



CENTRAL BANK OF SEYCHELLES

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TO ALL BANKS

Disclosure Guidelines

In line with section 41 of the Financial Institutions Act 2004, the Central Bank hereby issues the following guidelines with a view to enhancing transparency and disclosure of banks' terms and conditions. Banks are guided to:

- inform clients of fees and charges by way of leaflets which should be updated and reprinted upon any change and which should be made available at the banks' premises. A comprehensive list of the banks' fees and charges should be published in the newspaper each time there are changes in fees and charges clearly highlighting the changes. This is in addition to the quarterly publication requirements which banks need to comply with;
- disclose information in clear and easily understandable language and not in fine print;
- inform clients of all terms and conditions during the processing of loan applications or soliciting of a service with a bank, for example opening of account, standing order service, money transmission service, etc. at the time the client or prospective client is soliciting the service at the bank;
- document on loan agreements the following information as a minimum:
 - prime lending rate
 - effective lending rate
 - arrangement fee
 - early prepayment fee
 - periodicity of repayment
 - instalment repayable
 - principal and the amount of interest repayable
 - penalty fee for default
 - tenor;

- develop loan amortisation schedules by September 30, 2011 to be made available for new loans and upon request for existing loans. This can be provided electronically or sent by post to clients. Banks are also guided to provide loan amortisation schedules for any change in the loan contract initiated by the bank, for example change in interest rates. These loan amortisation schedules should be free of charge. Banks may charge a reasonable fee for any subsequent request by clients for loan amortisation schedules;
- inform clients when accounts are considered dormant and thereafter become abandoned, as well as the fees associated with these accounts;
- provide clients with statements of savings accounts on at least a semi-annual basis and issue the statements upon request by clients at no additional cost;
- provide clients with loan statements showing payments towards loans and any penalty interest if applicable on at least a semi-annual basis and issue the statements upon request by clients at no additional cost;
- clearly annotate fees and charges on clients' bank statements. As such, all chargeable transactions undertaken by the client should be shown on bank statements. Fees and charges should not be clumped together as this can create confusion for clients;
- send a written notification to the borrower and the guarantor where a borrower is in default of payment of an instalment in respect of a credit facility. This should be issued not later than 2 months immediately following the default, and should give particulars of the instalments in default;
- to inform clients that they are free to choose their lawyers as required for banks' services and are not obliged to use particular lawyers' services. If the lawyers' documents need to be vetted by the banks' lawyers, the fee for this needs to be clearly communicated to clients.

We trust in your co-operation in complying with this circular.



P. Laporte
Governor