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# **CBE GUIDELINE ON KEY FACTS STATEMENTS FOR DEPOSIT AND LOAN ACCOUNTS No. 4 of 2020**



**CENTRAL BANK  
OF ESWATINI**  
Umntsholi Wemaswati

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## 1. INTRODUCTION, TITLE AND COMMENCEMENT

- 1.1 This Guideline shall be referred to as the *CBE Guideline on Key Facts Statements for Deposit and Loan Accounts No. 4 of 2020* and shall come into force on 1 December 2020, and is hereby issued by the Central Bank Governor.
- 1.2 The Guideline establishes a framework designed to enhance transparency of fees, charges and other key features of deposit and loan accounts prior to customers opening such account(s) with service providers.
- 1.3 This is in line with the Guideline on Banking Practice No. 1 of 2018 which provides that: - *“banks and their authorized agents should set out and explain clearly the key features, risks and terms of the products, fees, commissions or charges applicable, and make available the details of these to customers, and that standardised pre-contractual disclosure practices should be adopted where applicable and practicable to allow comparisons between products and services of the same nature”*.

## 2. PURPOSE OF THE GUIDELINE

The purpose of this Guideline is to:

- i. set out key disclosure requirements for deposit and loan accounts to promote a level playing field for all account providers;
- ii. enhance consumers' ability to compare and make informed decisions about the accounts using standardized mandatory Key Facts Statements; and
- iii. promote fair competition between account providers and fair functioning of the banking system as a whole, thus positively influencing financial inclusion and economic growth.

### 3. APPLICABILITY

The Guideline shall apply to all financial institutions licensed under the Financial Institutions Act, 2005 that engage in banking business.

### 4. INTERPRETATION

In this Guideline:

**“Account”** means any deposit or loan account with a financial institution;

**“Account Provider”** means a licensed financial institution conducting banking business and offering accounts to consumers;

**“Consumer”**, means an individual or Small, Medium and Micro Enterprise (SMME) as defined in Eswatini’s SMME policy; and

**“Key Facts Statements (KFS)”** means a document prepared by an Account Provider in a standardized format and containing the information that meets all the requirements of this Guideline.

### 5. REQUIREMENTS FOR THE KEY FACTS STATEMENT(S)

- 5.1 An Account Provider shall provide to a consumer, as required by this Guideline, a completed KFS for deposits and loans.
- 5.2 An Account Provider shall provide a consumer with a KFS in hard copy except where prior consent of the consumer to be provided with the KFS in an electronic form has been obtained.
- 5.3 Each KFS shall be signed by the by the consumer to confirm receipt.
- 5.4 In a case where a KFS is provided electronically, an electronic signature can be used or the Account Provider shall incorporate a space in other hard copy documents given to the consumer where the consumer can sign to confirm that he has been given and received the KFS. Alternatively, arrangements may be made to obtain the consumer’s confirmation that the consumer has

received the KFS through a separate electronic confirmation, rather than a signature, for example through e-mail.

- 5.5 The information disclosed in the KFS shall be concise, readable with a font size of at least 10 points and in the form prescribed in the Appendices of this Guideline.
- 5.6 An Account Provider may include information in the KFS that is not in the prescribed form or amend prescribed fee and service descriptions, only to the extent strictly necessary to ensure that the KFS is not misleading in connection with the relevant account or to add useful information to clarify key features of the account.
- 5.7 The information in a KFS provided to a consumer shall be fully consistent with any corresponding contract entered into with the consumer in relation to an account.
- 5.8 An Account Provider shall give to the consumer a reasonable time to read the KFS and obtain from the Account Provider answers to any questions that the consumer has before opening the Account.
- 5.9 A full explanation of the relevant KFS shall be provided if it is reasonably clear that the consumer is illiterate or blind.
- 5.10 An Account Provider shall provide a consumer with an updated KFS and other explanations when the consumer makes an inquiry, or seeks information about a particular Account in hard copy or electronically.
- 5.11 An Account Provider shall ensure that staff and agents dealing with consumers in relation to accounts are sufficiently trained and possess the ability to explain information contained in the KFS.
- 5.12 An Account Provider must retain a signed copy of the KFS in the consumer's file or the acknowledgement from the consumer that he received the KFS if it was sent electronically, and provide it to the Central Bank when so requested.
- 5.13 For foreign currency loans or deposits, Account Providers shall provide details in that particular currency in the KFS (where relevant).

- 5.14 For credit products with unique features like credit cards and overdraft facilities where the KFS for loans cannot be used, Account Providers shall prepare a key facts sheet for consumers summarizing the key features, and applicable fees and charges for those products (see Appendix III and IV).
- 5.15 An Account Provider may also include information that is not in the prescribed form in the key fact sheets referred to in 5.14 above, and may also amend prescribed fee and service descriptions, only to the extent strictly necessary to ensure that the key fact sheets are not misleading in connection with the relevant account, or to add useful information to clarify key features of the product.

## 6. REMEDIAL MEASURES AND ADMINISTRATIVE SANCTIONS

The Central Bank shall monitor compliance with this Guideline and other market conduct and consumer protection regulations within the banking industry. If a financial institution fails to comply with the guidelines contained herein in a flagrant manner which results, or threatens to result, in an unsafe or unsound operating condition, as determined by the Bank, the Bank will pursue any or all of the corrective measures provided for under the Financial Institutions Act, 2005, and the Central Bank Order 1974, any other relevant Acts and/or their successor legislation. Enforcement action by the Central Bank shall be timely, objective, firm, and may be publicized to promote fair market conduct, increase awareness and promote consumer trust.

## 7. ENQUIRIES

**Any enquiries relating to this Guideline should be addressed to the General Manager, Financial Regulation Central Bank of Eswatini, P.O. Box 546, Mbabane or Telephone 2408 2148.**

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**Majozi V. Sithole**  
**GOVERNOR CENTRAL BANK OF ESWATINI**

# APPENDIX I-KFS-LOANS

## KEY FACTS STATEMENT (KFS)-LOANS

**THIS KFS IS IMPORTANT TO YOU. IT SUMMARIZES THE PRODUCT YOU ARE CONSIDERING. PLEASE READ CAREFULLY AND ASK QUESTIONS WHERE YOU REQUIRE CLARIFICATION**

Name of institution : .....

Type of loan : .....

SECTION I : KEY TERMS OF THE LOAN					
LOAN SUMMARY		COST OF CREDIT		REPAYMENT SCHEDULE	
AMOUNT OF LOAN (i.e. amount you are borrowing)	E	INTEREST	E	DATE 1 <sup>ST</sup> PAYMENT IS DUE	
DURATION OF LOAN AGREEMENT		OTHER FEES AND CHARGES (see details in Section II below)	E	NUMBER OF PAYMENTS	
AMOUNT YOU WILL ACTUALLY RECEIVE FROM LENDER	E	ANNUAL PERCENTAGE RATE (total cost of credit as a comparable annual percentage .....%)	TOTAL COST FOR THE LOAN (all costs for the loan including interest and fees)	PAYMENT FREQUENCY	
				AMOUNT PER PAYMENT AT CURRENT RATES	E
				TOTAL AMOUNT TO BE REPAYED (includes interest, capital and other fees)	E

SECTION II-UPFRONT AND RECURRING FEES					
UPFRONT FEES		RECURRING FEES		TOTAL UPFRONT AND RECURRING CHARGES (EXCLUDING INTEREST)	
ARRANGEMENT FEE (where applicable)	E	CREDIT LIFE INSURANCE FEE (where applicable)	E..... Per .....		
DOCUMENTATION FEE (where applicable)	E	MANAGEMENT FEE (where applicable)	E..... Per .....		
OTHER UPFRONT FEES (list all below in line with applicable legislation)					
.....	E				
.....	E				
.....	E				
.....	E				

**SECTION III-RISKS (list relevant ones)**

1. Late or missing payments may have severe consequences on your credit history, hurting your ability to re-borrow as this will be shared with credit bureaus.
2. Failure to make payments can also result in repossession of financed asset or collateral pledged.
3. If facility is on variable interest (e.g. prime reference rate), an increase in the reference rate will result in an increase in repayment amount or period and that a decrease in the reference rate will result in reduced repayment amount or period.

**SECTION III-OTHER IMPORTANT TERMS**

1. Details on late payments and all related fees (e.g. excess and penalty interest)
2. Details on any relevant collateral that will be required (where applicable)
3. Stipulation that you can settle-off loan early without incurring any penalties.
4. Any details on number of days of cooling off period after signing the loan agreement.
5. That fees are subject to change from time to time
6. Other key terms....

**SECTION IV-ENQUIRIES**

Any questions or complaints? Call [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS] to contact us regarding your question or complaint.

CREDIT PROVIDER'S REPRESENTATIVE	[NAME AND SURNAME]	
CONSUMER-  I ACKNOWLEDGE RECEIPT OF THIS STATEMENT PRIOR TO SIGNING THE LOAN AGREEMENT:	[NAME AND SURNAME]	[SIGNATURE AND DATE]



# APPENDIX II-KFS-DEPOSITS

## KEY FACTS STATEMENT (KFS)-DEPOSITS

**THIS KFS IS IMPORTANT TO YOU. IT SUMMARIZES THE PRODUCT YOU ARE CONSIDERING. PLEASE READ CAREFULLY AND ASK QUESTIONS WHERE YOU REQUIRE CLARIFICATION**

1. Name of institution : .....
2. Type of deposit account/product : .....

### SECTION I-BENEFITS (list relevant benefits, the following are just examples)

- i. Same day clearing for your bank’s drawn cheques from any part of the country.
- ii. Whether the account is assigned a Personal Relationship Officer/ banker.
- iii. Free Internal Transfers (where applicable).
- iv. Number of free withdrawals (where applicable).
- v. Any other key benefits.

### SECTION II-TERMS AND CONDITIONS (list all relevant key terms and conditions,)

- i. Interest earned to be .....% per year including whether it is simple or compound interest.
- ii. Details on whether interest earned is fixed or variable and indication that it will reduce if the reference rate (e.g. prime) reduces and will increase if the reference rate increases in the case of a variable interest rate.
- iii. Account opening balance E...(where applicable)
- iv. Minimum balance E.. (where applicable)
- v. Details on all applicable fees and charges and that they shall be subject to change from time to time
- vi. Details on bundle product features (in the case of bundled pricing) (where applicable)
- vii. Details on account inactivity/ dormancy and how to reactivate including any applicable fees for that.
- viii. Details on terms of when a consumer decides to close the account.
- ix. Details and applicable fees on early redemption (for fixed deposits or other similar products) and details on any automatic rollover on maturity.

### SECTION III-ENQUIRIES

Any questions or complaints? Call [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS] to contact us regarding your question or complaint.

ACCOUNT PROVIDER’S REPRESENTATIVE	[NAME AND SURNAME]	
CONSUMER I ACKNOWLEDGE RECEIPT OF THIS STATEMENT PRIOR TO OPENING THE ACCOUNT:	[NAME AND SURNAME]	[SIGNATURE AND DATE]

## Appendix III-KEY FACT SHEET FOR AN OVERDRAFT FACILITY

<p>This product is an overdraft facility by .....</p> <p>This statement provides you with indicative information about Interest, fees and charges of this product but please refer to our offer letter for the final terms of your overdraft facility. Fees and charges are subject to change from time to time</p>	
Interest rate and interest charges	(these are just examples, specify the applicable terms)
Annualized interest rate	The annualized interest rate is XXX%
Annualized Default/ overdue interest rate	<p>Annualized default interest rate shall be XXX%</p> <p>The bank reserves the right to charge default interest on a day-to-day basis on any sum which is not paid when due.</p> <p>If any instalment payment or interest payment is overdue, default interest shall be calculated from the due date of the relevant instalment or interest payment on a daily basis up to the day on which actual payment in full has been made.</p> <p>For details, please refer to the relevant sections of “General Terms and Conditions of Overdraft Facility” provided by the bank.</p>
Over-limit interest rate	The over-limit interest rate shall be XXX%.
<b>Fees and charges</b>	
Handling fees upon application or renewal	XXX% of the overdraft amount (subject to a minimum charge of E...) will be charged when a customer applies for or renew an overdraft facility.
Late payment fee and charge	<p>EXXX per late payment</p> <p>Apart from default interest, the bank reserves the right to charge the Borrower Default Administrative Charges of EXXX on each time when the Borrower fails to make a payment on its due date. In addition, the bank shall have the right to recover all the legal costs of reasonable amount and reasonably incurred by the bank and the Borrower shall be obliged to pay such costs to the bank upon demand.</p>
Over-limit handling fee	EXXX will be charged if your current loan balance exceeds the credit limit of the loan.

### ENQUIRIES

Any questions or complaints? Call [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS] to contact us regarding your question or complaint.

ACCOUNT PROVIDER'S REPRESENTATIVE	[NAME AND SURNAME]	
CONSUMER I ACKNOWLEDGE RECEIPT OF THIS FACT SHEET PRIOR TO OPENING THE ACCOUNT:	[NAME AND SURNAME]	[SIGNATURE AND DATE]

## Appendix IV-CREDIT CARD KEY FACT SHEET

<p>This product is a credit card facility by .....</p> <p><b>This statement provides you with indicative information about Interest, fees and charges of this product but please refer to our offer letter for the final terms of your credit card facility. Fees and charges are subject to change from time to time</b></p>	
Interest rate and interest charges	(these are just examples, specify the applicable terms)
Annualized percentage rate for retail spending/ cash advance	<p>Maximum XX% for retail spending / XX% for cash advance when you open your account.</p> <p>No interest will be payable if the outstanding balance is paid in full on or before the due date. If no payment or payment of less than the outstanding balance is made on or before the due date, interest will be charged on a daily basis at the then prevailing interest rate).</p> <p>Interest will be charged on-</p> <p>(1) the unpaid balance from the date of the transaction until payment is made in full thereof; and</p> <p>(2) the amount of each new transaction (i.e. a transaction occurring at any time after the last transaction as shown in the statement, or at any time before that last transaction which has not been debited to the cardholder's account and shown in the statement) from the date of that new transaction until payment is made in full thereof (a minimum charge of EXXX). Such charge will be recorded in the next statement.</p>
Overdue APR for Retail Spending / Cash Advance	<p>If you have not made any payment or you have made a payment of less than the minimum payment on or before the relevant due date on two or more occasions in respect of 12 consecutive statements ("Triggering Event"), we will charge overdue interest rate ("Overdue Interest Rate") at an additional rate of X% over the basic interest rate applicable to the outstanding balance in your credit card account (bringing the APR to a maximum of XX% (for retail spending) and XX% (for cash advance)).</p> <p>If a Triggering Event occurs, we will charge the Overdue Interest Rate during the period from the day following the statement date of the statement first issued after the occurrence of the Triggering Event until the statement date of the statement first issued after cessation of the Triggering Event. All preferential interest rate applicable to the account will be suspended until such time as the Overdue Interest Rate ceases to apply.</p>
<b>Major fees</b>	
Annual fees (visa/master-card/union pay etc.)	EXXX
Cash advance handling fee	EXXX
<b>ENQUIRIES</b>	

Any questions or complaints? Call [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS] to contact us regarding your question or complaint.

ACCOUNT PROVIDER'S REPRESENTATIVE

[NAME AND SURNAME]

CONSUMER-

[NAME AND SURNAME]

**I ACKNOWLEDGE RECEIPT OF THIS  
FACT SHEET PRIOR TO OPENING THE ACCOUNT:**