



FINANCIAL CUSTOMER PROTECTION FRAMEWORK

Merchant Bank of Sri Lanka and Finance PLC

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FINANCIAL CUSTOMER PROTECTION FRAMEWORK

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FINANCIAL CUSTOMER PROTECTION FRAMEWORK

1.0 Acknowledgment

The following financial customer protection framework refers to the set of policies, regulations, and practices implemented by MBSL and regulatory authorities to safeguard the interests and rights of consumers in the financial sector. This framework aims to ensure fair treatment, transparency, and accountability in all financial transactions and interactions between MBSL and customers.

Key components of the financial customer protection framework includes:

1. Fair treatment and responsible business conduct
2. Disclosure and Transparency
3. Complaint Handling and Redress
4. Protection of Customer Data and Privacy
5. Implementation of the Financial Customer Protection Framework

Overall, a robust financial customer protection framework is essential for fostering trust and confidence in the financial system, promoting financial inclusion, and safeguarding the financial well-being of consumers.

2.0 Authorization

This document sets out the minimum standards on financial customer protection that MBSL shall adhere into.

This document has been prepared based on the provisions of the Direction on Financial Customer Protection Framework (Direction No. 01 of 2018) issued by the Monetary Board in accordance with the Section 12 of the Finance Business Act, No. 42 of 2011 and the Regulations No. 01 of 2023 Financial Consumer Protection Regulations (FCPR).

3.0 Scope of Application

MBSL shall ensure the adherence to the Financial Customer Protection Framework set out in the Finance Business Act Direction No. 1 of 2018 - Financial Customer Protection Framework and the Regulations No. 01 of 2023 Financial Consumer Protection Regulations. As Licensed Finance Company, MBSL is determined to adopt the said standards of best practices which are expected by customers when they undertake transactions with us.

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4.0 Objective

To safeguard the interest of the customers while maintaining a healthy relationship plus strengthening the customer confidence on Merchant Bank of Sri Lanka & Finance PLC (MBSL) to ensure the stability and soundness of the sector.

Customer Protection Oversight Function

The Board of Directors (Board) is responsible to ensure that all MBSL employees and appointed agents are adhering to minimum standards of Customer protection framework set out in Financial Consumer Protection Regulations, No. 01 of 2023 in terms of Section 10 (c) of the Monetary Law Act, No.58 of 1949 and in terms of Government Extraordinary Gazette No. 2344/17 published on 09.08.2023.

Financial Customer Protection Framework shall be an integral part of Corporate Governance, Culture and Strategic decision making of the board.

5.0 Governance

Responsibility of the Board of Directors

Approve, adopt, and oversee financial consumer protection policies and procedures in accordance with relevant regulations, circulars, guidelines, and codes of conduct.

Establish a robust framework with clear procedures, systems, and resources to effectively implement financial consumer protection policies, including internal controls and codes of conduct for employees and third parties.

appointing an officer from Key Management Personnel to oversee the financial consumer protection function and report to the Board periodically.

Key Management Personnel shall monitor and evaluate financial consumer protection activities, report semi-annually to the Board, and liaise with the Central Bank.

Responsibility of the KMP

Establish mechanisms for coordination and collaboration across internal units to ensure compliance with financial consumer protection regulations and guidelines; monitor and report consumer protection activities; monitor third-party providers; identify and deploy knowledgeable staff; and provide relevant training to employees, agents, and third parties.

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Appointing an officer from Key Management Personnel to oversee the financial consumer protection function and report to the Board periodically.

Responsibility of the OMP

Implement policies, procedures, and systems for financial consumer protection in line with regulations and guidelines. Maintain records of activities related to consumer protection. Submit periodic reports on these activities to management or the Board.

Responsibility of the Internal Audit

Conduct periodic auditing practices covering areas such as internal control systems, control system breaches and lapses, risk management practices, data security, information management systems, etc. to ascertain adequacy of the financial consumer protection framework.

Responsibility of All Staff Members

All employees shall be responsible for performing their duties in compliance with the Financial Customer Protection Framework and relevant regulatory requirements.

6.0 FAIR TREATMENT AND RESPONSIBLE BUSINESS CONDUCT

Responsible Business Conduct

- MBSL and its appointed agents shall work on best interest of customers for financial and non-financial products. We shall assess the actual requirement of the customer, risks and suitability of the product and shall take arrangements to prevent over-indebtedness.
- Employees and appointed agents shall be professionally with due skill, care and diligence when dealing with customers.

6.1 Accessibility Policy

6.1.1. Introduction

MBSL values all the customer relationships and strives to serve all our customers in an equitable and fair manner. MBSL shall provide special attention to elderly and differently abled customers. All customers shall be treated equitably, honestly and fairly at all stages of their relationship with MBSL irrespective of their cast, religion, language, gender, age, etc. A designated individual shall be assigned to oversee monitoring activities at each branch.

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6.1.2 Scope and Objective

- The Accessibility Policy of MBSL aims to enhance fair and equal access to financial products and services of the Company, irrespective of the social status, physical ability, marital status, race, caste, gender, age, religion and financial literacy of the financial consumer.
- The Accessibility Policy focuses on the areas of
 - i. Documents, communication and information accessibility.
 - ii. Websites and mobile applications accessibility.
 - iii. Infrastructure accessibility.
 - iv. Cards, Automated Teller Machines (ATMs) and other similar services accessibility.
- MBSL shall not issue any policies or circulars which may encourage discrimination or inaccessibility.
- Accessibility policy shall be available to the general public in accessible formats.

6.1.3 Non discrimination

- MBSL shall not discriminate against financial consumers on grounds not relevant to provision of financial services applied for, such as social status, physical ability, marital status, race, caste, gender, age, religion, financial literacy, etc. However, these Regulations shall not prevent MBSL from providing exclusive financial products and services.
- MBSL shall provide special attention to financial consumers such as elderly, physically disabled, low income and low financial literate to ensure fair access to all financial products and services.

6.1.4 Infrastructure

- MBSL shall comply with general laws regarding accessibility, such as facilitating differently abled and elderly financial consumers, when constructing new buildings and physical infrastructure.
- MBSL shall take necessary actions to improve accessibility in installing and processing ATMs and other automated equipment by enabling screen reader and other accessibility features.
- MBSL shall provide cards (Debit and Credit) with accessibility features at the request of the financial consumer.

6.1.5 Signature verification

- MBSL shall ensure that the signature of the financial consumer including electronic means of signature is unambiguous and acceptable for verification purposes. Thumbprint shall be treated equally to the conventional signature.

6.1.6 Web Accessibility

- All web contents shall be perceivable, operable, understandable and robust.
- Web accessibility shall include but not limited to:
 - i. Font size, colour and colour contrast adjustability.
 - ii. Full navigability and ability to function with the keyboard.
 - iii. Full readability with screen readers.
 - iv. All security, protection or safety features shall be provided in text and audio options.
 - v. Adequate time shall be provided to perform all functions.
- Mobile applications accessibility shall include but not limited to:
 - i. Font size, colours and colour contrast, and background colour adjustability.
 - ii. Full navigability when using mobile applications.
 - iii. Full readability with screen readers.
 - iv. All mobile application elements shall be appropriately labelled or alternative text shall be used.
 - v. All security, protection or safety features shall be provided in text and audio options.
 - vi. Adequate time shall be provided to perform all functions.

6.1.7 Information accessibility

- MBSL shall provide all necessary documents in accessible formats at the request of the financial consumer.
- MBSL shall grant permission to the financial consumer to have assistance from a person who

has been authorised by the financial consumer by way of a letter of authority, a power of attorney or a board resolution, as the case may be.

- MBSL shall provide adequate facilities to use assistive technology and equipment.
- MBSL shall notify affected financial consumers at least thirty (30) calendar days in advance of any amendments or alterations to the range of services provided.

6.1.8 Special attention and Care

Special attention and care shall be dedicated to the needs of customers such as elderly, disabled or customers with low financial literacy who have the right to receive special attention to facilitate them to have fair access to financial services.

6.2 Unfair Business practices

- MBSL or its agent/ third party appointed by MBSL shall not employ or engage in unfair business practices to the detriment of financial consumers.
- MBSL shall not act in bad faith or negligently in providing financial products and services to financial consumers.
- For the purposes of Sub- Regulation 19.1 of FCPR “unfair business practices” shall include, but not limited to the following practices involving, unfair, deceptive or abusive acts:
 - i. Abusive debt recovery practices;
 - ii. Requiring payment of un-accrued (future) interest/ early settlement fees on credit facilities, exceeding the levels permitted by the Central Bank, if any;
 - iii. Automatically increasing credit limits without prior consent of the financial consumer;
 - iv. Imposing excessive fees, penalties, future interest, and charges compared to the cost involved;
 - v. Imposing fees and charges without prior written notice;
 - vi. hanging the agreed terms and conditions on financial products and services without written consent of the other party;
 - vii. Deducting payments and fees automatically for credit facilities that are tied to deposit account(s) without written consent of the financial consumer, using clauses imposing an obligation on the financial consumer;

- viii. Bundling and tying practices on financial products or services unduly limiting financial consumers' choices;
- ix. Unduly delaying processing of requests of financial consumers;
- x. Imposing any unfair terms and conditions at any time with respect to the rights and obligations of financial consumers; and
- xi. Preventing financial consumers from termination of contracts, change of MBSL or financial product/ service.

6.3 Sales Policy and Procedure

Introduction

The Sales Policy and Procedure of MBSL intends to align the persons engaged in sales, marketing and promoting the financial services of MBSL, to the required guidelines of provided in the Financial Customer Protection Framework .

Sale or Transfer of Debt or Any Other Product or Service

MBSL shall take the following actions, where the sale or transfer of debt or any other financial product or service without borrowers' consent is permitted by law or intends to cease operating, merge with, or transfer all or part of its operations to another party:

- I. Notify the affected financial consumer of a sale or transfer within a reasonable number of days and the remaining debt obligation or outstanding position of the product/ service;
- II. Provide the financial consumer with information as to where to make payments.
- III. Provide the financial consumer with the acquirer's or purchaser's, or Transferor's contact information.

The expected behavior of persons involved in sales, marketing and promoting the financial services of MBSL

Such persons should be duly knowledgeable and conversant with the financial products and services offered by MBSL along with the key features, risks and terms and conditions of such products.

Should act fairly and reasonably adhering to the Policy and other applicable Policy/Procedure/Guidelines of MBSL.

Avoid aggressive sales practices, reckless/ negligent sale of unsuitable products.

Not understate or dismiss warnings messages in any form of sales

Take all appropriate reasonable steps to identify and prevent or manage conflicts of interest between MBSL and financial consumers to prevent adverse impact on financial consumers.

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Disclose actual/ potential conflict of interest to financial consumers in the case of advisory services and third party products.

Fraud and Misuse of Financial Consumer Assets

In addition to the Financial Customer Protection Framework, the existing Policies and Procedures of FD and Savings, Gold Loan, Credit and Recovery Departments of MBSL facilitate the highest protection and safety for the assets of financial consumers of MBSL.

Disciplinary action should be taken against employees involved in a fraud, misappropriation and misuse of financial consumer's assets of MBSL and reported to the respective regulatory department of the central bank.

MBSL shall not engage in exclusive arrangements with agents or merchants hindering market access for other Financial Service Providers and shall operate open and interoperable system.

The Customer Complaints Handling Policy of MBSL provides clear guidelines on resolving cases of suspected fraud or misuse in relation to any such asset of the financial consumers of MBSL.

6.4 Customer Education & Awareness

To enhance the knowledge through consumer education programs about financial products and services offered by MBSL and to continuously create awareness on fraudulent practices and the responsibility of financial consumer and the measures to be taken to protect themselves from such threats using its website and social media platforms from time to time.

Deliver Effective Financial Education Programs

- i. MBSL either on its own or in partnership with industry associations shall develop specific financial literacy programs to improve the customer awareness on financial products/services. Financial education programs shall be designed to meet the needs and financial literacy of the target audience. MBSL shall share warnings related to over-indebtedness, implication of multiple borrowings and late payments with special attention to vulnerable groups.
- ii Financial education tools might include printed brochures, flyers, posters, training videos, interactive loan calculators, key messages etc.
- iii The customers shall be educated on the applicable legal provisions related to the product/service, e.g. Finance Business Act, Finance Leasing Act, Mortgage Act etc.

7.0 DISCLOSURE AND TRANSPERANCY

7.1 Key information on products

A) Advertisements Stage

- All advertisements made by MBSL, in any form shall be; accurate, understandable and contain factual information on products/services offered in view of not misleading the customers. The content shall be in a font, size, spacing and placement that is easily communicated to the financial consumer. Clarification on any advertisements published shall also be provided up on request.
- All advertisements made shall be in accordance with the general and product- specific advertising regulations and guidelines issued by the Central Bank of Sri Lanka from time to time.

B) Pre-contractual Stage

- MBSL shall have a standardized document in the form of “Key Facts Document” for its products/services in either printed or electronic form and this shall be available to prospective customers in all three languages and shall be displayed in the corporate website.
- This document shall contain the following basic information for Loan Products:
 - i. Key features of the product/service
 - ii. Procedures to be followed to obtain the product/service
 - iii. Main terms and conditions
 - iv. Applicable legal provisions
 - v. Complaint handling procedure
- This document shall contain the following basic information for Deposit Products:

Financial and other benefits to customers

 - I. The minimum balance requirements
 - II. Account opening/maintenance/closure fees, as applicable
 - III. Availability of deposit insurance coverage
 - IV. Any restrictions on opening/closing of accounts, premature withdrawals, transfer of funds by customers & policies and procedures on dormant accounts and abandoned properties.
- Prospective customers shall not be forced to enter into a contract and shall be allowed a reasonable period to make an informed decision about the product/service.

C) Contractual Stage

- MBSL shall disclose the information on products/services as required by the relevant Acts/Directions, where applicable.
- The Terms and Conditions and features of the product/service shall be clearly explained to the customers covering the following.
 - i. Details of general charges such as interest rates, fees and commissions, if any, required to be paid by the customer including the method of computing interest charges.
 - ii. MBSL's procedure for receiving complaints and the resolution mechanism.
 - iii. The course of recovery actions MBSL may follow in the event of any default by the customer on his/her obligations and Company's expenses that will be claimed from the customer.
 - iv. Any restrictions on opening/maintaining/closing of accounts, transfer of funds by customer and policies and procedures on dormant accounts and abandoned property.
 - v. Penalties and early settlement charges to be paid by the relevant customer in case of premature withdrawal/termination of participation in a product/ service by the customers.
 - vi. The rules regarding, reporting of suspicious transactions and above the threshold transactions to the Financial Intelligence Unit.
 - vii. The reporting procedure that the customer shall follow in case of stolen financial instruments and liability of MBSL and the customer.
 - viii. Disclosure of customer information to a party legally authorized to obtain such information.
- For loan products, every customer shall be provided with an "Offer Letter/Agreement/Product Statement" and shall, at minimum, contain the following basic information;
 - i. Name of the borrower
 - ii. Contract number (loan reference no.)
 - iii. Amount granted
 - iv. Date granted and period of the loan
 - v. Rate of interest and its basis (nominal or effective)?
 - vi. Repayment terms and frequency of the installment
 - vii. Details of the security offered
 - viii. Breakdown of the additional charges such as insurance, valuation, documentation, registration, etc. (if applicable)
 - ix. Penal rate (per annum) in the event of delayed payment
 - x. The recovery procedure in the event of default of the customer (repossession of assets, the costs involved in the process, procedure after repossession, the other charges applicable, etc.)

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- xi. The conditions applicable for early settlement of loans

- With regard to Fixed Deposit products, the customer shall be informed with required information, and periodic renewal statements shall be sent by post for renewals. With regard to Savings accounts, transactions details shall be obtained via updating the Savings Pass Book or requesting Saving Account Statement.

- In particular for Deposit accounts, in the application, mandate, certificate, passbook and renewal notice information about
 - i. balance of the account in an appropriate mode and frequency, as applicable;
 - ii. applicable annual effective interest rate/ yield rate/ profit sharing ratio;
 - iii. charges or fees for account opening and minimum balances;
 - iv. account maintenance fees;
 - v. responsibility of the financial consumer to keep the account access information confidential, including Personal Identification Numbers and passwords linked to the account;
 - vi. limitations on the account functionality such as the number of withdrawals and transactions allowed free of charge;
 - vii. in the case of term deposits, a notice of renewal prior to the maturity date;
 - viii. availability and coverage of the deposit insurance;
 - ix. procedures and costs for the financial consumer to close the account; and
 - x. conditions to be classified as an inactive or dormant account and the consequences of an account becoming inactive or dormant.

7.2 Upon Request

A Product Statement shall be provided for loan products upon request and shall cover the following information:

- i. Detailed transactional information for the reporting period
- ii. Effective interest rate and the interest charge for the period
- iii. Fees charged for the period
- iv. Due date and outstanding balance

7.3 Settlement of Obligation

In the case of financial consumers whose financial obligations are fully settled, MBSL shall duly issue a written declaration indicating the full settlement. MBSL shall release to the financial consumer, the documents related to the collateral of a credit facility within 7 working days from the date of full settlement of the financial obligation.

A written confirmation shall be obtained from the customer that the details of the product/service and the terms and conditions were received, explained and understood.

All documents pertaining to the product /service shall be duly completed and signed by the customer. Accepting incomplete documents and obtaining signatures on blank papers/documents is prohibited. The customer shall be encouraged to be aware of all the terms and conditions in relation to the financial product / services before placing the signature on documents.

Any changes made by MBSL to the agreed terms and conditions on products/services shall be informed to the customers before the changes are made. In case if MBSL is unable to communicate to the customers about changes done as a result of changes in regulatory provisions, customers shall be informed within a reasonable time period, after the changes are made. MBSL shall inform the financial consumer when their accounts become inactive or dormant.

7.4 General Disclosures

The following information shall be displayed in the business places (Head Office and all business points) of MBSL.

- i. Finance Business License issued by the Central Bank of Sri Lanka.
- ii. Set of latest audited financial statements of MBSL.
- iii. Credit rating of MBSL with underlying specifications.
- iv. Key contact details of person handling customer complaints.
- v. The contact details of the Financial Ombudsman.
- vi. Business hours and holiday notices.
- vii. Any other relevant information.

In addition to the above, the current interest rates on all deposits products and current base interest rates and other charges on loan products (wherever possible) shall be displayed in the corporate website.

8.0 PROMOTING FINANCIAL DISCIPLINE

Financial education and provision of information should be enhanced to strengthen the capability and financial knowledge of the customer, especially for the vulnerable groups. Customers should be provided with specific warnings related to over-indebtedness, consequences of multiple borrowing and late repayments.

8.1 Knowing the Customer and Suitability

MBSL and appointed agents, if any, shall have the necessary resources and procedures in place for safeguarding the best interests of the customers and to cater the product to meet the appropriate financial and non-financial needs of the customer. In this regard MBSL and appointed agents should.

- a) Know the Customer: gather and record sufficient information prior to recommending, offering or providing appropriate product/service to the customer. The level of information gathered shall be appropriate to the nature of the complexity of product/service being sought by the customer.
- b) Assess the Suitability: consider whether product/service meets the customer's needs and objectives and customer is financially able to bear the risk associated with the product/service.

8.2 Prevention of Over-Indebtedness

- When offering a new credit product or service the customer's credit worthiness shall be properly assessed and conduct appropriate customer repayment capacity analysis to ensure that customer is likely to meet the financial obligation associated with the product.
- Board and senior management of MBSL shall be aware and concerned about the risk of over-indebtedness of the customer. A maximum Debt service/Income Ratio (i.e. a maximum percentage of customer's disposable income that can be applied to service debt) shall be identified.
- MBSL shall limit providing new loans to settle the existing loan facilities given by another financial institution in order to prevent the over exposure beyond the existing credit worthiness of the customer.
- MBSL shall use credit risk management systems that support prevention of over indebtedness such as Credit Information Bureau (CRIB).

8.3 Personal Visits and Contacts with Customers

Employees or appointed agents should:

- Respond to requests of financial consumers for information in a timely manner, clearly in writing or electronically through a suitable communication channel, in a language preferred by such financial consumer
- Visit the customer by giving reasonable notice and such visits shall be made during the daytime.
- Maintain separate record of the visit including the purpose, date and time of the visit and the customer's response in brief.
- When making a telephone contact with the existing or prospective customer, the person shall identify himself or herself by name, name of MBSL, on whose behalf customer is contacted and the commercial purpose of the contact.
- MBSL shall retain call recordings and a call register of call Centre and retain such records as per the data retention requirement guidelines.
- Obtaining physical signature from the financial consumer on contractual/ security documents outside the premises of business, should be accommodated only if such circumstances arises upon the request of the financial consumer and in the presence of an authorized MBSL Officer.

8.4 Monitoring of the Employees and Appointed Agents

MBSL shall have a mechanism of rigorous and regular monitoring of the conduct of employees and appointed agents, who directly interact with the customers to prevent inappropriate business conduct and unreasonable risk taking.

8.5 Debt Recovery

MBSL has in place, debt recovery processes that are transparent, courteous and fair, devoid of undue pressure, intimidation, harassment, humiliation or threat on the financial consumer.

The sales proceeds from foreclosure assets are immediately applied on recovery of the credit facility, and the financial consumers shall be informed and refunded with the balance, if any subject to other provisions in applicable laws. A report on the sale of collateral, which includes but not limited to the process involved, total sales proceeds, all incidental expenses/ costs and the net proceeds, shall be

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provided to the financial consumer within reasonable time period from the date of sale/ transfer of title of the asset.

MBSL shall not engage in any of the following:

i. Contacting friends, employer, relatives or neighbours of a financial consumer for any information other than information or verification of employment status, telephone numbers or address, except where:

a. the person has guaranteed the loan; or

b. the person has been nominated to be contacted by the financial consumer.

ii. Requiring any persons listed in the (i) above to offset the debt, except where the person has acted as a guarantor.

iii. Unnecessary or excessive contact or communication with a person, beyond what is reasonable in the circumstances.

iv. Disclosing the existence of a debt to a third party (including friends, family, etc.).

v. Making any misrepresentation in connection with a debt, such as its characteristics, the amount owed, the Financial Service Provider's legal rights or the potential legal consequences for any person if the debt is not paid.

vi. Public shaming.

vii. Calling or visiting the work place of the financial consumer to seek repayment, except with the prior consent of the financial consumer.

viii. Threatening to harm or harming any person.

ix. Threatening to seize, or seizing, property which has not been provided as collateral.

x. Threatening to damage, or damaging property.

xi. Making contact with financial consumers in person or by other means such as telephone between the hours of 9.00 pm and 6.00 am, for the purpose of debt recovery.

8.6 Employee Training

Employees of MBSL and appointed agents (especially those who interact directly with customers such as credit officers, recovery officers, marketing officers, complaint handling officers, customer service representatives) shall be properly trained and qualified.

9.0 COMPLAINT HANDLING AND REDRESS

When handling customer complaints related to our financial products the procedure laid down in the MBSL Customer Complaint Handling Procedure must be followed.

As per the section 4.1 of the guideline of Customer Protection Framework all Branches need to display the contacts details of customer complaints handling officer and the contact details of the Financial Ombudsman in the branch notice board.

Internal Complaint Handling Mechanism

- MBSL shall own a Complaint Handling Policy to address the grievances and complaints of its customers.
- Customers shall be encouraged to seek recourse through the internal complaints handling process of MBSL before opting for external support.
- An officer is assigned in each business place, with the responsibility of handling and facilitating the resolution of complaints made by customers. If it is unresolved it is the responsibility of such officer/s to escalate it to the next decision-making authority until it is resolved.
- A database is maintained to record all customer complaints and the Complaints Handling Officer is the Officer in Charge of the database and also responsible to report unresolved customer complaints periodically to the senior management of MBSL. Senior management shall take prompt corrective action on the unresolved matters. Please refer to the MBSL Customer Complaints procedure for further information.
- At the business place customer shall be directed to the officer assigned to resolve such complaints.
- Customer complaints forwarded by regulatory authorities shall be directed to relevant decision-making authority.
- Acknowledge the receipt of any complaint in writing within a reasonably short period of time and

inform the complainant, the procedure that will be followed by MBSL for the resolution of the complaint and the contact details of the officer/officers handling the complaint. (For this purpose, MBSL can have a suitably worded printed form).

- Facilitate receiving complaints verbally or in writing and MBSL shall not insist that complaints be necessarily made only in writing.
- At any point of the complaint handling process, customers shall not be treated unjustly.

10.0 PROTECTION OF CUSTOMER DATA AND PRIVACY

10.1 Collection and Use of Data

MBSL shall collect financial consumer's personal information within the limits of any law, direction, or guideline, only using lawful and fair means; and only for specified, explicit and legitimate purposes.

The Information Security and Data Privacy Policy of MBSL provides guidelines for collecting and using personal information, including means, purposes, and types of data that may be collected and retained, consistent with these Regulations and other applicable laws.

Personal information should be collected, retained, and used in compliance with, in addition to these Regulations, any other applicable laws, including Prevention of Money Laundering and Countering the Financing of Terrorism in Sri Lanka and Data Protection.

MBSL shall comply with data privacy and confidentiality requirements that limit the use of financial consumer data exclusively for the purpose for which data is collected.

The Financial Service Provider may only use financial consumer's personal information:

- i. for purposes that are consistent with the original purpose for which they were collected, provided that it was reasonably apparent to, or would be reasonably expected by, the financial consumer; or
- ii. with the informed consent of the financial consumer; or
- iii. as otherwise required or permitted by these Regulations or any other law.

Financial consumers shall have a right to maintain his/ her privacy on disability (special needs).

MBSL shall not use information related to any disability (special needs) of the financial consumer for any purpose other than facilitating the financial consumer or protecting financial consumer's rights.

MBSL shall not reveal information on financial consumer's disability (special needs) or health status to any other party without prior consent of the financial consumer.

Upon request from a financial consumer, MBSL shall provide them, except to any extent prohibited by law, with access to any personal information about the financial consumer that is held by MBSL. Such access shall be provided:

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- i. in a form that is likely to be understandable to the financial consumer;
- ii. within a reasonable time; and
- iii. at minimal or no cost to the financial consumer."

In the event where a financial consumer claims that any personal data held by the Financial Service Provider is inaccurate or incomplete, the Financial Service Provider shall take appropriate steps within a reasonable time, to review the claim, rectify it and inform any third party with whom the information had been shared previously.

10.2 Protection of Personal Data

Merchant Bank of Sri Lanka & Finance PLC guarantees the security & confidentiality of customer information. MBSL will disclose customer information only to CRIB and other regulatory bodies if required by the law.

As required by the Section 61 of the Finance Business Act No. 42 of 2011, MBSL shall take necessary steps to protect customer data and privacy in line with the provisions of the Act as follows:

- a) Every director, manager, officer, employee and agent of MBSL shall maintain strict secrecy in respect of all transactions of MBSL, its customers and the state of accounts of any person and all matters relating thereto and shall not reveal any such matter except;
 - When required to do so by a court of law or by the person to whom such matter relates, in the performance of the duties of such director, manager, officer, employee and agent; or In order to comply with any of the provisions of Finance Business Act or any other written law.
- b) Every employee of MBSL shall sign a declaration (contains in the appointment letter) pledging himself to maintain strict secrecy.
- c) The above shall not prohibit MBSL from providing in good faith to another finance company on request, an opinion or reference relating to a customer in accordance with customary practices in the finance industry.

10.3 CRIB Reporting System and Data Sharing

Customers shall be appropriately/fully informed regarding the sharing of personal data related to them with CRIB and the exact purpose and conditions of collection, processing and distribution of data held about them and on the related confidentiality rules adopted.

11.0 Implementation of the Financial Customer Protection Framework

MBSL shall publish the Financial Customer Protection Framework in the corporate website and make copies available for customers on request in their preferred language and educate them when necessary.

MBSL shall obtain written confirmation from all existing and new employees (prior to taking up their employment) and appointed agents on the adherence to the Financial Customer Protection Framework.

It is the responsibility of every employee to carry out their duties in accordance with the Financial Customer Protection Framework.

12.0 Policy Review

This policy will be the guiding document for financial customer protection for all employees of Merchant Bank of Sri Lanka & Finance plc. The Board of Directors will review the policy periodically and when required do changes in the existing regulations, standards and best practices as appropriate or once in two years.

Review history

DESCRIPTION	APPROVED DATE
Financial Customer Protection Framework	11.08.2021
First review	22.08.2024
Second review	18.06.2026