

The Communiqué Amending the Communiqué on Compliance with Interest-Free Banking Principles and Standards, and the Communiqué on the Procedures and Principles regarding Informing Customers and the Public within the Scope of Interest-Free Banking Principles and Standards were Published

1 Feb 2022

The Communiqué Amending the Communiqué on Compliance with Interest-Free Banking Principles and Standards ("**Amendment Communiqué**") together with the Communiqué on Procedures and Principles regarding Informing Customers and the Public within the Scope of Interest-Free Banking Principles and Standards ("**Communiqué**") prepared by the Banking Regulation and Supervision Agency ("**BRSA**") were published in Official Gazette dated 30 November 2021 and numbered 31675. The Amendment Communiqué entered into force on the same date with its publication, and the Communiqué as of 1 January 2022.

Pursuant to the Amendment Communiqué,

- The advisory committee will select a chairman among its members to carry out its duties regularly, and a vice chairman to serve in absence of chairman. It is obligatory for the chairman of the committee to be a resident of Turkey. Moreover, the criteria for being a member of the advisory committee have been introduced.
- The period of advisory committee's reporting (within the scope of the article regarding its duties and authorities) to advisory board regarding its decisions taken, has been changed to "until the end of January of the year following the decision date".
- The selection of certificates required by the personnel who will take part in the compliance and audit activities of interest-free banking and the secretariat of the advisory committee is left to the discretion of the advisory board.
- With the Amendment Communiqué, it is stipulated that the principles on informing customers and the public adequately and effectively, will be determined by the BRSA, not by the Participation Banks Association of Turkey.
- It is stipulated that the procedures and principles regarding the approval and follow-up of the outsource service providers will be regulated by the Participation Banks Association of Turkey with the approval of the BRSA. The reporting frequency regarding interest-free banking compliance and audit activities will be "at least once a year".

The Communiqué aims to regulate the procedures and principles for participation banks, development banks and investment banks providing financing (collectively, "**Banks**") to inform their clients and the public within the scope of interest-free banking principles and standards.

Accordingly, as per the Communiqué,

- Banks are obliged to inform their customers in a clear, concise, and understandable manner regarding the rights and obligations regarding products, services, operations, and contracts, in line with the advisory committee decisions, and interest-free banking principles and standards.

- The informative notice should at least include the following: (i) the interest-free banking contract and conditions regarding the product or service, (ii) the process and operation of the product, (iii) the compliance of the transactions with the interest-free banking principles and standards, (iv) the date the form is delivered to the customer, and (v) corporate web-site information where the customer can get more comprehensive information about the product or service.
- Banks are obliged to provide at least one informative notice for each product and service type, before concluding the contract with the customer. They are also obliged to provide the customer with an information form stating that the obligation to inform has been fulfilled. Banks will be able to provide information verbally or in writing. It is essential to use language that the customer can read and understand.
- If the customer will be verbally informed; in terms of the burden of proof, wet-ink signature or an audio or video recording should be taken in order to proof free will of the customer.
- If the customer will be informed in written; information form must be delivered to the customer via permanent data storage or hand-delivered with a proof of delivery by signature.
- In addition to the minimum content required to be included in the information form for fund allocation transactions, Banks should add information on (i) that the customer is the representative of the bank during the fund allocation process in case the Banks give a power of attorney to its customers to transact with third parties on behalf of the bank, as well as the results arising from this power of attorney and (ii) the policy to be followed in case of failure to pay accrued receivables in return for the use of funds on time.
- In informative notice of the participation fund customers, Banks will inform their customers according to the type of account when opening a participation account or a special current account.
- In participation fund acceptance transactions, passbooks, that are issued by Banks in accordance with the Regulation on the Procedures and Principles Regarding the Acceptance and Withdrawal of Deposits and Participation Funds, Past Due Participation Funds, Trusts and Receivables will not be accepted as an information form as per the Communiqué.
- Banks are also obliged to publish information forms on their official websites in order to carry out their activities effectively and to enable customers to access the information needed in the shortest and easiest way.

You can access the details of the [Amendment Communiqué](#) via this link, and of the Communiqué via [this link](#) (Only available in Turkish).

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