



GOOD BANKING PRACTICE



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Good banking practice fosters trust, performance and transparency. The principles of good banking apply to a bank's customer relationships and operating procedures. These principles together with the practices followed in banks form good banking practice.

By publishing these principles, Finnish banks wish to define the contents of good banking practice and to inform their customers, employees and other interest groups of the code of conduct to be followed.

The relationship between a customer and a bank is primarily governed by a number of legislative provisions as well as by guidelines and regulations issued by the supervisory authorities. The obligation to adhere to good banking practice is also recognised in legislation.

The principles of good banking practice do not alter any agreements between a customer and a bank.

1 BANKING OPERATIONS

Banks have an important role in society as financial intermediators and providers of payment services. Banks will therefore act responsibly towards all their interest groups.

Good banking practice entails that banks operate honestly and professionally. A bank will pay special attention to safeguarding the position of its depositors.

The bank will ensure that its employees are duly qualified and adequately trained for their tasks, and will organise the necessary supervision, regulation and management of their actions.

In the course of banking operations, conflicts of interest can arise between a bank and its customer or customers. The bank will not seek to benefit from such situations inappropriately.

2 CUSTOMER RELATIONS

Relations with customers will be based on mutual integrity and confidence, strengthened by long-term relationships. Banks will have due regard to their customers' interests in the conduct of their business.

The bank will not decline a customer relationship on discriminatory grounds.

The bank will inform its customer of alternative services suitable for the customer's needs, and the customer will be free to select the desired services from the bank's service portfolio. A customer will be able to switch to another service or bank unless a particular service is otherwise provided on under the agreement between the customer and the bank.

According to good banking practice, the bank will familiarise itself with its customers and their financial standing to the extent required by each individual customer relationship.

3 CUSTOMER DUE DILIGENCE

Banks have a legal obligation to know their customers. The bank shall obtain the necessary information on a customer's operations, financial standing, and use of banking services, and additionally on the corporate structure and owners of corporate customers. The bank

may be required to inquire the origin and intended use of funds arriving on a customer's account.

The bank is required to verify the identity of its customer, and, where applicable, the identity of its customer's representative. The bank is entitled to decide and define which identification documents and verification procedures it accepts based on its principles of risk prevention.

If the bank's customer is an estate, the identities of the parties to the estate are primarily established from the estate inventory deed and its annexes.

4 BANK SECRECY

Any information in the bank's possession concerning a customer will be subject to statutory bank secrecy.

No information concerning a customer may be disclosed to third parties except with the customer's permission or at the request of those entitled by law to obtain such information. Bank personnel and other persons acting on behalf of the bank may only process customer information to the extent required by their tasks and duties.

5 BASIC BANKING SERVICES

The bank has the obligation to provide basic banking services to consumers in the extent set in legislation. Basic banking services include a bank account for daily banking affairs, a means of payment with access to an account, and the execution of payment orders.

The bank will have the right to refuse to open an account for a consumer for weighty reasons only. Such weighty reasons can be, for example, that the bank is not able to reliably identify the customer, the customer already has an account or a means of payment, or the bank has reason to suspect the abuse of the account or means of payment. The bank will not refuse to grant basic banking services merely on the basis of a previously registered payment default.

The bank will notify the customer of the grounds for its refusal, unless otherwise effected by law.

6 MARKETING AND SERVICE AGREEMENTS

The marketing of services shall be truthful and give an accurate picture of the services offered. Marketing materials shall clearly state the key features and characteristics of the service.

Verifiable agreements on the services commissioned by a customer will be drawn up as necessary. The terms and conditions of an agreement will set out the most important rights and obligations of both parties. The terms and conditions will be written with the target customer group in mind so that they are clear, understandable, accurate and reasonable.

7 PAYMENT SERVICES

For purposes of security, the bank will give the customer instructions on the due care they must employ in the safekeeping of the means of payment and related PIN codes.



If any writing, calculation or similar technical error has been made by the bank itself or by another bank, the bank will seek to correct it without delay even if the payment has already been credited to the payee's account. If a payment goes to the wrong account due to a mistake made by the payer, the bank may give the wrong payee's contact information to the payer.

8 LENDING SERVICES

The bank will provide a consumer customer with information on the various loan alternatives, their essential terms and conditions, and their costs.

When granting a loan to a customer, the bank will assess the customer's creditworthiness based on the available information. Where necessary, the bank will require the customer to provide security for the debt. The customer is also obligated to assess their own repayment ability.

The bank will attend to the loan relationship with responsibility and due regard to the consumer customer's financial security. When granting a loan for business purposes, the bank will consider the financed operations' feasibility of success. Good banking practice does not, however, obligate the bank to grant a loan or to continue a loan relationship.

If a consumer customer's payment is late, the bank will give them information and advice to prevent the escalation of their difficulties. The bank will give the customer information and advice to help them resolve the situation, and will take a responsible approach to the customer's repayment arrangements.

9 SAVING AND INVESTMENT SERVICES

The bank will supply the customer with information on the bank's selection of saving and investment forms, their terms and conditions, and on the yields, risks and expenses of an investment. The bank shall provide the investment services honestly, equally, professionally, and in the best interests of the customer.

Prior to offering any investment advice or asset management services, the bank shall, in order to recommend suitable financial instruments and services to a customer, request sufficient information on the customer's financial standing, investing experience, knowledge, and investment objectives. The bank shall supply the customer with timely and adequate information to support their decision. This includes, for example, information on the investment service provider, contents of the investment service, costs of the service and basis for the costs, and the essential risks of the service.

The bank shall execute the customer's assignments and manage any assets entrusted to it by the customer with due care in accordance with the respective agreement between the bank and the customer.

10 USING A POWER OF ATTORNEY

A power of attorney used for banking services must be sufficiently specific.

Good banking practice requires the bank to decline a power of attorney if it has knowledge of any misuse or exceeding of powers. The bank may also refuse to take assignments from a person authorised with the power of attorney if the bank has reason to suspect that the person who has issued the power is no longer able to supervise the authorised person's



activities due to decreased legal capacity, and that the authorised person may be acting against the represented person's interests.

11 CUSTOMER FEEDBACK

The bank will process customer feedback appropriately. The bank will respond to a complaint in reasonable time.

The customer will get instructions on giving customer feedback from the bank or from the bank's website. The customer will also get advice from the Finnish Financial Ombudsman Bureau (FINE).

These principles of good banking practice were approved on 18 November 2015 at the Federation of Finnish Financial Services. They replace the previous principles dated 7 September 2004.




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