and are one distinct benchmark for corporate social responsibility (CSR) activities throughout Europe and the world.

They embody a “stakeholder” model, seeking at the same time to be profitable, but also to bring value and a return to society and the whole community of stakeholders which surround them - suppliers, customers, employees and the local community in which they operate. This tradition of a responsible approach to business and strong social values have withstood the test of time and are increasingly pertinent and relevant in today’s globalised world and in the aftermath of the shocks that have hit the banking and financial sector in 2007/2008 and the ensuing impact on the global economy.

Trust in the financial services sector is of crucial importance and it is a major task for financial institutions to regain the trust of the general public, in situations where this has been adversely affected. Fair and clear relations with customers is however a traditional long-standing value and practice of the some 6,000 savings and retail banks that make up the membership of WSBI/ESBG in just over 90 countries worldwide. Accordingly, as a part of this philosophy and also in order to enhance their commitment to building, maintaining and enhancing a long-term relationship of confidence with customers, WSBI/ESBG has decided to draw up a Guidance on Fair and Clear Relations with Customers.

The Guidance on Fair and Clear Relations with Customers is a follow-up to the Charter for Responsible Business that was adopted by the ESBG Board in May 2008 and by the WSBI Board in April 2009. It is the second in the series after a “Guidance Framework on Climate Change”, an internal document that was published in December 2008.





## The Guidance

The following is an extract from the WSBI/ESBG Charter for Responsible Business on the principle of fair and clear relations with customers:

“In order to build and maintain a long-term relationship of confidence with customers, WSBI/ESBG member savings and retail banks:

- Provide clear and honest information on products and services and other terms and conditions of use
- Advertise responsibly and ensure the visibility of information on products and services both in the branches and on Internet sites
- Provide advice that meets the needs of customers and promote products and services that are appropriate to their personal circumstances and risk profile
- Consider all cases of financial difficulty sympathetically
- Inform and communicate with customers and deal with customer complaints quickly and efficiently.”

In this context, the principle of fair and clear relations with customers is defined as providing clear, transparent and understandable information and advice to enable customers to assess whether the proposed product or service is appropriate to their personal circumstances and risk profile. Such measures can be enhanced by initiatives to promote financial education and literacy as well as financial inclusion measures.

It is widely recognised that a good customer relations policy based on concepts such as transparency, personalised advice, trust, attention to customers in difficult financial circumstances, rapid response to customer requests, etc. are key elements to secure customer satisfaction and confidence and to establishing and maintaining a long-term relationship with customers.

Accordingly the WSBI/ESBG Guidance on Fair and Clear Relations with Customers outlines the importance of a Customer Policy that is transposed over all areas of the business and communicated actively internally and externally by a financial institution. It draws inspiration from the experience and best practice in a number of the European members of WSBI/ESBG. The Guidance is non-binding and can be implemented in various ways depending on the organisation of the financial institutions and the culture and working methods in any particular country.

WSBI/ESBG are convinced that a good Customer Policy based on fair and clear relations with customers is a very important tool for building trust and confidence with customers and the general public and establishing a long-term mutually beneficial banking relationship. This is particularly important in the aftermath of the recent economic and financial crisis, when the trust and confidence of the general public in the banking sector is low in many countries.

Such a policy combined with an overall responsible approach to doing business is part of the tradition of the “stakeholder” model of WSBI/ESBG members and should be a win-win proposition for them and their customers, particularly in these difficult times.

The full text of the Guidance, which is an internal document, can be accessed on the WSBI/ESBG Extranet. Please click on Responsible Business followed by Guidance.