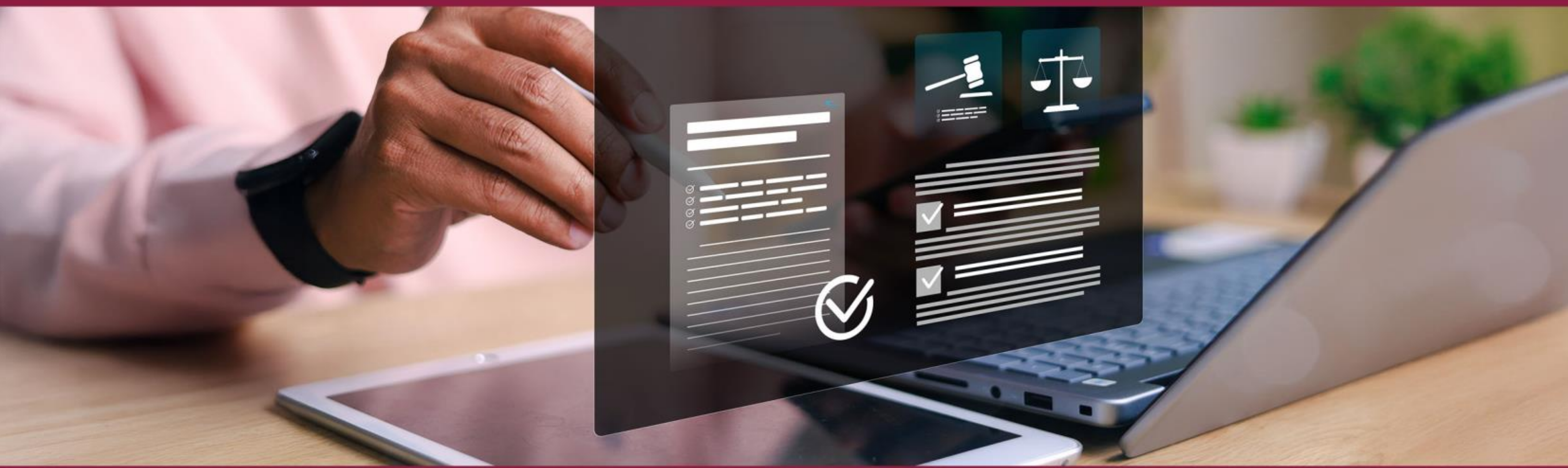
CENTRAL BANK OF
TRINIDAD & TOBAGO



Thematic Review

Commercial Banks' Fees and Charges

July 2026

Contents

1.0 Executive Summary

In 2025, the Market Conduct Unit within the Financial Institutions Department of the Central Bank of Trinidad and Tobago (“Central Bank”/“Bank”) conducted a review of banks’ fees and charges by analysing various regulatory submissions, and other requested information and also conducted meetings with representatives of senior management of the banks under review.

The main observations from the review were as follows:

- The overarching philosophy guiding banks’ fees and charges is cost recovery.
- Fee evolution is correlated to the costs associated with the accelerating digital transformation environment and changing regulatory demands.
- The banks have proactive, multi-channel consumer communication and fee frameworks designed to promote financial inclusion, particularly for vulnerable groups.
- Challenges persist in standardisation and formalisation of banks’ fees and charges, enhancing clarity of fees, balancing cost recovery with inclusiveness, and implementing advanced yet simplified risk-based pricing methods.
- There is room for improvement in oversight, transparency and stakeholder engagement.

The recommendations contained in this report focused on structured oversight of fee setting, adoption of data-driven pricing models, and enhanced communication strategies to drive transparency and accountability. Together, these will position the banking sector for resilient, transparent and responsible growth in a dynamic financial environment.

2.0 BACKGROUND

On March 22, 2024, representatives of the Central Bank appeared before the Joint Select Committee on Finance and Legal Affairs’ (“Committee”) inquiry into ‘*the examination of the existing Anti-Fraud and Customer Protection Systems in the Financial Services Sector of Trinidad and Tobago’*. One of the issues discussed was the level of fees and charges levied by the commercial banking sector on the public. The Committee’s interest in the topic arose from negative public sentiment at the time as well as their own personal experiences with the level of bank fees and charges. During this session, the Central Bank advised the Committee that it intended to conduct a Thematic Review of Commercial Banks’ fees and charges in the future and provide feedback to the sector on the findings of the review. Subsequently, in 2025, the Central Bank conducted a survey on, and met with representatives of six of the eight commercial banks, to discuss matters pertaining to determination of banks’ fees.

3.0 LEGAL FRAMEWORK GOVERNING MARKET CONDUCT

3.1 Legislative Basis

The legal framework governing the market conduct regulation of the banking sector is set out in the following Acts:

- Financial Institutions Act, 2008 (FIA); and
- Central Bank Act Chap 79:02 (CBA)

These statutes provide the Central Bank with broad powers to issue Market Conduct Guidelines, enact binding regulations, and supervise all licensed entities within its remit to ensure alignment with sectoral and consumer protection objectives. The main sections are as follows:

FIA

- Section 5(3)(a) and (b) states that two of the objectives of the Central Bank are to promote the existence of fair and efficient banking and financial services markets, and to maintain an appropriate level of protection for depositors of licensees;
- Section 10(d) empowers the Bank to issue necessary guidelines regulating licensee's conduct; and ,
- Section 41(9) of the FIA allows the Minister to make regulations to ensure that any transaction will not materially affect the risk exposure of the licensee or constitute inappropriate Market Conduct.

CBA

- Section 44A (1) states the Bank may fix the maximum and minimum interest rates payable on deposits received, and may fix the maximum and minimum interest rates, fees and charges to be charged on loans, advances or other credit facilities, by a financial institution; and
- Section 44 A (2) states, the Bank after consultation with the Minister, may set the maximum spread between interest rates chargeable on loans and interest rates payable on deposits which a financial institution may earn, carry or charge.

3.2 Supervisory Guidelines

Complementing the legislative requirements are a number of supervisory guidelines which provide more specific requirements on the Central Bank's expectations of good governance, risk management and market conduct practices pursuant to the legislation as well as operational standards and best practices. Some key guidelines are as follows:

- Market Conduct Guideline for Institutions Licensed under the Financial Institutions Act, 2008 (November, 2018);
- Corporate Governance Guideline (March, 2020);
- Simplified Due Diligence for Basic Banking Account (March, 2023 and September 2023);
- Guideline on Pension Plan Governance (August, 2019);
- Guideline on Security Systems for safeguarding Customer Information (May, 2005);
- Cybersecurity Best Practices Guideline (September, 2023);
- Fit and Proper Guideline (October, 2019);
- Approval of New or Materially Different Banking Products or Services (May 2012); and
- Guideline on Anti-Money Laundering and Combatting of Terrorism Financing (April 2018).

4.0 METHODOLOGY

The Central Bank) undertook a review of the fees and charges philosophies, policies, procedures and practices of six (6) of the eight (8) commercial banks ("banks"/ "licensees") in the banking sector.

As part of its process, the Central Bank engaged directly with Senior Management of each of the licensees reviewed via structured interviews and questionnaires with the aim of gathering qualitative insights. The questionnaire consisted of fifteen (15) questions grouped by five (5) main themes/ area (see Appendix 1). This approach allowed for a more robust evaluation of the information gathered against some of market conduct's core principles of fairness, transparency and inclusivity.

This report summarises the findings from these extensive engagements and evaluations, offering a nuanced appraisal aimed at supporting the Central Bank's ongoing regulatory mandate. By identifying common industry practices and areas for improvement, this review seeks to identify best practices and promote sustainable, transparent and inclusive growth in the banking sector.

5.0 FINDINGS AND RECOMMENDATIONS

5.1 Fee Philosophy, Drivers, and Methodology

Based on the banks responses, their fee philosophy, in the main, reflected a combination of recovering operational costs, advancing strategic priorities such as digital innovation, and financial inclusion. The banks indicated that they had adopted methodologies that structurally incorporated pricing reviews, profitability assessments, market benchmarking and stakeholder consultations to validate fee adjustments.

The main factors driving fee changes included, inter alia, increasing operational costs, inflation, digital platform investments, compliance requirements and evolving customer behaviours. The review highlighted that there was some variation in how banks handled technological and cyber-security costs. The differences reflected varying strategic approaches such as risk based pricing, cost recovery with profit considerations, plain cost recovery and absorption of technological and other costs to reduce the impact on the consumer. Table 1 highlights the individual bank's overall philosophy, methodology and drivers related to fees and charges.

Table 1: Comparison of Banks' Fee Philosophies, Drivers, and Methodologies

Bank	Overall Philosophy on Fees and Charges	Methodology for Determining Fees and Charges	Main Factors Driving Fee Increases	Link Between Fee Increases and Costs/Profit
BANK 1	Focuses on transparency, fairness, competitive fees, and regulatory compliance. Balances cost recovery and strategic priorities, absorbing some technological costs internally to maintain competitiveness.	Uses pricing reviews, profitability assessments, market benchmarking, cost and value analyses, and prepares business cases before executive approval.	Driven by rising service costs (operational, regulatory, technology), market benchmarking, and strategic objectives like digital banking adoption.	Fees primarily reflect cost recovery; some costs absorbed internally (e.g., chequebook fees) while major increases passed to clients.
BANK 2	Fees set considering cost, market, and regulatory factors, aiming to recover costs without profit inflation. Technological costs partially absorbed to support digital channels.	Fee determination follows cost-benefit analysis, multi-stakeholder reviews, and executive management approval.	Fee increase drivers include operational cost escalation, inflation, market conditions, and competitor fee adjustments.	Strong link to cost recovery; fees are carefully reviewed to avoid profit-led increases, with transparent technology cost allocations.

Bank	Overall Philosophy on Fees and Charges	Methodology for Determining Fees and Charges	Main Factors Driving Fee Increases	Link Between Fee Increases and Costs/Profit
BANK 3	Emphasizes financial inclusion and affordable banking access; chooses not to pass full operational and technological costs to customers.	Applies customer segmentation, product-market costing, brand positioning, and cost analysis along with regulatory investments.	Increases link to covering operational costs and meeting resilience and customer experience goals.	Fees primarily cover costs with continuous assessments to balance internal cost realizations and customer impact.
BANK 4	Maintains competitiveness, equity, and operational sustainability, investing in digital transformation and regulatory compliance.	Employs cost analysis, operational reviews, benchmarking, and regulatory adherence within Pricing Committee oversight.	Driven by inflationary operational costs, digital platform investments, staffing, and compliance.	Fee increases align with cost recovery and market realities, complying with regulatory notification mandates.
BANK 5	Favours expense recovery and risk pricing over profit maximization; fees apply only when services are rendered, supporting inclusion and transparency.	Uses detailed cost analysis, stakeholder engagement, benchmarking, and reviews by Managing Director and ALCO.	Cost increases from service delivery, compliance, risk, channel optimization (favouring digital channels), and product complexity influence fees.	Fees closely link to actual costs and risk profiles with client differentiation based on service complexity and relationship value.
BANK 6	Aligns with regional peers focusing on cost recovery, efficiency, and strategic priorities; absorbs technological costs to promote competitiveness.	Uses cost analyses, stakeholder consultations, and executive approvals.	Factors include rising operational costs, inflation, digital investments, and increased transaction volumes.	Fees reflect operational costs and strategic needs, incorporating transparent technological cost handling.

Findings

a) Fee Philosophy: The stated philosophies adopted by the banks reflected differing emphases but were ultimately anchored in cost recovery.

- **BANK 1** underscored transparency, fairness, and competitiveness, absorbing certain technological costs to safeguard consumer affordability.
- **BANK 2** balanced cost, market, and regulatory considerations, deliberately avoiding profit inflation while partially absorbing technology costs.
- **BANK 3** prioritized financial inclusion, limiting the pass-through of operational and technological costs to customers.

- **BANK 4** emphasized competitiveness and sustainability, aligning fee structures with digital transformation and compliance imperatives.
- **BANK 5** applied risk-based expense recovery, linking fees to service provision and client differentiation.
- **BANK 6** aligned with regional peers, focusing on efficiency and strategic priorities while absorbing some technology costs to maintain competitiveness.

b) Fee Methodology: Methodologies varied in formality and oversight but shared common reliance on structured internal processes.

- Banks employed pricing reviews, profitability assessments, cost-benefit analyses, benchmarking, and stakeholder consultations to validate fee adjustments.
- Committee oversight (e.g., Pricing Committee, ALCO) was evident in some institutions, while others relied primarily on executive approvals.
- Differences emerged in the treatment of technological and compliance costs, with some banks absorbing these expenses internally and others passing them on to consumers.

c) Drivers of Fees: Across all institutions, fee changes were fundamentally linked to cost recovery.

- Common drivers included rising operational costs, inflationary pressures, digital platform investments, compliance requirements, and evolving customer behaviours.
- Variations existed in the extent to which technological and cyber-security costs were absorbed or transferred, but the underlying rationale remained consistent: fees were adjusted to recover costs associated with maintaining resilience, competitiveness, and regulatory compliance.

There is room for improvement in the formalisation of the methodologies used to determine fees and charges as well as balancing cost recovery with inclusiveness and clarity. Non-standardised, non-formalised and complex cost recovery methodologies may lead to inconsistencies, lack of transparency, risk of over or under recovery of costs, difficulty in justification, reduced consumer trust and efficiency in calculating fees. These issues may limit the banks’ responsiveness to evolving consumer needs, competiveness and sustainability.

Recommendation

Banks should establish policies for the determination of fees. The policy should include the fee philosophy and methodology, including the linkages between fee drivers (inflation, operational costs, digital investments, compliance) and fee structures applied consistently across all products and subject to annual review.

5.2 Fee Approval, Review, and Board Oversight

Robust oversight and governance of the fee approval and review processes is integral to maintaining transparency, accountability, and regulatory compliance within the banking sector. Effective oversight ensures fee changes are not only financially justified but also aligned with broader strategic as well as consumer protection objectives.

Table 2 below examines the internal fee approval processes, triggers for fee adjustments, the frequency and formality of review cycles, and the extent of board-level involvement across the banks.

Table 2: Overview of Fee Approval Processes, Review Mechanisms, and Board Oversight

Bank	Approval Process for Fee Increases	Annual Review Process	Board Committee Responsible	Frequency of Fee Discussions at Board Level
BANK 1	Executive approval after comprehensive internal analyses.	Periodic review; no formal fixed annual review.	No dedicated board committee; fees are executive-managed and not routinely presented to Board.	Fee matters are not discussed at Board level under normal circumstances.
BANK 2	Multi-step process: business unit cost-benefit analysis, cross-functional stakeholder review, executive management sign-off.	No set annual review; reviews driven by internal or external stimuli.	Executive Management Team leads; Board receives info in reports but does not approve fee changes.	Discussed when significant increases or strategic issues arise.
BANK 3	Recommendations by Product Management Committee followed by CEO and DCEO approval.	Annual review of fees and charges is done under a formal process; changes communicated months in advance.	Product Management Committee with executive leadership oversight; no routine full Board involvement.	Board discussion frequency unspecified; not routinely discussed but subject to executive oversight.
BANK 4	Approved by Pricing Committee (ALCO subcommittee); business cases must justify fee changes.	Discretionary reviews based on operational needs, no set schedule.	Pricing Committee (under ALCO) oversees pricing; Board informed but does not approve.	Board briefed on significant fee changes as they occur.
BANK 5	Formal approval by Managing Director and ALCO after stakeholder input.	Annual reviews tied to regulatory submissions and strategic planning.	ALCO provides oversight; Board receives updates but does not routinely intervene.	Reviews at least annually, or as regulatory/strategic demands require.

Bank	Approval Process for Fee Increases	Annual Review Process	Board Committee Responsible	Frequency of Fee Discussions at Board Level
BANK 6	Follows BANK 2's structured internal approvals and executive management decisions.	Ad hoc and periodic reviews without fixed timing.	Executive management-led fees, with Board awareness but no approval role.	Discussed when strategic or regulatory issues arise.

a) Fee Approval Process: Across all institutions, fee approvals were executed at the executive or senior management committee level. Processes varied ranging from cost-benefit analyses and stakeholder reviews to committee deliberations, but ultimate authority rested with executive management. Further, there was no evidence of direct board approval of fee changes.

b) Frequency and Formality of Review: The frequency and formality of fee reviews varied across banks. Some institutions conducted annual reviews aligned with regulatory submissions or strategic planning, while others relied on ad hoc or discretionary reviews triggered by operational or market developments. Formalized annual cycles were not universal, and in several cases, reviews were periodic and lacked fixed scheduling.

c) Board Oversight: Board involvement in fee approvals was non-existent. Boards were typically informed after the fact through reports or briefings but did not exercise approval authority. The absence of direct board oversight in fee setting and material fee changes limits independent scrutiny of management's proposals and may heighten reputational risk, and reduce transparency for regulators and consumers.

Findings

The review revealed that Boards were not directly involved in approving fee changes. Approvals were consistently executed at the executive or senior management committee level.

The absence of structured Board oversight raises several risks:

1. of consumer unfairness by applying excessive or unjustified fees that focus on short term benefits to the bank;
2. to the bank's reputation due to consumer/public dissatisfaction with fees and charges that are perceived as unfair or predatory; and
3. of lack of transparency making it difficult for the Board, Central Bank and consumers to understand and challenge the fees and charges.

Importantly, the role of the Board is not to approve every fee change. Rather, effective oversight requires Boards to ensure the establishment and approval of a formal policy for the setting of bank fees and charges, ensuring that customers are treated fairly, and that fee structures are consistent with the institution's philosophy and regulatory obligations. Once such a policy is in place, management should:

i. Report to the Board when seeking to review or amend the policy; and

ii. Escalate material changes or the introduction of new fees for Board discussion and approval, supported by detailed justifications including consumer impact assessments and risk mitigation measures.

<u>Recommendations</u>

1. **Banks should establish a formal Bank Fees Policy that is subject to mandatory approval by their Boards of Directors. The policy should:**
    - **clearly define how a bank designs, applies, discloses, reviews and governs all customer fees.**
    - **establish the philosophy behind the fees and charges as well as the methodology for determination of same.**
    - **define explicit thresholds for fee increases that trigger compulsory Board review and approval. Where proposed fee increases exceed policy thresholds, a detailed justification should be submitted to the Board. The justification should include the potential consumer impact of the proposed fee change, available options for the customer, and the measures to be taken to manage any potential risks. This board resolution approving the change and the justification for the change must be submitted to the Central Bank along with the notification of the change.**
2. **At least annually, banks' boards should review the Bank Fees Policy and discuss the fee strategy in relation to, inter alia, the banks' profitability, customer perception and impacts, financial inclusion and growth.**

5.3 Communication, Consumer Awareness, and Feedback

Effective communication and consumer engagements are pivotal in fostering transparency and trust around bank fees and charges. Ensuring customers are adequately informed about fee adjustments, the rationale behind these changes, and their potential impact is a cornerstone of sound market conduct.

Table 3 examines how the banking sector has implemented notification protocols, raised consumer awareness, and incorporated client feedback on fees—particularly in addressing concerns about potentially exorbitant charges.

Table 3: Overview of Communication, Consumer Awareness, and Feedback Mechanisms

Bank	Public Consultation and Awareness of Fee Increases	Consumer Awareness Strategies	Customer Feedback on Exorbitant Fees
BANK 1	Provides 30+ days advance notification via multi-channel broadcasts (website, branch notices, letters, digital alerts).	Transparent fee disclosure through web, branches, call centres; educational efforts on fee triggers.	No complaints on exorbitant fees in past two years, indicating effective communication.
BANK 2	No public consultation; leverages market research. Notifications comply with regulations and use email, branch postings, and websites.	Multiple communication platforms, including staffed call centres providing detailed fee explanations.	Collects feedback via formal and informal channels, social media monitoring, and survey responses; feedback influences fee reviews.
BANK 3	Does not conduct public consultations; uses focus groups for targeted feedback.	Employs extensive multi-channel communication such as account documents, loan and credit card offers, website listings, social media, newspapers; sales teams trained to ensure customer awareness of fees and triggers.	Specific complaint data not disclosed; feedback requiring fee explanations is resolved, and solutions to reduce fees offered where feasible; communication suggests customer concerns over fees are acknowledged.
BANK 4	No public consultation; notifies changes 30+ days in advance through branches, websites, and letters.	Fee disclosures provided during product on-boarding and ongoing communication to maintain awareness.	Addresses customer complaints formally via established complaint processes, focusing on common fee categories.
BANK 5	Communicates fee changes 30+ days prior via digital channels, branches, and statements; prominently publishes on website.	Uses trained contact centre staff, multi-channel alerts, and online information for clarity.	Few formal complaints on exorbitant fees; some customer confusion on fee complexity noted internally.
BANK 6	Provides regulatory-compliant advance notifications using multiple communication tools; no public consultations.	Proactive engagement through call centres, digital updates, and formal surveys.	Actively monitors and incorporates customer feedback but formal exorbitant fee complaints are negligible.

Findings

Table 3 revealed that banks do not consult with customers prior to fee changes, however, this is not a requirement in law and is consistent with universally accepted banking practices. They are required to provide adequate notification to customers in advance of any change and all banks indicated that they comply with regulatory requirements in this regard. Banks also indicated that they used multiple channels to communication to disseminate information to customer on fee changes, including social media and in-branch postings.

Although the level of formal complaints on exorbitant fees across the banking sector was not measured and is undetermined, isolated customer confusion persists, particularly regarding complex fee structures. This suggests a continuing need for simplified, clear disclosures and education to improve consumer understanding.

Sub-optimal consumer communication, awareness and feedback practices employed by a bank may include:

i. inconsistent and discontinuous experience across all channels of communication;
ii. inefficient and ineffective use of consumer data to personalise consumer needs and their overall experience and the inability to focus banking offers that may lead to enhanced consumer satisfaction;
iii. the absence of standardised key facts statements that provide clear, concise, and plain language (jargon-free) explanations of products, fees and processes that are easily comparable across the sector, to enhance consumer trust, decision making and understanding;
iv. poor promotion of financial literacy that will help consumers avoid fees and charges where practicable and make informed decisions;
v. non-solicitation and poor management of consumer feedback with the aim of improving the quality of service to consumers;
vi. inadequate use of real time alerts e.g. SMS that forewarn consumers of impending fees and charges allowing them an opportunity to avoid them; and
vii. the absence of fee information at the point of a transaction, which clarifies the cost before completion.

Overall, while the sector has communication frameworks and proactive feedback solicitation, further strengthening of disclosure and transparency initiatives will be essential for enhancing consumer confidence and regulatory compliance. These measures are critical as banking services are increasingly digitised and customer expectations evolve.

Recommendation

The banks should adopt plain language, jargon free key facts statements for all fees in comparable formats, systematically integrate consumer feedback (from surveys, complaints, social monitoring) into annual governance cycles, and ensure transaction-point visibility alongside pre-fee alerts. Information in the key facts statements or other marketing material should not be

misleading or objectionable. Additionally, banks should also consider the use of targeted focus groups for feedback when instituting new fees or increases in fees.

5.4 Social Considerations and Strategic Responses

The consideration of socially vulnerable groups is a critical dimension of responsible banking in Trinidad and Tobago. In a market environment increasingly shaped by digital transformation and cost pressures, banks' strategic responses seek to balance financial sustainability with inclusive access.

The following table explores how banks incorporate social considerations into fee structures and the operational strategies they deploy to alleviate fee burdens on vulnerable customers without compromising overall viability.

Table 4: Consideration of Financial Inclusion and Strategic Fee Response Initiatives

Bank	Consideration of Low-Income, Elderly, and At-Risk Groups	Strategies to Maintain Fees in Current Environment
BANK 1	Offers no-fee basic accounts with minimal documentation; promotes digital alternatives to expensive in-branch transactions targeting vulnerable groups.	Maintains fees through operational efficiencies, cost reductions, and scaling digital volume to offset pressures.
BANK 2	Provides senior and low-income-specific accounts exempt from certain fees; offers digital no-fee products.	Relies on operational efficiencies, innovation in low/no-fee digital products, and market benchmarking to control fee growth.
BANK 3	Emphasizes financial inclusion through tailored products and access strategies specifically designed for vulnerable and at-risk groups, including low-income and elderly segments. Offers accounts with no fees for these groups to promote affordable banking access.	Uses customer behaviour insights and consultative focus groups to time fee adjustments judiciously. Fees are balanced against overall group performance and diverse income sources to avoid undue burden, prioritizing customer experience.
BANK 4	Offers dedicated accounts/channels for vulnerable groups; encourages digital transactions to reduce fee burden.	Promotes online banking with reduced fees, streamlines operations, and enhances fee transparency to stabilize pricing.
BANK 5	Maintains "No Account Fees" on basic products; simplified due diligence for vulnerable segments; tiered fees by client segment.	Pursues a digital-first growth model to shift customers to low-cost channels and reduce reliance on higher manual transaction fees.
BANK 6	Provides low/no-fee accounts tailored to demographics including seniors and digital adopters.	Uses technological and operational improvements to moderate fee increases and foster inclusion.

Table 4 shows a sector-wide recognition of the importance of financial inclusion for vulnerable persons and groups, manifested through multi-faceted strategies tailored to vulnerable customer segments, such as senior citizens and low-income groups.

The review revealed that all banks offer either low-fee or no-fee basic accounts targeted at vulnerable groups such as senior citizens and low-income customers. These initiatives demonstrate a sector-wide recognition of the importance of financial inclusion.

Moreover, five of the six banks indicated that they are pursuing digital strategies to contain costs and stabilize fee structures. These strategies include promoting online banking, encouraging digital transactions, and leveraging operational efficiencies to reduce reliance on higher-cost manual channels. By shifting customers toward lower-cost platforms, banks aim to balance financial sustainability with affordable access.

Furthermore, one bank distinguished itself by indicating that it had adopted a more customer-focused approach, using behavioural insights and consultative focus groups to guide the timing and design of fee adjustments. This strategy reflects a deeper integration of consumer perspectives into fee governance and highlights opportunities for other institutions to strengthen their engagement with vulnerable groups.

Operational efficiencies and technological advancements underpin fee containment efforts across the sector, mitigating inflationary and regulatory pressures. However, differences in the extent and rigor of social consideration frameworks suggest opportunities for harmonization and enhancement. Some banks could benefit from deepening customer segmentation granularity and expanding financial literacy initiatives to support vulnerable groups.

Findings

Inadequate efforts made by banks to address the needs of vulnerable groups can be grouped into three main areas namely product design, transparency and communication, and proactive support and staff training. Communication and transparency issues were addressed in the previous sections, which are also relevant to vulnerable groups. Based on the interviews conducted, while the banks offer no cost and low cost accounts, there was no indication of the following:

i. limiting or elimination of overdraft and non-sufficient funds fees;

ii. limiting or elimination of balance requirements that can trigger fees when not maintained;

iii. robust training of frontline staff to identify, communicate empathetically and employ flexible or alternative solutions including to those who may be experiencing hardship;

Ultimately, while the banks have made commendable strides to embed social considerations within their fee strategies, continuous refinement, guided by data-driven insights and regulatory collaboration, is essential to sustain equitable access and sector resilience in a changing financial landscape.

Recommendations

1. **Social Impact Assessments: Banks should incorporate structured social impact assessments into every fee decision process, ensuring that the effects on low-income, elderly, and other vulnerable groups are explicitly considered.**
2. **Annual Staff Training: Institutions must mandate annual staff training focused on empathetic alternatives and consumer-centric practices, equipping frontline staff to support vulnerable depositors effectively.**

6.0 CONCLUDING REMARKS & RECOMMENDATIONS

This review highlights a banking sector characterized by multi-layered governance frameworks guiding fee policies, approval processes, and communication strategies. Banks demonstrate a clear commitment to transparency, regulatory compliance, and operational prudence while navigating evolving market dynamics and technological transformation. Fee philosophies consistently balance cost recovery with competitiveness and social inclusion, supported by structured methodologies that incorporate stakeholder engagement and data-driven decision-making.

Communication practices are broadly effective, leveraging multi-channel notifications and proactive consumer education, although opportunities exist to enhance public consultations and simplify fee disclosures for greater clarity. Social considerations prominently influence product design and fee structuring, reflecting the sector's dedication to vulnerable customer segments through no-fee accounts and digital inclusion strategies.

The fee increase processes underscore the sector's adaptability, with rising drivers including inflation, digitization costs, and changing transaction behaviours, reinforcing the need for transparent, consistent review mechanisms and enhanced board oversight. Continued refinement in these areas will be critical to ensuring equitable access, sustained consumer confidence, and sector stability amidst ongoing economic and regulatory challenges.

Strengthening board engagement, enhancing consumer consultations, and advancing financial literacy initiatives stand out as pivotal avenues for evolution. Collectively, these efforts support a resilient, inclusive, and forward-looking banking environment aligned with national economic goals and global best practices.

In recognition of these findings, the Central Bank will seek to amend the **Market Conduct Guideline for Institutions Licenced under the FIA to incorporate a dedicated section on fees and charges**, providing clear guidance that reflects the recommendations of this report. This amendment will embed transparency, accountability, and social responsibility into fee governance, ensuring that the sector's practices remain consistent with both consumer protection objectives and international standards.

Appendix: Structured Questions

The Market Conduct Unit engaged directly with Senior Executives from each licensee through structured interviews and questionnaires, gathering qualitative insights. The questionnaire consisted of fifteen (15) questions, which were grouped according to the nature/theme of the question. The groupings are as follows:

Group 1: Fee Philosophy, Drivers, and Methodology

2a: Overall philosophy on fees and charges

Overall philosophy on fees and charges e.g. does the bank have a position on how much of the technological costs it will absorb/ pass on to the consumer.

2b: Methodology for determining fees and charges

Overview of the methodology of determining fees and charges for your products and services.

3: Main factors driving fee increases

What are the main factors that drive an increase in fees/a fee?

4: Link between fee increases and costs or profit

Are fee increases/ fees linked to costs (including regulatory) or profit, how is this determined?

Group 2: Fee Approval, Review, and Board Oversight

5: Approval process for fee increases

Is there an approval process for any fee increases/fees? What does this entail? (From Periodic review/Trigger based to implementation/roll out)

6: How fee increases are prompted

How is a fee increase/ a fee prompted? (e.g. explanation of Costs/Benchmarking)

7: Annual review process

Is there an annual review?

8: Board committee responsible

Which Board committee is responsible?

14: Frequency of fee and charges discussion at Board level

How often is the issue of fees and charges discussed at the Board level?

Group 3: Communication, Consumer Awareness, and Feedback

9: Public consultation and awareness on fee increases

How is the public consulted and made aware of fee increases/ fees?

12: Consumer awareness of actions triggering fees and awareness strategies

Are consumers aware of what actions when taken by them may trigger unexpected fees? What strategies are used to build this awareness to avoid fees?

13: Customer feedback on exorbitant fees

Do you have feedback from customers on exorbitant fees?

<u>Group 4: Social Considerations and Strategic Responses</u>

10: Consideration of low-income, elderly, and at-risk groups in fee decisions

Is consideration given to the inclusion of the low income, elderly and other at risk groups in society when fees/fee increases are considered (financially excluded).

11: Strategies used to maintain fees in the current environment

What strategies were used by your Institution to maintain its fees in the current environment?

<u>Group 5: Fee Examples and Trend Analysis</u>

1: Real-life example process flow for fee increases

Please provide us with a real life example of the actual process for a product/service where there was an increase. Inclusive of all steps and calculations in a one page flow diagram

15: Reasons behind increasing trends in fees and charges

The reasons behind the significantly increasing trends in total dollar value of fees and charges at your Institution?