



EDBS/KH/C/41/2018  
15<sup>th</sup> July 2018

**The Chief Executive Officers**  
All Retail Islamic Banks  
Manama  
Kingdom of Bahrain

Dear Sirs

**Subject: Customer and public awareness about Islamic finance concepts and products and training of client facing employees**

The Central Bank of Bahrain's ongoing supervisory interactions with Islamic banks and their customers have indicated that there is significant room for improvement regarding customer and general public awareness about Islamic banking products and their benefits. Islamic banks are expected to inform their customers, potential customers and the general public not only about what is being offered but also how these products and services are relevant and beneficial for them. Clearly spelling out the differences between Islamic and conventional products will make customers appreciate the benefits and highlight the underlying risks of Islamic products. Greater transparency and communication will likely result in a reduction in the number of customer complaints and help expand the business of Islamic banks. The CBB believes that a sustained market development campaign is in the long-term interest of Islamic banks.

One important way to achieve the above is appropriate training of customer service representatives and other client facing employees. It is important for an Islamic bank to ensure that its employees are sufficiently knowledgeable about Islamic products and are able to answer any questions from customers and potential customers. Such training is critical to avoid mis-selling and to achieve a high level of customer satisfaction. The CBB would like to draw attention to the requirements of the CBB Rule Book Volume 2 under LR-2.4.3 regarding training, PB-1.1.1 regarding full disclosure of all relevant information to customers and BC-B.5.3 regarding ensuring that the average customer understands the relevant facts about products and services.

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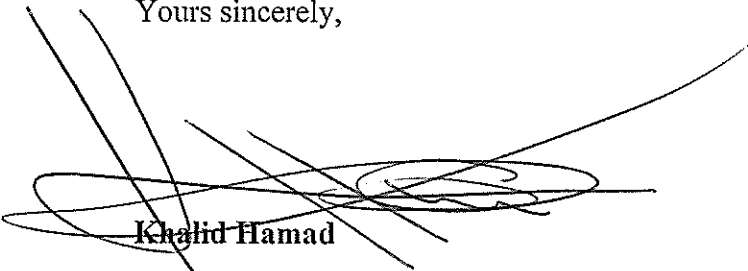
In view of the above, the CBB would like each Islamic retail bank licensee to carry out the following:

1. An action plan to raise customer and public awareness. The plan must cover, at a minimum, the following:
  - Brief description of activities / campaigns, distribution channels, targeting which market segments, etc;
  - Whether in-house team or outsourced entity will execute the plan;
  - Brief description of content creation and content quality assurance strategy;
  - Proposed qualitative and/or quantitative measures to assess the effectiveness of the plan; and
  - Any other factor considered important for the success of the plan.
2. An action plan to train client-facing employees.

Kindly share the above with your supervisory point of contact at the CBB within **three months** of the date of this letter.

The CBB expects the licensees to present a progress update on the implementation of both the plans in their annual prudential meetings.

Yours sincerely,

  
Khalid Hamad

cc: Bahrain Association of Banks