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# **Establishment of Financial Inclusion Department**



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Republic of Iraq  
Central Bank of Iraq  
Banking Supervision Department  
Licensing, Controls, and Instructions Division  
Issue: 289/4/9  
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To\All Licensed Banks  
Sub\Establishment of the Financial Inclusion Department

To support the objectives of this bank in formulating national strategies, achieving the goal of financial inclusion, and enhancing trust between financial institutions operating in Iraq and the public, an administrative structure was created within this bank under the name "Financial Inclusion Department." For organizational purposes, based on Article 4 of the Central Bank of Iraq Law No. 56 of 2004 and Article 26 of the Iraqi Banking Law No. 94 of 2004, you are hereby ordered to do the following:

1. Merge your two previous formations, the Banking Awareness and Public Protection Division, which was formed pursuant to our Circular No. 427/7/1/9 of 7/11/2016, and the Financial Inclusion Division, which was formed pursuant to our Circular No. 2848/14 of 30/10/2023, to form a new administrative structure called the Financial Inclusion Division, which will be added to the organizational and administrative structures of your banks, provided that we are provided with the administrative orders for establishing the division.
2. The new formation of the Financial Inclusion Division in your banks will be linked to the Chief Executive Officer (CEO) and General Manager (Government Banks), and the Managing Director (Private Banks), with the aim of achieving integration and effective communication to accomplish the tasks assigned to them.
3. The duties of the newly formed Financial Inclusion Department in your banks are determined in accordance with the Financial Inclusion Department regulations (a copy of which is attached, approved by this bank's Board of Directors Resolution No. 137 of 2024).
3. The responsibility for managing this department shall be assumed by someone with sufficient banking and administrative experience. It is preferable that the person possesses comprehensive knowledge of banking awareness, public protection, and financial inclusion indicators, as well as leadership skills and banking culture, the ability to develop strategic programs, and the ability to provide us with information specific to the department manager and his assistant, according to the specifications specified in the regulations.
4. Reports and data shall be sent, according to the dates and methods of receipt specified in the regulations, to the Central Bank of Iraq/Financial Inclusion Department for oversight, follow-up, supervision, and evaluation.
5. Any circulars or instructions issued by this bank that conflict with the content of this circular are hereby revoked.

Please review and comply with the above and provide us with supporting documentation within 10 working days from the date of issuance of this circular. Appreciation.

**Attachments:**

Regulations of the Financial Inclusion Department in Banks (12 pages).



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## Introduction

In light of this bank's endeavor to achieve the principle of financial inclusion, develop its strategies and implement its initiatives, and enhance the effective role of banking financial institutions within the framework of developing and improving banking services and financial products and improving their quality in general, and utilizing digital payment tools and adopting modern technologies in particular, and ensuring easy access to services for all segments of society and their wider use across various geographies to achieve financial stability and sustainable development. Furthermore, there is a need for a comprehensive framework for public protection that leads to increased confidence and competitiveness in the financial and banking system, and subsequently improves the quality of financial services provided to customers, which contributes to encouraging individuals and increasing their willingness to use financial services. This is in line with the bank's objectives aimed at developing banking operations in accordance with effective regulatory and oversight frameworks and a sound and innovative methodology. The following are the main tasks and specific regulations of the Financial Inclusion Department in banking financial institutions.



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*First: Administrative Formation of the Financial Inclusion Department*

Appointing an employee to the position of Director of the Financial Inclusion Department at the bank to manage the department, taking into account the following conditions:

1. The Director of the Financial Inclusion Department and his/her assistant shall be at least 28 years old.
2. The Director of the Financial Inclusion Department shall be at least a university graduate with a specialization in management and economics, with specializations in business administration, statistics, economics, financial and banking sciences, or media, and shall have sufficient banking experience and experience.
3. The Director of the Financial Inclusion Department and his/her assistant shall have at least four years of banking, financial, or public relations experience.
4. The number of employees working in this department shall not be less than four employees, in addition to the Director of the Department and his/her assistant, provided that the competencies cover all the tasks required to complete the department's work.
5. Appointing a liaison officer in all your branches with the Financial Inclusion Department at your bank.
6. In the event of a change in the managers of this formation, the bank must be notified of this, stating the reasons for such change.

*Second: Duties of the Financial Inclusion Department*

The Central Bank of Iraq shall monitor, follow up, supervise, and evaluate the efficiency of the Financial Inclusion Department's performance in banks, both in the office and in the field, to verify its compliance with the issued requirements and instructions set forth below:

a. General Framework

1. The bank's Financial Inclusion Department shall prepare a quarterly report, completing the financial inclusion data forms prepared and approved by the bank, and send it to the bank's Financial Inclusion Department. The submission period shall not exceed 15 days from the month following the end of each quarter.
2. The report and data form shall be sent via the Financial Inclusion Department's digital email (fi@cbi.iq) or through an approved data receiving system.
3. An official letter shall be sent to the Central Bank of Iraq/Financial Inclusion Department confirming the submission.

b. Financial Inclusion Report Requirements

The financial inclusion report must include, at a minimum, the following information:

1. Financial inclusion indicators data, according to the forms prepared and approved by this bank.
2. Statistics on the financial services provided to the public.
3. Conducting a thorough analysis of the gap between supply and demand for the bank's financial services.
4. A detailed description of the various media activities, initiatives, educational plans, and the results achieved.



5. Preparing statistics at the level of each bank branch, including the quality of services provided to the public, complaints submitted to the branches, and the actions taken in this regard, while analyzing the type and nature of the complaints submitted.
  6. Preparing a database containing detailed statistics and information on micro, small, and medium-sized enterprises financed, according to the prepared form approved by this bank
  7. The department's operational plan and the percentage of achievement of the bank's financial inclusion strategic plan.
- c. The Central Bank of Iraq, through the Financial Inclusion Department, may request data based on developments in the operating environment.

*Third: Financial Inclusion Strategy and Initiatives*

a. Developing Strategic Plans

1. The department is tasked with developing a short- and medium-term strategic plan (at least an annual plan) for financial inclusion within the bank, along with timelines for its implementation. This plan is then presented and approved by the bank's Board of Directors. The Board shall determine the responsibilities of each entity within the bank to ensure the achievement of the approved strategic objectives.
2. The bank's strategic plan must be reviewed by the Board of Directors after its approval on a quarterly basis (every three months).
3. Coordinate activities and oversee their implementation, develop proposals and action plans, prepare related reports, and participate in their implementation with the Central Bank of Iraq and regulatory and supervisory bodies, including within the framework of the Arab Financial Inclusion Week or any other activities directed by the bank.
4. The department is tasked with providing initiatives to support specific segments of the public, such as women, youth, and people with special needs, within the bank's strategic plans.
5. Strategic plans must include expanding the provision of digital services and establishing mechanisms for addressing complaints effectively and promptly.
6. Providing the necessary support and effective coordination with all departments and structures within the bank to ensure smooth and effective implementation of the bank's strategy that promotes financial inclusion.

b. Developing Operational Plans

1. Assign the bank's Financial Inclusion Department to develop operational plans for the department's tasks, approved by the bank's Board of Directors. These plans will be submitted to the Central Bank of Iraq's Financial Inclusion Department for monitoring, supervision, and evaluation.
2. Your bank's Financial Inclusion Department should coordinate with all the bank's various departments responsible for providing data and various types of services to the public, such as reviewing credit and deposit interest rates, letter of guarantee issuance commissions and determining them according to ceilings, card issuance commissions, banking service costs provided to customers, etc.
3. Establishing timelines for implementing the bank's Financial Inclusion Department's tasks and allocating the necessary financial budgets for implementation.
4. Facilitating the procedures for granting loans and advances to citizens, particularly those undertaken by this bank, and de-complicating these procedures.





c. Participation in the National Financial Inclusion Strategy

1. Actively participating in the implementation of the National Financial Inclusion Strategy.
2. Preparing periodic reports every three months on the achievement rates of the bank's strategic plans and submitting these reports to the Financial Inclusion Department of the Central Bank of Iraq on a regular basis for follow-up, supervision, and evaluation.

*Fourth: Digital Financial Inclusion*

1. Coordinate with relevant departments within the bank to ensure the use of digital financial services and issue easy-to-use and secure digital applications that contribute to the public accessibility of your bank's digital products to promote financial inclusion. These services must be applicable, accessible, and usable by all individuals and businesses, with interoperability with various financial service providers from all sectors.
2. Follow up with relevant authorities within the bank to ensure the continuity of digital financial services without interruption and provide protection to ensure the security of customer data.
3. Contribute to monitoring the growth in the spread of the bank's digital financial services and provide the Central Bank of Iraq with figures and statistics related to the growth of these services.
4. Take the necessary measures to develop plans to expand the use and dissemination of digital financial services.
5. Attract and support modern financial technology (FinTech) innovations, and ensure the availability of the necessary tools and resources to implement and benefit from them.

*Fifth: Banking Awareness and Public Protection*

a. Banking Awareness

1. The bank must update the information on the services and products it offers to customers so that it is clear, concise, easy to understand, not misleading, and accessible without difficulty.
2. The bank is responsible for providing the best services to its customers, continually developing and reviewing them, and avoiding unfairness and exploitation when providing its services. These services will be subject to continuous evaluation, whether annually, semi-annually, or as the bank deems appropriate.
3. The bank must operate with high professionalism in the best interests of customers throughout their relationship, as the bank is primarily responsible for protecting customers' financial interests.
4. The bank must protect and monitor customer deposits, savings, and other similar financial assets by establishing highly efficient and effective control systems to limit fraud, embezzlement, or misuse.
5. You are committed to providing adequate guidance within the bank's offices and branches, and on the bank's websites and digital applications, clarifying to customers all their rights regarding filing a complaint and how to inquire about all aspects of the banking services provided.
6. The bank shall provide the customer with a periodic account statement at a pre-specified interval, in addition to the statement the customer requests.
7. Your employees must treat customers in a respectful manner, dedicating their efforts to customer service, and striving to employ methods that help attract deposits and create reassurance, trust, and a sense of appreciation among citizens and customers. Fairness, honesty, and equity must be treated with the bank at all stages of operation, making this an integral part of the bank's culture.
8. Customers must be able to search for and compare the best services offered by the bank and switch between them easily and at a reasonable cost.



9. Special attention must be given to customers with limited income and education, the elderly, and those with special needs of both genders. The bank must establish specific mechanisms to facilitate the provision of services to this segment of the public.
10. The bank must develop appropriate programs and mechanisms to educate and inform current and future customers about the banking services provided, raise their awareness and guidance, enable them to understand the basic risks of the services provided by the bank, assist them in making informed and effective decisions, and direct them to the appropriate authority to obtain information if they need it.
11. The bank shall issue a unified form that includes all services provided to customers, the department responsible for each service, its features, and the fees, commissions, and interest rates associated with it.
12. The bank shall benefit from customer feedback and their perceptions of the bank, including its advantages and disadvantages, suggestions for improving the bank's services, and solutions to address these disadvantages. This shall be done through direct meetings with customers or by conducting a survey.
13. Each bank and all its branches shall provide digital screens that display interest rates, their types, and the commissions received for providing these various services. The bank shall update these screens in accordance with its approved banking transaction pricing schedule, and post them in a visible location clearly visible to customers.
14. Advance clarification shall be made of the potential risks associated with providing new services to customers and the potential impact of changes in interest rates and commissions.
15. When preparing contracts with your customers, consider the following:
  - a. Inform the customer of every clause of the contracts concluded with them, taking into account the provision of sufficient time for the customer to review the terms of the contract before signing, especially loan contracts, opening current accounts, and letters of guarantee.
  - b. Ensure that all loan contracts are completed correctly, particularly those related to interest and commissions.
  - c. The customer receives a certified copy of the contracts after they have been authenticated by the bank's legal department.
16. Advertising and publicizing financial services as follows:
  - a. The bank must promote its services through its primary channels (branches, official website, ATMs, audio and visual media channels, and digital applications), or any other appropriate advertising medium for the purpose of private advertising, provided that it does not exaggerate, and that caution is exercised in the style and content of the advertisement, and that it does not use enticing information that misleads the customer or exaggerates the advantages of the product or service provided.
  - b. Obtain approval from the Central Bank of Iraq/Financial Inclusion Department for promotional campaigns and advertisements for new banking services and products.
  - c. The bank's ability to provide the advertised service.
  - d. The bank's name must be clearly displayed when publishing the advertisement.
  - e. The bank must ensure that the advertisement is designed and presented in a clear and understandable manner.
  - f. The bank must clarify the meanings of acronyms included in the advertisement, if any.
17. The bank's internal audit and compliance report must include a section on the bank's procedures regarding public protection and banking awareness.





b. Public Protection

1. The bank's Financial Inclusion Department is responsible for public protection tasks, including customer complaints. Therefore, the responsibility for receiving, documenting, recording, and following up on customer complaints, from the time the complaint is received to the completion of the procedures, processing, and responding to the complainant, falls to this department.
2. Preparing a customer complaints form that specifies the complaint submission mechanism, the required documents and information, and other matters related to the elements of the complaint submitted. It must also provide an appropriate mechanism for customers to submit their complaints to the bank, ensuring that the mechanism is fair, clear, and effective, and that complaints are resolved promptly.
3. The bank is committed to not subjecting complaints submitted by customers to any financial charges, whether fees or commissions.
4. The bank is committed to not imposing any restrictions or conditions that hinder the customer's right to file a complaint or requiring a waiver of any complaint, unless the customer submitting the complaint withdraws the complaint voluntarily and provides proof thereof.
5. Handling complaints submitted against the bank through the Central Bank of Iraq, as well as handling the means of receiving complaints submitted by customers directly to the bank and determining the methods for receiving them. These methods should be a minimum of four:
  - The official website.
  - The bank's digital applications.
  - Digital mail.
  - Via mobile phone.
6. The subject of the complaint received from the customer must not be pending before the judiciary.
7. The bank must establish a system or digital record to record complaints received by the bank, along with all communications, documents, and procedures related to them. This system or digital record shall be used to assign a reference number (non-repeating) to each complaint submitted by the customer through the various means of receiving complaints at the bank. This reference number shall be used in all correspondence between the bank and the complainant.
8. The bank shall submit an official letter to the customer regarding its response to the subject of the existing complaint, supporting this opinion with appropriate justifications. This opinion shall include corrective measures, if any, to resolve the complaint.
9. The response to the complaint submitted by the complainant must include, at a minimum, the following information:
  - Complaint reference number
  - Subject of the complaint
  - Final decision regarding the complaint
  - Summary including the reasons for the decision reached by the bank.
10. If the bank resolves the complaint, the bank must implement the agreement reached with the complainant to resolve the complaint and must sign a supporting document confirming its approval. Proof of the complainant's approval of the bank's response must be attached to the system or digital record.



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11. The bank's Financial Inclusion Department is committed to providing its opinion to the customer within a maximum of ten (10) business days from the date of filing the complaint. The customer will be informed of the results of the investigation within five (5) business days from the date of completion of the complaint investigation. If the customer fails to receive a response within that period, the bank must send the response to the customer via digital mail, telephone number via text messages, or any other means of communication available to the customer.
12. The bank must include a specific clause in its contracts with its customers regarding their right to file any complaint regarding the services or products provided. This clause must be included in a separate document attached to the contract, or notified in writing upon establishing any banking or financial relationship with the bank.
13. Issue a form to maintain the confidentiality of customer information (Non-Disclosure Agreement) and ensure that all bank employees and entities working with the bank who have access to customer information sign this form. Access to customer account statements must be restricted to only authorized individuals, to reduce the risk of assault and theft and protect customer data.
14. Ensure that paper and digital records of each customer complaint are maintained in an organized and secure manner.
15. The bank must conduct an appropriate analysis of customer complaint patterns on a regular basis and verify whether the complaints point to a specific issue or a more widespread customer concern at each bank branch level.
16. The bank and the Board of Directors must establish an internal control system to ensure appropriate solutions are found and that such complaints and objections are not repeated in the future.
17. The bank's Financial Inclusion Department must present the results of its analysis of recurring complaints to the Compliance Officer, Risk Management, and Internal Control Officer at the bank. It must also identify ways to mitigate the recurrence of such problems and develop appropriate solutions.
18. The bank must provide the Financial Inclusion Department with sufficient human resources to cover all its tasks. These personnel must be trained through specialized training courses to ensure they perform their assigned duties to the best of their ability. Employees of this department must possess appropriate academic and practical experience.
19. When modifying or changing any of the services provided to customers, whether partially or completely, the bank must develop a schedule that includes the nature of the previous service, the changes made to it, and the date on which the change will be implemented. Customers who are likely to be affected by this change must be notified at least one month prior to the modification or change.
20. When you cease your operations, merge your business with another entity, transfer part of your business to another entity, or merge or relocate a branch, you must:
  - Notify the Central Bank immediately.
  - Notify affected customers at least two months in advance to enable them to take alternative measures.
21. Submit periodic (quarterly) reports to the Central Bank, including statistics and an accurate analysis of the number of complaints received from the public. The report must include, at a minimum, the subject of each complaint submitted directly to the bank or received through the bank, the measures taken to address and follow up on it, and the current status of the complaint.



22. When commission rates are published for digital services, they must include full details of the commission amount. Customers must be notified and their consent obtained before the deduction process is made, including SMS services, digital banking services, and any other service the bank provides to its customers, depending on the duration of the service.
23. Banks are required to provide clear and specific policies and mechanisms to protect their customers from fraud, forgery, and extortion.
24. Emphasize the need to pay close attention to individuals present in the bank and its branches when not working, especially if there are suspicious movements, to preserve the safety and security of the bank and its customers.
25. Placing explanatory and informative signs for customers in all bank branches, explaining the transaction process and the requirements for each transaction.

c. Opening and Closing an Account

1. The bank must take the necessary measures to simplify the account opening process, including using the digital onboarding service to open accounts for customers in an automated manner that matches each customer's risk profile and is consistent with the "Know Your Customer" principle stipulated in the Anti-Money Laundering and Counter-Terrorism Financing Law and the instructions issued pursuant thereto. The bank must avoid improper implementation that contributes to obstructing simple citizen transactions.
2. The bank must not take unjustified measures to delay customer withdrawals, other than those established procedures.
3. The bank must not impose conditions, requirements, or complications when customers withdraw funds from their accounts. These requirements are supposed to apply when opening accounts and depositing large sums of money, not when withdrawing an amount from an account that was already subject to the account opening terms and requirements.
4. The bank must notify the customer of any decision taken by the bank to close their account 60 days prior to the date of the decision, explaining the reasons for the closure. This period is exempt from being taken in the event of a court order or the discovery of embezzlement. If the customer is involved in a fraudulent activity, the bank must immediately close or freeze the account.
5. The bank may not require the customer to deposit funds to open a bank account. The bank must close the account if the account balance is zero for a period of 30 business days from the date of opening.
6. The bank must formally inform the customer of the consequences and implications of opening and operating the bank account, to ensure that the customer is aware of the consequences of a third party accessing or misusing the account.

d. Errors (Malfunctions)

1. Banks are entitled to benefit from the returned funds that may arise due to an error (malfunction), and they must return them to the affected person's account without waiting for a claim.
2. If the bank discovers an error or is informed of an error as a result of a complaint or claim, the bank must compensate the customer and all other customers who suffered the same error. This procedure must be completed within 30 business days from the date the original error was identified. The bank must also contact all affected customers and inform them of the error and the corrective measures taken, including the return of funds to their accounts.



3. The bank must ensure the continuity of its banking systems and their ability to meet customer needs at all times, and provide alternatives in the event of a malfunction or failure in those systems.

*Sixth: General Regulations*

1. The Central Bank shall examine, monitor, and inspect banking products and services to ensure they do not violate their respective regulations and the rules and regulations established by the Central Bank.
2. The bank's senior executive management shall prepare a specialized policy and specific procedures for banking awareness and public protection. These shall be presented to the Board of Directors for discussion and approval, and the Financial Inclusion Department shall be informed of them by the Central Bank of Iraq. These policies and procedures shall fall within the responsibilities of the Board of Directors and be consistent with its strategic objectives.
3. The Central Bank's Financial Inclusion Department shall have the right, by whatever means and methods it deems appropriate, to monitor the fairness, adequacy, and quality of the procedures taken by the bank in handling customer complaints. The Central Bank may request the bank to take the necessary measures to strengthen its complaints handling mechanism.
4. The Central Bank receives complaints from bank customers. If the customer is found to be justified in filing a complaint, it will request the bank to rectify the situation. The Central Bank of Iraq may take any penalties or measures against the bank pursuant to the Central Bank of Iraq Law or any other laws and instructions issued regulating banking operations.
5. The bank must grant the Financial Inclusion Department sufficient powers to cover all its tasks, including ensuring that the various departments within the bank respond to the requirements of the Financial Inclusion Department with high flexibility and within the required timeframes to carry out its duties.
6. The Financial Inclusion Department of the Central Bank of Iraq has the authority to direct your bank's policy regarding access and deployment of all services provided to the public, including digital payment tools, digital financial services, and the issuance of digital applications, as well as branch locations.
7. Your bank must provide free quarterly statements of accounts and transactions of the public (individuals and companies) with you.
8. The Central Bank of Iraq's Financial Inclusion Department has the ability to evaluate the bank based on all the required activities outlined above, to create an annual index of the prevalence of indicators of access, use, cost, services, and complaints at your bank.



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