

**COMMUNIQUE ON THE PROCEDURES AND PRINCIPLES  
ON INFORMING THE CUSTOMERS AND PUBLIC  
IN TERMS OF INTEREST-FREE BANKING PRINCIPLES AND STANDARDS**

**SECTION ONE**

**Purpose, Scope, Basis and Definitions**

**Purpose and scope**

**ARTICLE 1 - (1)** The purpose of this Communiqué is to regulate the procedures and principles regarding the information by participation banks and development and investment banks, which provide financing under the paragraph 10 of Article 19 of the Regulation on Loan Operations of Banks published in the Official Gazette dated 1/11/2006 and number 26333, made to their customers and the public within the scope of interest-free banking principles and standards..

**Basis**

**ARTICLE 2 - (1)** This Communiqué has been drawn up based on Article 93 of Banking Law dated 19/10/2005 and numbered 5411.

**Definitions and abbreviations**

**ARTICLE 3 - (1)** Hereunder, the following terms refer to:

- a) Association: Participation Banks Association of Türkiye
- b) Advisory committee: Interest-free banking advisory committee
- c) Advisory Board: The Advisory Board under Participation Banks Association of Türkiye
- ç) Interest-free Banking Principles and Standards: The principles and standards and general decisions determined by the Advisory Board
- d) Permanent data storage: Any means or medium such as short messages, electronic mail, internet, CD, DVD, memory cards, etc. ensuring that the information sent by or sent to the customer is recorded in a way that allows this information to be examined for a reasonable period of time in line with its purpose and that it is copied without any changes and that it can be accessed as it is
- e) Agency: Banking Regulation and Supervision Agency
- f) Compliance Communiqué: The Communiqué on Compliance with The Principles and Standards of Interest-free Banking published in the Official Gazette dated 14/9/2009 and numbered 30888

**SECTION TWO**

**Informing the Customers**

**General principles on informing the customers**

**ARTICLE 4 - (1)** The bank is obliged to inform its customers in a clear and comprehensible manner about the functioning of the products and services specified under Article 6 and 7, and the rights and obligations brought by the contract(s) on which they are based, within the scope of the interest-free banking principles and standards and the advisory committee decisions and to receive the declarations of intent from its customers regarding the said contract(s). As a minimum, with regard to the products and services specified under Articles 6 and 7, the bank is obliged to provide information about:

a) Which contract(s) the product or service is based on, the main features of the contract(s), and the position of the customer within the framework of the contract(s) in question,

b) The process and functioning of the transactions related to the product or service;

c) Compliance of the product or service and arising transactions with interest-free banking principles and standards.

(2) The obligation to inform specified under paragraph 1 shall be fulfilled at least once for each type of product and service. An information form shall be given to the customer by the bank stating that the obligation to inform has been fulfilled. It is obligatory that the informing is made before the first contract is concluded between the bank and the customer with regard to each type of product or service.

(3) The obligation to inform is fulfilled by the bank verbally and in writing. Informing shall be made using a language that the customer can read and understand.

(4) Verbal information is fulfilled by at least one of the following options:

a) Hand-writing and signature by the customer on the information form of the statement that the verbal information has been given with regard to the product or service offered and the declaration of intent regarding the contract(s) on which the product or service is based is received, following the information to be made through meeting with the customer in-person,

b) Informing the customer about the product or service offered by talking with the customer through voice or video via remote communication means, and receiving the customer's declaration of intent regarding the contract(s) on which the product or service is based is received.

(5) Written information is given through a permanent data storage or by hand delivery of the information form to the customer against signature.

(6) The bank is obliged to record and maintain the meetings with regard to the information process and the information form in such a way as to ensure that reliable evidence is obtained through the permanent data storage and to assign responsibility, in the information to be given via the use of remote communication means.

(7) In order for the bank to be deemed to have fulfilled its obligation to inform, the information in the information form must not be incomplete, inaccurate, or misleading.

(8) It is the responsibility of the bank to prove that the customer has been informed.

(9) Bank personnel who will inform the customer should have the necessary knowledge and experience about products and services, and also be aware of the necessity and importance of information.

(10) The bank is obliged to conduct a customer survey by sampling method at least once a year in order to obtain information about the efficiency and adequacy of the information provided with regard to the product and service procurement process and to correct the deficiencies and inaccuracies, by communicating with the customers following the performance of the transactions regarding the products and services. In customer surveys, the awareness and satisfaction level of the customer regarding the interest-free banking principles and standards with regard to the products or services offered to him/her shall be measured.

### **Content, submission, and storage of the customer information form**

**ARTICLE 5** - (1) The customer information form to be drawn up within the scope of paragraph 3 of Article 4 regarding the products and services specified under Articles 6 and 7 shall include the following as a minimum:

a) The date on which the information form is submitted to the customer.

b) Issues specified under subparagraphs (a), (b), (c) of paragraph 1 of Article 4 with regard to the product or service.

c) The corporate website address where the customer can get more comprehensive information about the product or service.

(2) The information form shall be submitted to the customer by the bank by hand or via up-to-date means used in remote communication with the customer. In case the customer opts to receive the information form by hand, the form is drawn up in two copies and one copy shall be submitted to the customer and the other copy shall be kept by the bank. The copy to be kept by the bank must be drawn up in such a way as to meet the condition specified in subparagraph (a) of paragraph 4 of Article 4.

#### **Information on fund allocation transactions**

**ARTICLE 6** - (1) The bank shall inform its customers to whom it allocates funds in a clear and comprehensible manner within the framework of the issues specified in paragraph 1 of Article 4, about which is/are fund allocation method(s) among selling, renting, partnership, wakalah, and other methods within the scope of paragraph 1 of Article 19 of the Regulation on Loan Operations of Banks.

(2) In case the bank gives a proxy to its customers to make transactions with third parties on behalf of itself during the fund allocation process, it must effectively inform its customers about the consequences to arise from the proxy and that the customer acts as an agent of the bank during the fund allocation process.

(3) In fund allocations based on selling methods, the bank shall inform the relevant parties that a copy of the purchase and sale certificate had to be submitted to the bank.

(4) The bank shall inform its customers as a minimum on the following issues with regard to the policy to be followed in the event that the receivables accrued against the fund allocation are not paid on time:

- a) Conditions regarding the application and non-application of a late payment penalty,
- b) Interest-free banking principles and standards regarding late payment penalty,
- c) The manner of classification of late payment penalty amounts under income items and their evaluation.

#### **Informing participation fund customers**

**ARTICLE 7** - (1) Participation banks shall inform their customers as a minimum about the following issues within the framework of paragraph 1 of Article 4, depending on the type of account, and receive declarations of intent based on contract(s) on which the account is based, in the process of opening a participation account or a special current account:

a) About the contract on which the account is based regarding interest-free banking and what the position of the customer in this contract is,

b) That the customer has the right to withdraw all the funds in its special current account at any time,

c) That the profit and loss participation rates determined at the beginning of the contract in the participation account based on the partnership agreement cannot be changed unilaterally until the end of the maturity,

ç) That the estimated profit rate determined in the participation account based on the investment agency agreement at the time of the contract cannot be changed unilaterally until the end of the maturity,

d) That the loss participation rate in participation accounts is one hundred percent,

e) That among the participation accounts that are not closed at maturity, the ones based on partnership agreement will be deemed to be renewed at the same maturity and profit and loss participation rate valid on the renewal date and that the ones based on the investment agency agreement will not be renewed unless a new contract is drawn up between the

customer and the bank and the deposit in the account will be transferred to the customer's special current account,

f) That in participation account transactions, the customer's right to demand from the bank will be in the amount to be calculated over the unit account value on the date of maturity of the account,

g) That in participation accounts where the participation fund is withdrawn before the maturity date by the customer with the approval of the bank, the customer will be paid as much as the amount deposited by him/her until that day in case the maturity group to which the account belongs shows a profit on the date the account is closed, and as much as the unit account value in case it shows a loss,

ğ) That the participation bank may allocate a profit balancing reserve from the profits it will distribute at the end of the period for participation accounts within the scope of paragraph 8, 9, and 10 of Article 6 of the Regulation on the Procedures and Principles For Accepting, Withdrawal of Deposits and Participation Funds As Well As The Prescribed Deposits, Participation Funds Custody and Receivables published in the Official Gazette dated 1/11/2006 and numbered 26333, that the profit amounts to be distributed can be increased in favor of the account holders by using the profit balancing reserve and/or by waiving the profit share accrued in its favor on a non-permanent basis, and that it can undertake the losses in favor of the account holders by using the profit balancing reserve and/or by meeting the losses from the own funds of the participation bank on a non-permanent basis in the periods when a loss occurs.

(2) In participation fund acceptance transactions, the passbooks issued by banks in line with the provisions of the Regulation on the Procedures and Principles For Accepting, Withdrawal of Deposits and Participation Funds As Well As The Prescribed Deposits, Participation Funds, Custody and Receivables shall not be accepted as an information form hereunder.

### **SECTION THREE**

#### **Informing the Public**

##### **Informing the public**

**ARTICLE 8** - (1) The bank is obliged to inform the public in a clear and comprehensible manner about the rights and obligations brought to the parties under the products and services, their functioning, and the contract(s) on which they are based, within the scope of interest-free banking principles and standards and advisory committee decisions, on its corporate website.

(2) The bank shall establish the required information processing infrastructure in order to fulfill the obligation specified under paragraph 1 and takes adequate administrative and technical measures in this regard.

(3) The following information shall be made available by the bank to the public via the corporate website in order for it to carry out the information activities effectively and to enable the relevant persons to access the information they may need in the shortest and easiest manner:

- a) The nature and transaction processes of interest-free banking products and services.
- b) The type of contract(s) that form the basis of the bank's products and services within the framework of contracts applied to interest-free banking transactions and the position, rights, and obligations of the parties within the framework of the relevant contract(s).
- c) Interest-free banking principles and standards regarding products and services.
- ç) The activities of the advisory committee included in the annual report of the bank within the scope of subparagraph (e) of paragraph 1 of Article 7 of the Compliance

Communiqué and the evaluations regarding the compliance of the bank's activities with the principles and standards of interest-free banking.

d) Introductory information about the advisory committee and its members.

(4) The bank informs the public about the following information regarding the assets, liabilities, income, and expenses that do not comply with the principles and standards of interest-free banking, via the corporate website:

a) Their definition and nature,

b) Their amount,

c) Their manner of saving,

ç) The reason for the transactions they have been the subject of.

## **SECTION FOUR**

### **Final Provisions**

#### **Validity**

**ARTICLE 9 - (1)** This Communiqué shall take effect on 1/1/2022.

#### **Execution**

**ARTICLE 10 - (1)** The provisions of this Communiqué shall be enforced by the Chairman of the Banking Regulation and Supervision Agency.