

# Banking Activities Standards

Standard ČBA No. 19

Code of Conduct on Relations between Banks and Clients



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## PREAMBLE

The banks associated in the Czech Banking Association consider customer care and satisfaction one of the major pillars of their business strategies. The effort to achieve a relationship based on mutual trust and collaboration between the bank and its client represents a core motive of banks' activities.

A good bank is primarily a reliable bank. To be such a bank requires maintaining a high standard toward its clients, on which they can always rely. Clearly defined rules for establishing, maintaining, and eventually terminating relationships between the client and the bank may serve as a framework, on which a solid, certain and mutually beneficial foundation may be built.

However, the banks are well aware of variety of their clients and differences in the nature of relationships with specific client types. The banks realize that such generally acknowledged facts are gaining importance particularly in situations when the relationship between the bank and the client does not seem to be well balanced, i.e. in cases when possibilities and knowledge of one party objectively exceed those of the other party, that is primarily in their relationships with individual clients.

Regardless of capabilities of every single client and circumstances of a particular business case, it has to be assumed, that the bank as a professional deals with clients who may lack specific knowledge of the banking and financial services area. Bearing in mind such an imbalance, it is important not only to observe the rules stipulated by legislation in force, but also to inform the clients about existence of such rules in a timely manner and to give them factual contents and purposes. Therefore, the banks are prepared, among other things, to support professional education of the public in the banking area.

In order to ensure a consistent approach by the member banks to the specific position of individual clientele and to set down a certain minimum standard of customer care of this type, the Czech Banking Association (hereinafter the "CBA") has issued this Standard No. 19/2005 (hereinafter the "Standard"), whereby it is at the discretion of each of the member banks to adopt even higher standard towards its clients. The CBA is convinced that the contribution of the Standard can be of significant importance in ensuring that the clients are not only fully aware of their rights, but also that they exercise them properly.

The CBA hereby invites all member banks to comply with the Standard (formal requirements for accession to the Standard are described hereunder in the Part 5) and to incorporate its content into their internal regulations. The CBA member banks are also encouraged to inform their clients and the broad public about such their commitment.

The CBA monitors observance of the Standard on an ongoing basis and, if needed, it updates the Standard upon an assessment of its effectiveness. The first update was performed in July 2007, at which time the results of the analysis of the application of the Standard carried out by the Consumers Defence Association (Sdružení obrany spotřebitelů - SOS) were utilised, among others.

## 1. INTRODUCTION

- 1.1 For purposes of the Standard, the term “client” is used to refer to a bank customer, who is an individual and who does not establish the relationship with the bank for the purpose of or in the connection with doing business.
- 1.2 Banking activities are in general subject to a number of European Communities legislative measures, some of which may only be recommendations while others are binding directly or by means of the Czech national legislation.
- 1.3 The relationships between the banks and their clients and their rights and obligations in the Czech legislation are governed particularly by Act No. 513/1990 Coll., the Commercial Code; Act No. 40/1964 Coll., the Civil Code; Act No. 21/1992 Coll., on Banks; Act No. 284/2009 Coll., on Payment Services; Act No. 253/2008 Coll., on Certain Measures against Legitimation of Proceeds of Crime and Financing Terrorism; Act No. 229/2002 Coll., on Financial Arbitrator; Act No. 101/2000 Coll., on Personal Data Protection; and other laws and regulations.
- 1.4 Some relationships between the banks and their clients may also be governed by the provisions of the Act No. 321/2001 Coll., on Certain Conditions of the Consumer Credit and by the provisions of the Act No. 634/1992 Coll., on Consumer Protection, while other may be subject to the provisions of the Act No. 96/1993 Coll., on Building Saving Systems.
- 1.5 Apart from binding legislation, the banks also accede to other guidelines that are accepted in the form of codes, recommendations or minimum standards, which are in general used to establish certain ethical principles, to ensure a greater transparency, a better overview and overall better quality of the services provided within the banking sector.
- 1.6 **A bank that accedes to the Standard undertakes to comply with the following:**
  - 1.6.1 The bank shall appropriately inform its clients or prospective clients that it has acceded to the Standard and how the clients can get acquainted with the Standard’s wording.
  - 1.6.2 If the bank provides home loans, it shall also appropriately inform the clients or prospective clients, whether it has undertaken to comply with the CBA Standard No. 18/2005 – Principles of Providing Pre-contractual Information for Home Loans and on Code of Conduct on Pre-contractual Information for Home Loans, and if appropriate, how the client can get acquainted with the content of these documents.
  - 1.6.3 In its informative, advertising and promotional materials, the bank shall state true, up-to-date, and understandable information and avoid stating any information that might be misleading for its clients. In its advertising and promotional activities, the bank shall primarily comply with the provisions of the Act No. 40/1995, on Advertising Regulation and the related Code of Advertising issued by the Advertising Council of the Czech Republic.

## 2. RIGHTS OF CLIENTS IN RELATION TO BANKS

### 2.1 **Advice and Information**

- 2.1.1 The client has the right to request from his/her bank, or from a bank with which he/she intends to open an account or to establish other contractual relationship, reasonable information and explanation relating to existing or intended contractual relationship as well as basic features of the products offered.
- 2.1.2 The client may request his/her bank, or a bank with which he/she intends to establish a contractual relationship, for a consultation on how to proceed when making decisions concerning his/her existing or intended contractual relationship. In particular, the client has

the right to consult with the bank which products would be suitable for him/her with respect to their prices and features that makes them different from other products offered by the bank. The bank shall provide the client with a maximum information on alternative solutions indicating the substantial differences among them that are to be taken in consideration by the client during his/her decision-making process, especially with respect to their costs.

- 2.1.3 The information provided by the bank may directly be a part of the contract concluded with the client, or it may be a part of the general business terms and conditions or other business conditions applied by the bank in connection with its particular products or services, or it may be provided separately to the client.
- 2.1.4 If no specific form of providing information is defined either by law, other legal regulations, the Standard, an agreement with the client or any other any manner, the bank is entitled to provide or make accessible information in writing or verbally, by phone, fax, electronic mail, on its official web-site, by a notice sent to the client's address or posted in the bank's branches, or by leaflets and brochures available to the client at the bank's branches.
- 2.1.5 Prior to conclusion of the respective contract the bank shall inform the client that, in accordance with the legislation in force, he/she has the right to refuse sending of advertising and promotional materials, and that the client may do so when executing the contract or at any time during the contractual relationship with the bank.

## **2.2 Business Conditions**

- 2.2.1 The client has the right to receive the general business terms and conditions of the bank or other business conditions applied by the bank to its particular services and products, or to view them on the web-site of the bank. The client is entitled to ask for a detailed explanation of the general business terms and conditions of the bank or of any other business conditions applied by the bank to its particular services or products.
- 2.2.2 The banks shall appropriately inform their clients about changes to the general business terms and conditions and to any other business conditions applied by the banks to their particular services and products. The banks shall do so sufficiently in advance, but in any case at least 30 days before the changes take effect to allow their clients to consider in this timeframe whether and how they will react to the new terms and conditions. If the changes pertain to the terms and conditions of a framework payment services contract<sup>1</sup>, the bank shall propose these changes to its clients at least 2 months prior to the date such changes are to take effect to allow their clients in this timeframe to consider whether and how they will respond to the new terms and conditions<sup>2</sup>.

## **2.3 Information on Account Maintenance and Provided Services**

- 2.3.1 The client has the right to be informed about dates when and how frequently particular fees are charged, dates in which accepted payment orders are effected and requirements related to other transactions. The client has the right to receive this information from the bank before executing a contract on opening/maintenance of account or other respective contract.

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<sup>1</sup> Framework payment services contract: this is not the actual name of an agreement, but a general term encompassing all agreements that regulate the terms and conditions for providing payment services on payment accounts, i.e., on accounts intended for use with payment services (e.g., current account agreement, direct banking agreement) or the terms and conditions for executing various undetermined (in the agreement) payment transactions (e.g., credit card agreement). Framework payment services agreements as a rule do not regulate accounts where the client is significantly restricted in disposing of the funds thereon at will, such as term deposit accounts or building savings accounts maintained by building savings banks. Building savings banks thus do not provide payment services based on framework contracts.

<sup>2</sup> A different procedure can be agreed in accordance with the Payment Systems Act in the event of changes to interest rates and exchange rates.

- 2.3.2 The client has the right to receive information about entries on his/her account on a regular basis. This information is usually provided to the client in his/her account statement, whereas the decision on form and frequency of account statements issue from possibilities offered by the bank is a matter of agreement between the bank and the client. A range of possibilities offered by the bank as to forms and frequencies of account statements issue may be limited by conditions related to other services provided to the client. In the case of information on transactions on the payment account – payment account statements or credit card statements – the agreed interval for the provision of this information cannot be longer than 1 month.
- 2.3.3 Banks inform clients, in appropriate way, about the fee depending on the form and frequency of account statement.
- 2.3.4 Client has the right to be provided with additional copy of account statement, written payment order, collection order or other documents related to the management of his account, based on which transactions were carried out on this account, not older than 10 years (in compliance with the rules for filing). Bank will provide him with these documents in adequate time and for an adequate fee covering cost related to this service.
- 2.3.5 The client has the right to be informed and advised how to protect access to his/her account and to funds deposited on the account, including information about his/her obligations and responsibilities under the Payment Systems Act. In connection therewith, he/she is further entitled to obtain information how – in the view of the bank – he/she can best protect him/herself against misuse of means of payment provided him/her directly or indirectly by the bank.
- 2.3.6 Prior to conclusion of an account opening/maintenance contract or other relevant contract the client has the right to request information on how the intended contractual relationship can be terminated and how the bank will proceed if the contract is terminated by the client.

#### **2.4 Prices and Notifications of Their Changes**

- 2.4.1 The client has the right to be informed about a price of product or service he/she intends to buy or make use of from the bank, all that before executing the relevant contract. If the client decides not to purchase or use the offered product or service he/she has intended to buy or make use of and not to conclude the relevant contract with the bank, he/she will be subject to no penalty, restriction or any additional constraint in the future due to his/her decision, even with respect to those products and services that the client already uses within his/her existing contractual relationship with the bank.
- 2.4.2 When concluding a contract, the client has the right to receive from the bank a part of or an excerpt from the list of fees and charges containing currently valid prices of services relevant for the given contractual relationship.
- 2.4.3 The client has the right to obtain a valid list of fees and charges of basic services provided by the bank or view such a list on the web-site of the bank. The bank shall transparently and regularly inform its clients about these alternatives or about other possibilities where and how the information on valid prices may be acquired. If the client doubts he/she fully understands the list of fees and charges, he/she has the right to ask the bank for explanation of terms and particular items stated therein.
- 2.4.4 As from the accession of the bank to the Standard the bank shall maintain an internal database of its lists of fees and charges and upon the client's request provide him/her with information on prices charged for particular services at a given period in the past, or make it possible for the client to view a historical lists of fees and charges (e.g. electronically or at the bank's branch).
- 2.4.5 The banks shall inform their clients about changes to their lists of fees and charges in an appropriate and transparent manner and sufficiently in advance, in any case at least 30 days

before the changes take effect, to give the clients possibility and enough time to consider whether and how they will respond to the new prices. If the changes pertain to list of fees in connection with the provision of payments services based on a framework payment services contract<sup>1</sup>, the banks shall present these changes to their clients at least 2 months prior to the date such changes are to take effect to allow their clients in this timeframe to consider whether and how they will respond to the new terms and conditions.

- 2.4.6 If it is not obvious to the client from the list of fees and charges the client has the right to obtain an explaining information on what a total price for a given operation will be.

## **2.5 Handling of Client's Data**

- 2.5.1 The client has the right to receive information on what pieces of information will be required from him/her by the bank in connection with executing an account opening/maintenance contract or other relevant contract.
- 2.5.2 Any and all information about bank transactions and financial services of the banks, including account balances, is subject to the bank secrecy. Data that the client has disclosed to the bank and that the bank keeps on the client shall only be used for the purposes for which they have been provided by the client. Except for the cases when the bank is obliged or entitled according to the legislation in force to disclose data under the bank secrecy to a third party, any information kept by the bank about the client shall not be disclosed to any third party without the client's prior consent, even if the third party is an institution operating within the same financial group as the bank.
- 2.5.3 The bank shall protect the confidential nature of information gained about the client when negotiating a contractual relationship or in the course of its existence in accordance with the legislation in force, even after the contractual relationship with the client has terminated.
- 2.5.4 In accordance with the requirements of the Act No.101/2000 Coll., on Personal Data Protection the bank shall provide the client with information on data that are kept on him/her by the bank in connection with products or services provided to the client. The client has the right to be informed about the fact, that his/her communication with the bank will be recorded and stored.

## **2.6 Banks' Assistance in the Event that the Client Changes Banks (transfers payment services and/or current account)**

- 2.6.1 In the event that the client decides to transfer his/her payment services (i.e., standing orders and direct debits) or his/her current account to another bank, he/she has the right to assistance from the "former" and "new" bank as well – provided they have acceded to CBA Standard No. 22/2009 – Client Mobility – Bank Change Procedure. The content of the Standard including a list of acceded banks is available on the CBA website.

## **2.7 Assistance of the Bank in Emergency Situations**

- 2.7.1 If the client becomes a victim of fraud, theft or any other misuse in matters relating to his/her contractual relationship with the bank (in particular if his/her card has been stolen or misused), the client is entitled to recommendation and assistance in solving consequences of such an event that affects his/her relationship with the bank.
- 2.7.2 If the bank intends to close its branch the clients of this branch are entitled to be informed of this fact well in advance before closing the branch so that they have a chance to assess the situation and to consider how to react and eventually to do respective steps.

## **2.8 Procedure in Case of Default**

- 2.8.1 Before concluding a respective contractual relationship, the client has the right to be informed on how the bank will proceed if the client fails or fails repeatedly to meet his/her obligations to the bank.

- 2.8.2 Upon a default of the client in his/her relationship to the bank, he/she has the right to ask the bank for a consultation regarding the given situation and, as the case may be, perhaps even for a proposal of possible solution. The bank shall treat the client individually and, taking into account previous co-operation, experience and the difficult situation of the client, the bank may in particular cases show greater degree of tolerance and understanding provided that all steps are taken in accordance with provisions of relevant contracts, laws and other legal regulations.

### 3. RIGHTS OF BANKS IN RELATION TO CLIENTS

- 3.1 When providing services, the bank is entitled, and in accordance with generally binding laws and regulations also obliged, to identify the client or a person acting on his/her behalf and to keep the information about the identification it has made.
- 3.2 If the client refuses to identify himself/herself, the bank is entitled and, in some cases stipulated by the law, even obliged to refuse execution of the required service.
- 3.3 In accordance with generally binding laws and regulations, the bank is entitled and obliged to ask from the client true and complete information that is necessary to satisfy effectively the requirements of the client, fulfil their mutual contract relationship and discharge their legal duties. The bank is in particular entitled, and in some cases also obliged, to ask the client to provide it with information and evidence of the origin of funds deposited on or credited to the client's account as well as certain other details stipulated e.g. by Act No. 21/1992 Coll., on Banks and by Act No. 253/2008 Coll., on Certain Measures against Legitimation of Proceeds of Crime and Financing Terrorism.
- 3.4 The bank has the right to ask the client for information and documents for an assessment of the client's creditworthiness and proving his/her reliability and trustworthiness, including information provided by credit registers. The bank is in particular entitled to require from the client adequate security for covenants that arise or may arise from his/her contractual relationship with the bank.
- 3.5 The bank has the right to require from a guarantor information or documents, on the basis of which his/her capability to meet guarantee's obligation may be assessed.
- 3.6 If the client refuses to provide the bank with any information, document and evidence that the bank may or has to request from him in accordance with generally binding laws and regulations or if the client withholds his/her consent that is necessary to assess suitability of a respective product for the client, the bank is entitled to reject the client and refuse provision of such a product or service.
- 3.7 The bank has the right to request to get informed by the client, with whom the bank has established a credit or a similar contractual relationship, in a timely and adequate manner about any change in his/her financial situation that might affect his/her solvency, and circumstances that might endanger fulfillment of his/her contractual obligations to the bank.
- 3.8 If the client, with whom the bank established a credit or a similar contractual relationship, gets into a difficult financial situation (in particular if he/she falls in default on payments to the third parties or if he/she becomes insolvent), he/she shall immediately inform the bank and provide it with all relevant information so that the bank could assess the situation and eventually suggest possible solutions.
- 3.9 The bank has the right to request that any and all instructions and orders delivered to the bank by the client be definite, clear, complete, intelligible and in accordance with the legislation in force. If this is not the case, the bank is entitled to reject and refuse to execute such an order or instruction given by the client.

- 3.10 Upon a foregoing notice, the bank has the right to record communication with the client and to keep such records in accordance with legislation in force.
- 3.11 In order to ensure safety of the clients and the bank employees and to protect the bank premises and cash, the bank is entitled to adopt appropriate measures to reduce security risks (e.g. delimitation of security zones, monitoring by CCTV cameras etc.).

#### **4. DISPUTE RESOLUTION**

##### **4.1 Complaints/Claims relating to Contractual Relationship between Bank and Client**

- 4.1.1 The client is entitled to receive an intelligible information about how to proceed if he/she is not satisfied with the service provided him/her by the bank, and how a complaint/claim should be filed.
- 4.1.2 The client has the right to be informed about how the bank will proceed in case of a complaint/claim, how his/her complaint/claim will be handled, and which department of the bank, or which employee of the bank's respective department will be in charge.
- 4.1.3 The client has the right to be informed about the deadline for complaint/claim's settlement. The time limit shall be reasonable with respect to the nature of the complaint/claim and the possibilities of the bank.
- 4.1.4 The client also has the right to receive an intelligible information about other options that he/she may pursue if not satisfied with the manner how his/her complaint/claim has been settled.
- 4.1.5 The client has in particular right to be informed that if he/she is not satisfied with the manner how his/her complaint/claim has been settled by the bank itself, he/she can also turn to the financial arbiter to settle cases of disputes between the bank – payment service provider and the client – payment service user or between the bank – electronic money issuer and the client – electric money holder.
- 4.1.6 The banks that have acceded to the CBA Standard No. 18/2005 – Principles of Providing Pre-Contractual Information on Home Loans – and to the Code of Conduct on Pre-Contractual Information on Home Loans, shall inform their clients where and how they can file their complaints relating to observance of the above mentioned standard and Code.

##### **4.2 Clients Motions to Investigate Observance of Standard**

- 4.2.1 If the client doubts whether the bank's conduct is in accordance with the Standard, or if he/she feels that the bank does not observe certain provisions of the Standard, the client may file the bank with a proposal for internal enquiry of compliance with this Standard. The bank shall inform the client how to proceed when filling such a proposal.
- 4.2.2 The bank shall handle such a proposal filled by the client duly and in accordance with its internal guidelines. In this respect the client is entitled to receive information which department of the bank or which employee of the respective bank's department will be in charge and what is the deadline for the bank's response.
- 4.2.3 If the client, once the client's proposal has been settled by a given bank, still doubts whether the bank's conduct was in accordance with the provisions of the Standard, the client may file a notice to the Office of the Czech Banking Association.
- 4.2.4 The notices concerning the Standard and its application by the banks shall be referred to the following address:
- [cba@czech-ba.cz](mailto:cba@czech-ba.cz)
  - Česká bankovní asociace  
Vodičkova 30  
110 00 Praha 1

## 5. FORMAL REQUIRMENTS FOR ACCESSION AND IMPLEMENTATION

For internal purposes and in order to ensure feedback the CBA shall continuously monitor the willingness of the Czech banking sector to observe the Standard .

Therefore, the CBA invites the member banks that have decided to accede to the Standard to kindly sign the following statement as of the date of such their decision and to send it to the CBA Office at:

Czech Banking Association, Secretariat, Vodičkova ulice 30, 11000 Praha 1

"On the basis of the decision adopted by the Board of Directors/Management of the bank on (...date...) (...*business name of the bank*....) decided to accede to the CBA Standard No. 19/2005 – Code of Conduct on Relations between Banks and Clients - and commits itself to incorporate the provisions of the Standard into its internal guidelines.

With regard to the time necessary for internal implementation and practical application of certain provisions of the Standard, the Standard within (...*business name of the bank*....) shall be applied by/since (...date....).

The point of contact the clients may refer to in case of discrepancies or problems with observance of the Standard, is (...*name, address, phone, facsimile and e-mail connection, eventually the names of the bank employees from a complaint or similar department*....).

(...*Business name of the bank*....) shall inform the CBA Office in writing and without delay of any change in the person or department that acts as a point of contact for purposes of solving discrepancies and problems related to the Standard.

In (...*place*...)(..*date*..)

.....

*(Business name of the bank and signature(s) of member(s) of the statutory body, authorized to act on behalf of the bank according to the Commercial Register)"*

The rules set out in the Standard represents a minimum level of protection and standard of the mutual relations between banks and clients-consumers. By accession to this Standard the bank undertakes to incorporate at least this minimum level of mutual relationship regulation into its internal guidelines, whereby it is at the discretion of every single bank whether it will apply a higher level of protection, mutually open approach and co-operation in the relations to its clients.

## LIST OF ANNEXES

List of banks that have acceded to the Standard – is up-dated continuously