REGULATIONS FOR CONSUMER FINANCING
<table>
<thead>
<tr>
<th>جدول المحتويات</th>
<th>رقم الصفحة</th>
</tr>
</thead>
<tbody>
<tr>
<td>تعريفات</td>
<td>6-10</td>
</tr>
<tr>
<td>القسم الأول: نطاق التطبيق</td>
<td>7</td>
</tr>
<tr>
<td>القسم الثاني: عقود التمويل الاستهلاكي والضمانات</td>
<td>11-17</td>
</tr>
<tr>
<td>القسم الثالث: الالتزامات والمساءلة</td>
<td>21-25</td>
</tr>
<tr>
<td>القسم الرابع: الإعلان</td>
<td>26-31</td>
</tr>
<tr>
<td>القسم الخامس: قواعد الإفصاح عن المعلومات</td>
<td>32-34</td>
</tr>
<tr>
<td>القسم السادس: التعامل مع المستفيدين</td>
<td>35-38</td>
</tr>
<tr>
<td>القسم السابع: تسوية المنازعات</td>
<td>39-43</td>
</tr>
<tr>
<td>ملحق 1: وصف معدل النسبة السنوي</td>
<td>44</td>
</tr>
</tbody>
</table>
REGULATIONS FOR CONSUMER FINANCE

These Regulations shall be applicable to Financing Contracts and all related Guarantee Agreements executed by banks licensed and authorized by SAMA. SAMA is the sole authority empowered to apply these Regulations and to take necessary measures as it deems appropriate regarding any violations of these provisions, including imposing punitive charges and or enforcement actions as applicable under the Banking Control Law.

These Regulations supersede and replace the Regulations for Consumer Credit of October 2005 issued as circular 33232-MASH/516 dated 23/9/1426 H and its subsequent updates. SAMA may update these Regulations as and when required.

SAMA may, at its discretion, impose a restriction on a Creditor under which its Consumer Financing portfolio may not exceed a specified percentage of its total Financing portfolio.

DEFINITIONS

Article 1: Definitions

Each of the following words and phrases, wherever it appears in this Regulation, shall have the meaning following it in this article unless the context indicates otherwise:

Adequate notice: a printed notice to a Borrower that sets forth clearly the pertinent facts so that the Borrower may reasonably be expected to have noticed it and understood its meaning. The notice may be given by Guaranteed Communication Means reasonably assuring receipt by the Borrower.

Advertisement: a commercial message in any medium that promotes, directly or indirectly, a Financing product.

Amount of Financing: the limit or the total amount made available to a Borrower under a Financing
Annual Percentage Rate or APR: the discount rate at which the present value of all payments and installments that are due from the Borrower, representing the Total Amount Payable by the Borrower, equals the present value of all payments of the Amount of Financing available to the Borrower on the date on which the Financing amount or the first payment thereof is available to the Borrower, calculated in accordance with Annex I.

Authenticated Communication: Borrower instructions received through a recorded, verifiable and retrievable medium such as paper, electronic or verbal recording.

Borrower: a natural person who, in Financing transactions covered by this Regulation, obtains Financing for purposes outside his trade or profession.

Business Day: a day on which the banks are open for business to the general public.

Calendar Day: any day in a month, including weekends and holidays.

Change in Circumstance: death, disability (partial or total), retirement (mandatory or voluntary), loss of job or bankruptcy of a Borrower.

Consumer Financing: a Financing granted to a Borrower as follows:

1. The Financing is for purposes unconnected with the Borrower’s commercial or professional activity, generally including personal Financing, car Financing, home improvement Financing, and similar products as approved by SAMA.

2. Such Financing is granted for the purchase of goods and services for consumption or other needs of the Borrower as identified above, e.g. for the purchase of furniture, consumer...
(3) Real estate Financing and Finance Leasing are excluded.

(4) Financing against shares (Margin Lending) is also excluded.

**Creditor:** a bank licensed and authorized by the Saudi Arabian Monetary Agency.

**Default:** any breach of the terms and conditions of the Financing Contract and the nonpayment by a Borrower of their monthly installment for 90 Calendar Days from its due date.

**Default Notice:** a notice from a Creditor to a Borrower under a Financing Contract with the Creditor notifying that he/she is delinquent in payments.

**Draw-down:** an Amount of Financing drawn by the Borrower under a Financing Contract.

**Financing:** the right to incur new debt and defer payment, or the right to defer existing debt.

**Financing Contract:** an agreement by which a Creditor grants, or promises to grant, a Consumer Financing or similar financial accommodation to a Borrower.

**Gross Salary** basic monthly salary (less GOSI and pensions contributions) plus all fixed allowances paid to Borrower by the employer on a monthly basis.

**Guarantee Agreement:** an ancillary agreement concluded by a Guarantor and guaranteeing or promising to guarantee the fulfillment of any form of Financing granted to a Borrower.

**Guaranteed Communication Means:** registered mail, hand delivery, and any recorded, verifiable and retrievable electronic medium.

**Guarantor:** a natural person who guarantees or
promises to guarantee the fulfillment of any Financing granted to a Borrower.

**Initial Disclosure:** the information required to be provided to the Borrower by a Creditor upon opening a Consumer Financing account in accordance with Section 5 of these Regulations.

**Licensed Credit Bureau:** a credit information company licensed by SAMA to collect and maintain credit information on consumers and provide the same to members upon request.

**Optional Feature:** features and services which are not part of the standard features or services of the Financing Contract product, requiring payment of additional fees and/or Term Cost by the Borrower.

**Outsourcing:** an arrangement under which a third party (i.e. a service provider) undertakes to provide a Creditor with a service previously carried out by the Creditor itself or a new service to be launched by the Creditor. Outsourcing can be to a service provider in Saudi Arabia or overseas and the service provider may be a unit of the same Creditor (e.g. head office or an overseas branch), an affiliated company of the Creditor’s group or an independent third party, and is subject to the requirement to fully comply with SAMA Rules on Outsourcing issued vide 34720/BCS/424 dated 17/7/1429H Correspondent to 20/7/2008.

**Refinancing:** repayment of an existing Financing from the proceeds of a new Financing granted to the Borrower.

**Repayments or Deductions:** deductions from the Gross Salary or monthly pension entitlement of a Borrower towards repayment of Financing. Only deductions for Real Estate Financing repayments and divorce settlements are excluded.

**SAMA:** the Saudi Arabian Monetary Agency.

**Satisfactorily Resolved:** resolution of the dispute in satisfactory manner.
accordance with the procedures and timeframes for resolving disputes.

**Secured Financing**: a Financing that is collateralized by assignment of rights to property including a security interest in personal property or real estate taken by the Creditor as collateral. A Financing may be secured by pledge of cash (deposits), tangible goods or other collateral.

**Term Cost**: the term cost due and payable by the Borrower under the Financing Contract; this must be expressed as a fixed annual percentage of the Amount of Financing obtained by the Borrower.

**Term to Maturity**: the period from initial disbursement to the date on which the final repayment of the relevant Financing is due.

**Total Cost of Financing**: all costs payable by the Borrower under a Financing Contract other than the Amount of Financing, including Term Cost, fees, commissions, administrative services fees, insurance, and any charges required to obtain Financing, but excluding any expenses the Borrower can avoid, such as costs or fees due and payable by the Borrower as a result of the Borrower’s breach of any obligations contained in the Financing Contract.

**Total Amount Payable by the Borrower**: the Amount of Financing plus the Total Cost of Financing.

**Secured Financing**

The secured financing: a financing that is collateralized by assignment of rights to property including a security interest in personal property or real estate taken by the Creditor as collateral. A Financing may be secured by pledge of cash (deposits), tangible goods or other collateral.

**Term Cost**

The term cost is the cost due and payable by the Borrower under the Financing Contract; this must be expressed as a fixed annual percentage of the Amount of Financing obtained by the Borrower.

**Term to Maturity**

The period from initial disbursement to the date on which the final repayment of the relevant Financing is due.

**Total Cost of Financing**

All costs payable by the Borrower under a Financing Contract other than the Amount of Financing, including Term Cost, fees, commissions, administrative services fees, insurance, and any charges required to obtain Financing, but excluding any expenses the Borrower can avoid, such as costs or fees due and payable by the Borrower as a result of the Borrower’s breach of any obligations contained in the Financing Contract.

**Total Amount Payable by the Borrower**

The Amount of Financing plus the Total Cost of Financing.
SECTION ONE
SCOPE OF APPLICATION

Article 2: Application of the Regulations

1. These Regulations apply to all kinds of Consumer Financing.

2. These Regulations do not apply to lease or real estate Financing or margin lending.

Article 3: Meaning of Consumer Financing and Amount of Financing

1. For the purposes of these Regulations, Consumer Financing is granted under a Financing Contract in case of any of the following:

   a) The repayment of a debt owed by a person (the Borrower) to another (the Creditor) is deferred; or

   b) A person (Borrower) incurs a deferred debt to another (Creditor).

2. For the purpose of complying with Article 14(1), the Creditor must calculate the Amount of Financing based on the Borrower’s Gross Salary or monthly pension entitlement (as the case may be) when the application for Financing is submitted.

SECTION TWO
FINANCING CONTRACTS AND GUARANTEE AGREEMENTS

Article 4: Financing Contracts and Guarantee Agreements

1. A Financing Contract or Guarantee Agreement must be in the form of:

   a) A written contract document signed by
the Borrower or Guarantor and the
Creditor; or

(b) a written contract document signed by
the Creditor and constituting an offer to
the Borrower that is accepted in writing
by the Borrower.

2 All Financing Contracts, application forms,
Guarantee Agreements, repayment schedules,
Borrower acknowledgement letter and other
documentation related to Consumer
Financing must be in Arabic and if the
Borrower requests that documentation be
prepared in English, the documentation shall
be prepared in both languages. The Creditor
must provide copies thereof to the Borrower.
In the event of a divergence between the
Arabic and the English text of any such
document, the Arabic text prevails.

3 Each contracting party must receive a copy
of the Financing Contract or Guarantee
Agreement (as the case may be).

Article 5: Necessary content of Financing Contracts
or Guarantee Agreements

1 The Creditors must provide a synopsis for
each Financing Contract to the Borrower that
contains, in clear and succinct language,
basic information about the Financing,
including the Total Cost of Financing. The
receipt of this synopsis by the Borrower must
be documented and included in the Financing
file.

2 The Financing Contract must include at least
the following information:

(a) names of the parties to the Financing
Contract, the national identity number or
Iqama number of the Borrower as

المادة 5: البيانات الواجب توارها في عقود التمويل
واتفاقيات الضمان

1 يجب على جهة التمويل تقديم ملخص لكل عقد
التمويل للمستفيد يتضمن بلغة واضحة، المعلومات
الأساسية للتمويل، بما فيها إجمالي تكلفة التمويل،
كما يجب أن يتم توثيق تسلم المستفيد لهذا المخص
وتضمينه في ملف التمويل.

2 يجب أن تتضمن عقد التمويل على الأقل المعلومات
الأتي:

أ) أسماء أطراف عقد التمويل، ورقم السجل المدني
أو الإقامة للمستفيد، حسب الحال، وعناوينهم
الرجعية، ووسائل الاتصال بهم، وتشمل الهاتفي
applicable, official addresses, means of contact including telephone and mobile numbers and e-mails, if available;

(b) type of Financing;

(c) Term to Maturity;

(d) Amount of Financing;

(e) conditions for drawing down the Amount of Financing, if any;

(f) description of the calculation method for determining Term Cost to enable the Borrower to understand the Term Cost and to distribute the cost over the Term to Maturity;

(g) Term Cost and the conditions governing the application of the Term Cost and any index or reference rate applicable to the Term Cost;

(h) Annual Percentage Rate (APR);

(i) Total Cost of Financing and the Total Amount Payable by the Borrower, calculated at the time of entering into the Financing Contract; stating the assumptions made in order to calculate that amount;

(j) instalment amounts payable by the Borrower, number of instalments, due dates of instalments, and method of distribution over the remaining amounts;

(k) charges, commissions and costs of administrative services;

(l) payment periods of charges or amount that must be paid without paying the Amount of Financing; and related payment conditions;
(m) consequences of delayed repayment of instalments;

(n) where applicable, notarial fees;

(o) collateral and required insurance;

(p) procedures for exercising the right of withdrawal, if any, its conditions and resulting financial obligations;

(q) procedures for early repayment and indemnifying the Creditor, if applicable, and the method for determining such indemnity;

(r) procedures for dealing with collateral if its value decreases, if applicable;

(s) procedures for exercising the right of termination of the Financing Contract;

(t) Borrower’s consent to filing his/her information in credit bureau records; and

(u) any other data or information stipulated by the Agency.

Article 6: Amendment of the Financing Contract

Any amendment (including any addition) to a Financing Contract by the Creditor after it has been signed by the Borrower is invalid unless the Borrower has agreed in writing.

Article 7: Copy of Financing Contract and Guarantee Agreement for Borrower and Guarantor as applicable

If a Financing Contract or Guarantee Agreement needed to be signed by the Borrower or Guarantor and returned to the Creditor, the Creditor must give each of the Borrower or Guarantor, as applicable, a signed copy.
they may keep, not later than 10 Calendar Days after the Financing Contract or Guarantee Agreement has been entered into.

**Article 8: Annual Percentage Rate (APR)**

1. The APR must include all mandatory charges or costs under a Consumer Financing as shown in the relevant advertising notices or materials.

2. The Financing Contract must stipulate the use of the declining balance method in distributing the Term Cost over the maturity period, which means that the Term Cost is allocated pro-rata to installments based on the remaining balance of the Amount of Financing at the beginning of the period for which an installment is due.

3. The Term Cost is fixed.

**Article 9: Fees and Charges**

All fees, costs and administrative services charges to be recovered from the Borrower by the Creditor must not exceed the equivalent of (1%) of the Amount of Financing or (5,000) five thousand Saudi riyals, whichever is lower.

**Article 10: Right of Termination or Withdrawal**

1. The Borrower may, by giving written notice to the Creditor within 10 Calendar Days from the date of execution of a Financing Contract, terminate the Financing Contract, unless

   (a) Draw-down of any part of the Amount of Financing has occurred; or

   (b) A credit card or other means of obtaining Financing provided to the Borrower by the Creditor has been used to acquire goods or services for which

   (أ) تم سحب أي جزء من مبلغ التمويل، أو

   (ب) تم استخدام بطاقة الائتمان أو أي وسيلة أخرى من وسائل الحصول على التمويل مقدمة للمستفيد من جهة التمويل للحصول على السلع أو الخدمات، التي سيقدم تمويل مقابلها.
Financing is to be advanced under the Financing Contract.

(2) In the event of termination under Article 10(1), the Creditor may not charge or claim any Term Cost and or fees from the Borrower unless the conditions under Article 10(1)(a) or (b) above have been met.

Article 11: Early payments

(1) A Creditor must accept any payment under a Financing Contract before its due date as partial payment if it is equivalent to one full installment or multiples thereof.

(2) A Creditor must credit each payment made under a Financing Contract to the Borrower's account promptly after receipt of such payment.

(3) The Borrower may prepay, at any time, the remaining Amount of Financing without incurring any Term Cost for the remaining period. The Creditor is entitled to compensation from the Borrower for the following:

(a) The cost of re-investment, which may not exceed the Term Cost for the three months following the payment, calculated on the basis of a declining balance; and

(b) The expenses the Creditor pays to a third party as a consequence of the Financing Contract for the remaining period of the Consumer Financing if such expenses are unrecoverable, and provided that such expenses are properly recorded in the Borrower's Financing file.

(4) The Creditor must notify the Borrower in writing of all such fees payable by the Borrower as referenced under Art. 11(3)(a)
Article 12: Balance Transfer

(1) Creditors must quickly facilitate the transfer of balance(s) to other Creditors in the Consumer Financing accounts of their Borrowers. Creditors must not unreasonably withhold their consent to a balance transfer request they receive.

(2) Creditors may not unreasonably withhold the issuance of a balance statement or certificate of outstanding liabilities requested by the Borrower; these must be issued within 7 Business Days from the date of request.

Article 13: Assignment of Rights

(1) If the Creditor assigns rights under a Financing Contract or the Financing Contract itself to a third party or issues securities against rights under the Financing Contract, the Borrower may use against the assignee any defense that would have been available to him against the original Creditor.

(2) The Creditor must receive a no-objection letter from SAMA before he can assign a Consumer Financing or a portfolio of Consumer Financings to another party.
Article 14: Maximum Credit Limit and Maximum Term to Maturity

1. Before granting a new Consumer Financing or increasing the limit of any Consumer Financing and without prejudice to the requirements of any applicable law or regulation, a Creditor must ensure that the total monthly Repayments or Deductions recovered from a Borrower under his Consumer Financing obligations to all Creditors do not exceed 33.33% of the Borrower’s Gross Salary during the period in which those Repayments or Deductions are made. For retired Borrowers, the deduction limit is 25% of their monthly pension.

2. The Creditor must first obtain the Borrower’s prior approval and then obtain and examine the credit record of the Borrower from one or more of the Licensed Credit Bureaus, to confirm the Borrower’s compliance with the requirement under Article 14(1), his solvency, repayment capacity and credit conduct. The confirmation of such prior approval by the Borrower must be documented in the Borrower’s Financing file.

3. The Creditor must, upon the approval of the Borrower, register the Borrower’s credit information with one or more of the Licensed Credit Bureaus in accordance with the relevant laws, regulations and instructions. Such information shall be updated throughout the period of dealing with the Borrower.

4. The Creditor must decline a Financing request if he does not obtain the approval of the Borrower as referred to in Article 14(2) and 14(3) above.
(5) يجب على جهات التمويل ضمان أن لا تتجاوز الفترة القصوى لاستحقاق التمويل الاستهلاكى خمس سنوات من تاريخ إيداع مبلغ التمويل.

(6) في حالة تغيير ظروف المستفيد، يجوز لجهات التمويل إعاده جملة قوات السداد الخاصة بالتمويل الاستهلاكى (شرطة أن يتم منح تمويل جديد دون أي تغيير في كلمة الأجل كما في عقد التمويل الأصلي)، وفقاً للسياسة الائتمانية، وعلى جهات التمويل تقديم تقرير سنوي للمؤسسة في جميع حالات إعادة الجدولة.

(7) في حساب اختصاص الأعلى الذي يمثل (33.33%) من راتب المستفيد و(25%) من راتب المستفيدين التقاعديين، يجب على جهات التمويل إدراج جميع مدفوعات التمويل شاملة الحد الأدنى من الاستقطاع لكل بطاقة التمويل المصدرة للمستفيد.

SECTION THREE
OBLIGATIONS AND ACCOUNTABILITY

Article 15: General Requirements and Obligations of Creditors and Borrowers

(1) لا يخضع التمويل الاستهلاكى الممنوح بناء على ضمانات غير مرتبطة بالاستقطاع الشهري على الراي أو المعاشات (مثل: مقابلة رهن الودائع أو التنازل عن إيرادات أخرى منتظمة) للشروط الواردة في المادة 14(1).

(2) يجب على جهة التمويل اعتماد إجراءات إدارة مخاطر ملائمة مثل استخدام تقييم الملاءة والقدرة المالية للمستفيدين عند منح أو تجديد تمويل، ويجب اعتمادهما عند تخصيص حدود ائتمانية مناسة للمستفيدين.
Borrowers.

(3) Prior to granting a new Consumer Financing, a Creditor must have received a Borrower request through Authenticated Communication or the execution of a Financing Contract. A Creditor may not increase the Financing limit of its Borrower without receiving a request through Authenticated Communication from its Borrower seeking such an increase. Each such increase/amendment in the Financing Contract requires execution of a new Financing Contract.

(4) Creditors are required to obtain knowledge of the purpose of the Consumer Financing from the Borrower and document that. This confirmation must be a part of a written acknowledgment by the Borrower clearly stating that he has fully understood the terms and conditions and confirms the execution of the respective Financing Contract.

(5) Creditors are only allowed to refinance Consumer Financing accounts of those Borrowers who have repaid at least 20% of their original Amount of Financing under their Consumer Financing account.

(6) Creditors refinancing the Consumer Financing accounts of their Borrowers must fully comply with the disclosure requirements under Section 5. Additionally, the Borrower must be provided with a breakdown of the refinanced amount, clearly identifying the refinanced amount that will be credited to his/her account, net of all identified fees and charges and the settlement of the original outstanding balance prior to a Refinancing.

(7) Borrowers opting for early retirement are
required to ensure that their pension payments continue to be routed to the Creditor in the event of outstanding balances under their Consumer Financing account. A Creditor may require a suitable undertaking from the Borrower affirming the foregoing arrangement.

(8) Additional features or services requiring additional payment of fees and charges which are optional to the primary product features of the Consumer Financing may not be added on or embedded into the Consumer Financing account and must be clearly represented as an Optional Feature. A Borrower must have indicated his/her desire to obtain such services by Authenticated Communication before their inclusion in the account. Creditors must also clearly disclose all fees and charges for these services to the Borrower within their offer for such Optional Features.

(9) A Creditor must promptly advise its Borrowers of the following amendments and or changes in their Financing Contract by giving them at least 30 Calendar Days prior written notice:

(a) any increase of the annual fees and/or handling fees charged to the Borrower;

(b) an increase in recurring fees or charges;

(c) any new fees or charges;

(d) any other changes.

(10) The Borrower may terminate the relevant Financing Contract with the Creditor if he/she does not agree to such amendment, change or modification by notifying the Creditor of his/her desire to terminate the
Financing Contract within ten (10) Calendar Days after his/her receipt through Authenticated Communication of the notification of the aforementioned changes, subject to full settlement of all outstanding balances on the Consumer Financing account. The aforementioned notice must advise Borrowers of the 10 Calendar Day termination period.

(11) A Creditor engaging in Outsourcing any component of its Consumer Financing Business must comply with the Rules on Outsourcing issued by SAMA.

(12) A Creditor is required to implement a clearly defined Code of Conduct for employees engaged in roles involving sales and marketing of Consumer Financing products and follow-up and collection of impaired and delinquent Consumer Financing Accounts. (Creditors are also required to be in compliance with SAMA circular MAT/8211 dated 1/4/1431H.) A Creditor must provide those employees with a copy of the Code of Conduct and obtain their acknowledgement of receipt. The Code of Conduct must prohibit the following:

(a) Any contact with neighbours, relatives, colleagues or friends of the defaulting Borrower for the purpose of requesting or conveying information on the solvency of the Borrower or Guarantor.

(b) Any communications (verbal or written) to the Borrower or Guarantor conveying incorrect information on the consequence of defaulting on their obligations to the Creditor.

(c) Unauthorized repossession of the pledged collateral without judicial enforcement.

 Libyan Arab Jamahiriya
proceedings or the specific consent of the Borrower.

(d) Communicating with the defaulting Borrower using envelopes tagged with inscriptions identifying contents as containing debt collection information.

(e) Any breach of confidentiality of Borrower information, conflict of interest and breach of ethical values.

Creditors are required to have structured training programs for all new staff and Consumer Financing product knowledge programs for staff involved in marketing and sales and customer service for Consumer Financing products.

A Creditor must issue procedural rules to handle Borrower complaints relating to Consumer Financings and to ensure that Borrowers are made aware of the procedure and contact details of the complaint handling unit/department.

If a Borrowers’ application for any Financing facility is declined, the Creditor must provide the Borrower with a written reason for the rejection through Guaranteed Communication Means.

Upon full and final repayment of the Consumer Financing by the Borrower, the Creditor is required to issue a no liability or clearance letter within 7 Business Days from the date of full and final settlement and update his record with a Licensed Credit Bureau.

Article 16: Non Performance of Financing Contract and Guarantee Agreements

A Creditor may only proceed to enforcement proceedings or the specific consent of the Borrower.
against a Guarantor if the Borrower is in Default and has failed to comply with a Default Notice for a period of not less than 30 Calendar Days from the date of receipt.

(2) Creditors, their representatives, and any other assignees of the Creditor’s rights under the Financing Contract or Guarantee Agreement may not take disproportionate, excessive or unreasonable measures to recover amounts due to them in the event of non-performance of aforementioned agreements.

(3) A Creditor may demand immediate repayment in the event of Default only through a Default Notice requesting the Borrower, or where applicable, the Guarantor to comply with his/her obligations under the Agreement within 30 Calendar Days from the date of the issuance of notice.

(4) A Default Notice is not required in the event of any of the following:

(a) Fraudulent activities by the Borrower or Guarantor, which must be proven by the Creditor;

(b) Steps taken by the Borrower to sell or attempt to sell financed goods to which the Creditor has retained title or pledged collateral without due authorization of the Creditor.

(5) A Creditor may suspend Draw-downs under a Financing Contract in the event of a failure by either the Borrower or the Guarantor to abide by its terms and conditions in a Default. However, the Creditor is required to give notice of its intent to suspend Draw-downs to the Borrower and the Guarantor (if any) without delay.

The guarantor shall be liable to the Creditor if the Borrower is in Default and has failed to comply with a Default Notice for a period of not less than (30) days following the date of receipt.

Creditors, their representatives, and any other assignees of the Creditor’s rights under the Financing Contract or Guarantee Agreement may not take disproportionate, excessive or unreasonable measures to recover amounts due to them in the event of non-performance of aforementioned agreements.

A Creditor may demand immediate repayment in the event of Default only through a Default Notice requesting the Borrower, or where applicable, the Guarantor to comply with his/her obligations under the Agreement within 30 Calendar Days from the date of the issuance of notice.

A Default Notice is not required in the event of any of the following:

(a) Fraudulent activities by the Borrower or Guarantor, which must be proven by the Creditor;

(b) Steps taken by the Borrower to sell or attempt to sell financed goods to which the Creditor has retained title or pledged collateral without due authorization of the Creditor.

A Creditor may suspend Draw-downs under a Financing Contract in the event of a failure by either the Borrower or the Guarantor to abide by its terms and conditions in a Default. However, the Creditor is required to give notice of its intent to suspend Draw-downs to the Borrower and the Guarantor (if any) without delay.

Creditors, their representatives, and any other assignees of the Creditor’s rights under the Financing Contract or Guarantee Agreement may not take disproportionate, excessive or unreasonable measures to recover amounts due to them in the event of non-performance of aforementioned agreements.

A Creditor may demand immediate repayment in the event of Default only through a Default Notice requesting the Borrower, or where applicable, the Guarantor to comply with his/her obligations under the Agreement within 30 Calendar Days from the date of the issuance of notice.

A Default Notice is not required in the event of any of the following:

(a) Fraudulent activities by the Borrower or Guarantor, which must be proven by the Creditor;

(b) Steps taken by the Borrower to sell or attempt to sell financed goods to which the Creditor has retained title or pledged collateral without due authorization of the Creditor.

A Creditor may suspend Draw-downs under a Financing Contract in the event of a failure by either the Borrower or the Guarantor to abide by its terms and conditions in a Default. However, the Creditor is required to give notice of its intent to suspend Draw-downs to the Borrower and the Guarantor (if any) without delay.
A Creditor is required to provide without delay and upon request of the Borrower, a detailed statement of account incorporating all applicable fees, Term Cost and charges including any administrative charges, free of charge in the event of a Default or prepayment of the Consumer Financing.

A Creditor may not bring an action for the enforcement of security over goods pledged as collateral without first obtaining approval from the Committee for Settlement of Banking Disputes if:

(a) the Borrower has repaid 75% of the Amount of Financing; and

(b) the Borrower has not provided his/her consent to the Creditor (whether in the Finance documentation or otherwise) to enforce that security.

SECTION FOUR
ADVERTISING

Article 17: Advertising Consumer Financing Products

(1) The Creditor must indicate in all product advertisements its name, logo, any identifying representation and contact details.

(2) The advertisement must disclose, in a manner that is clear to the Borrower, the name and Annual Percentage Rate of the advertised product and shall not include other rates such as the Term Cost.

(3) The Creditor may not do any of the following:

(a) Provide an advertisement that includes a false offer or statement or claim
expressed in terms that would directly or indirectly deceive or mislead the Borrower.

(b) Provide an advertisement that includes the unlawful use of a logo, a distinctive mark, or a counterfeit mark.

(4) SAMA may require any Creditor who does not abide by the provisions of this Article to withdraw the advertisement within one Business Day of notice SAMA from to that effect.

(5) Furthermore, SAMA may take other punitive actions as required.

SECTION FIVE
RULES OF INFORMATION DISCLOSURE

Article 18: General disclosure

A Creditor is required to provide the Borrower in writing with the Initial Disclosure information stated in Article 21 below. The Initial Disclosure must be made in clear and easy-to-read language duly highlighting terms and conditions which may affect the Borrower’s rights and obligations, and the Creditor must use any format specified by SAMA from time for that purpose. Furthermore, the specific terms contained under Article 21 (1) (b) and (c) and information on the Total Cost of Financing must be included in the Initial Disclosure statement.

Article 19: Manner of Disclosure

(1) For the purpose of these Regulations, a Creditor must provide the Borrower with a written disclosure statement that provides the information required by these Regulations to be disclosed.

(2) A disclosure statement may be part of a Financing Contract or an application for a
Consumer Financing or may be an annex to the foregoing documents.

3. The Creditor is required to obtain written acknowledgement from the Borrower confirming he/she has received and read the Initial Disclosure statement.

4. Information disclosed in a disclosure statement may be based on a reasonable assumption or estimate and such information must be clearly identified to the Borrower as an assumption or estimate.

5. A disclosure statement, or consent in relation to a disclosure statement, must be in plain, clear and concise language. It must be presented in a manner that is logical and likely to bring to the Borrower’s attention the information required by these Regulations to be disclosed.

6. If the Borrower consents by Authenticated Communication, the disclosure statement may be provided by electronic means in an electronic form that the Borrower can retrieve and retain.

7. A disclosure statement is deemed to be provided to the Borrower:

   (a) on the day recorded as the time of sending by the Creditor’s server, if provided by electronic means, and the Borrower has consented to receive it by electronic means.

   (b) on the day recorded as the time of sending by a fax machine, if provided by fax and the Borrower has consented to receive it by fax;

   (c) ten Calendar Days after the postmark date, if provided by registered mail; or

   (d) in the day the mail is dispatched, if sent by registered mail;
المادة 20: توقيت الإفصاح الأولي

تعين على جهة التمويل التي تنوي إبرام عقد تمويل مع مستفيد، تزويده بيان الإفصاح الأولي المخصص عليه في هذه الضوابط قبل أو عند إبرام عقد تمويل بينها وبين المستفيد.

المادة 21: الإفصاح الأولي - المحتوى

(1) يجب على جهة التمويل التي تبرم عقد تمويل مع مستفيد أن تزويد بيان الإفصاح الأولي، على أن يتضمن المعلومات الآتية:

(a) سقف التمويل الأولي، إذا كان معروفًا في وقت القيام بالإفصاح.
(b) معدل النسبة السنوية والعمولة السنوية لكلفة الأجل.
(c) طبيعة ومبالغ أي رسوم متكررة غير رسوم كلفة الأجل.
(d) الحد الأدنى للدفع خلال كل فترة دفع وطريقة تحديد ذلك.
(e) الفترات التي يجب تقديم كشف حساب منها.
(f) التاريخ الذي تستحق فيه أو بعدة كلفة الأجل.
(g) تفاصيل عن جميع الرسوم التي يمكن فرضها.
(h) معلومات عن أي ميزة اختيارية ذات صلة بعقد التمويل التي يقبلها المستفيد كتابة، والرسوم لكل ميزة اختيارية والشروط التي موجهها يجوز للمستفيد إلغاؤ تلك الميزة.

Article 20: Timing of Initial Disclosure

A Creditor that proposes to enter into a Financing Contract with a Borrower must provide the Borrower with the Initial Disclosure statement required by these Regulations prior to or upon entering into the Financing Contract by the Borrower and the Creditor.

Article 21: Initial Disclosure – Content

(1) A Creditor that enters into a Financing Contract with a Borrower must provide the Borrower with an Initial Disclosure statement that includes the following information:

(a) The initial limit of the Financing, if it is known at the time the disclosure is made;
(b) The APR and the annual Term Cost;
(c) The nature and amounts of any recurring non-Term Cost charges;
(d) The minimum payment during each payment period and the method for determining it;
(e) Each period for which a statement of account is to be provided;
(f) The date on and after which Term Cost accrues;
(g) The particulars of all charges and administrative fees that may be imposed;
(h) Information about any Optional Feature in relation to the Financing Contract that the Borrower accepts in writing, the charges for each Optional Feature and the conditions under which the Borrower
may cancel that feature;

(i) the manner in which the Term Cost is calculated; and

(j) information on all applicable charges including reporting of Default cases to a Licensed Credit Bureau or appropriate Regulatory Authorities as per SAMA’s approval.

(2) If the initial limit of the Financing is not known when the Initial Disclosure statement is made, the Creditor must disclose it in:

(a) The first statement of account provided to the Borrower; or

(b) In a separate statement that the Borrower receives on or before the date on which the Borrower receives that first statement of account.

(3) If a Financing Contract is amended, the Creditor must, in writing and within 30 Calendar Days or more before the amendment takes effect, disclose to the Borrower and Guarantor (if any), any changes to the agreement pertaining to items referred to under Article 21(1) except changes to the following:

(a) A decrease in charges other than Term Cost or Default charges;

(b) A change concerning information about any Optional Feature in relation to the Financing Contract.

(4) An amendment referred to in Article 21(3) must be disclosed in the first statement that is provided to the Borrower after the amendment is made.
If a Creditor offers to defer or skip a payment or installment under a Financing Contract, the Creditor must, with the offer, disclose in a prominent manner whether Term Cost will continue to accrue during any period covered by the offer if the offer is accepted. Creditors must ensure compliance with Article 14(5), i.e. the maximum Term to Maturity may not exceed 5 years.

SECTION SIX
DEALING WITH BORROWERS

Article 22: Rules for dealing with Borrowers

(1) A Creditor must deliver at least on a quarterly basis to each Borrower a statement of his/her Consumer Financing transaction amounts in writing or through electronic medium (such as e-statement) as agreed with the Borrower in advance. The account statement should fully disclose the following information:

- The dates on which the statement period begins and ends.
- The opening and closing balances (indicating the amount owed by the Borrower at the beginning and at the end of the statement period).
- Particulars of each Draw-down during the statement period.
- The amount of the Term Cost charge debited to the Borrowers account during the statement period and when the Term Cost was debited.
- Particulars of any fees and charges debited to the Borrower’s account during the statement period.

(2) A Creditor must deliver at least on a quarterly basis to each Borrower a statement of his/her Consumer Financing transaction amounts in writing or through electronic medium (such as e-statement) as agreed with the Borrower in advance. The account statement should fully disclose the following information:

- The dates on which the statement period begins and ends.
- The opening and closing balances (indicating the amount owed by the Borrower at the beginning and at the end of the statement period).
- Particulars of each Draw-down during the statement period.
- The amount of the Term Cost charge debited to the Borrowers account during the statement period and when the Term Cost was debited.
- Particulars of any fees and charges debited to the Borrower’s account during the statement period.
(f) Payments to or from the account.

(g) Particulars of each amount paid by the Borrower to the Creditor, or credited to the Borrower, during the statement period.

(h) Particulars of any amount transferred to or from the account to which the statement relates or to or from any other account maintained under or for the purposes of the Financing Contract.

(i) If a minimum amount is payable by the Borrower under the Financing Contract, a statement of the amount and the date by which it is due.

(2) The address for notification of account statement errors: The address or telephone number to be used for notification of account statement errors or any other enquiries that a Borrower may have on the account statement.

(3) The time period allowed to the Borrower to verify the accuracy of transactions as annotated in the account statement after which the account statement is binding: This period shall not be less than 30 Calendar Days as of the date of sending the statement via Guaranteed Communication Means.

(4) The Saudi Riyal shall be used as a basis for calculating all transactions and charges of Consumer Financing, and it shall be used in all disclosures of monetary values for Consumer Financing accounts denominated in Saudi Riyal. For Consumer Financing accounts denominated in currencies other than Saudi Riyal, the basis for calculation will be their respective currency of account.

(2) - The address for notification of account statement errors: The address or telephone number to be used for notification of account statement errors or any other enquiries that a Borrower may have on the account statement.

(3) - The time period allowed to the Borrower to verify the accuracy of transactions as annotated in the account statement after which the account statement is binding: This period shall not be less than 30 Calendar Days as of the date of sending the statement via Guaranteed Communication Means.

(4) - The Saudi Riyal shall be used as a basis for calculating all transactions and charges of Consumer Financing, and it shall be used in all disclosures of monetary values for Consumer Financing accounts denominated in Saudi Riyal. For Consumer Financing accounts denominated in currencies other than Saudi Riyal, the basis for calculation will be their respective currency of account.

-(2) - The address for notification of account statement errors: The address or telephone number to be used for notification of account statement errors or any other enquiries that a Borrower may have on the account statement.

-(3) - The time period allowed to the Borrower to verify the accuracy of transactions as annotated in the account statement after which the account statement is binding: This period shall not be less than 30 Calendar Days as of the date of sending the statement via Guaranteed Communication Means.

-(4) - The Saudi Riyal shall be used as a basis for calculating all transactions and charges of Consumer Financing, and it shall be used in all disclosures of monetary values for Consumer Financing accounts denominated in Saudi Riyal. For Consumer Financing accounts denominated in currencies other than Saudi Riyal, the basis for calculation will be their respective currency of account.
If the Creditor wants to change the charges related to the Consumer Financing account or the method of paying due amounts, it must notify the Borrower of such change within a period of at least 60 Calendar Days prior to its application. The notice shall be mailed or delivered by Guaranteed Communication Means to the address on record of the Borrower.

The Borrower is required to keep the Creditor’s records updated with his/her latest address and to immediately notify the Creditor of any change in his/her contact details in writing or by Authenticated Communication. Failure to provide this information will release the Creditor from any liabilities and obligations under Article 22.5 above.

SECTION SEVEN
DISPUTE RESOLUTION

Article 23: Rules for Dispute Resolution

The term “account statement error/dispute” means any transaction posted to the Borrower’s Consumer Financing account, resulting in an error in the overall balance. Account statement errors shall include the following:

(a) Failure by the Creditor to properly credit a payment or any other amount deposited in the Borrower’s account.

(b) Accounting error made by the Creditor, so that a charge would be lower or higher than it should be including the imposition of fees or charges that are not in accordance with the terms and the agreement in force.

спасибо}
(c) The Creditor’s failure to deliver, by Guaranteed Communication Means, an account statement to the Borrower’s address on record.

(d) Any other errors not covered above.

(2) The term “notice of account statement error”/dispute means a written notification given by a Borrower to the Creditor, using the contact information as included within the said account statement or other information supplied by the Creditor, and it must meet the following requirements:

(a) It must be received by the Creditor no later than 30 Calendar Days after the Creditor had mailed or delivered by Guaranteed Communication Means the first account statement which contains the alleged account statement error.

(b) The notice shall enable the Creditor to identify the Borrower’s name and account number, and indicate, to the extent possible, the Borrower’s reasons for believing that an account statement error exists, the nature of such error, the transaction details including posting date and amount related to the error.

(3) The Creditor must address account statement errors/disputes as follows:

(a) The Creditor must mail or deliver by Guaranteed Communication Means a written response to the Borrower within 30 Calendar Days of receiving the notice of account statement error/dispute advising the Borrower of the likely timeframe of resolution of the error/dispute and requesting any

(ج) عدم إرسال جهة التمويل كشف حساب المستفيد عن طريق أي وسيلة اتصال مضمونة إلى عنوان المستفيد المسجل لديه.

(د) أي أخطاء أخرى غير مذكورة أعلاه.

(2) يعني بعثة "شكاية خطأ/نزاع في كشف الحساب" الإخطار المكتوب المرفع من المستفيد إلى جهة التمويل باستخدام معلومات الاتصال كما هي في كشف الحساب المذكور أو غيرها من الوثائق الخاصة بالمعلومات التي قدمها جهة التمويل، ويجب أن

(أ) أن تستلم وجهة التمويل في موعد لا يتجاوز (30) يومًا من إرسالها بالبريد أو أي وسيلة اتصال مضمونة كشف الحساب الأول الذي يحتوي على خطأ كشف حساب مزعوم.

(ب) أن يتضمن الإخطار ما يتبين لجهة التمويل اسم المستفيد، رقم حسابه، وأن يشير بالقدر الممكن، إلى الأسباب التي دعت للاعتقاد بوجود خطأ في كشف الحساب، وطبيعة هذا الخطأ، وتفاصيل العملية بما في ذلك تاريخ القيد، والمبلغ المتعلق بالخطأ.

(3) تراجع وجهة التمويل أخطاء/نزاع كشف الحساب على النحو الآتي:

(أ) يجب على وجهة التمويل أن ترسل بالبريد أو بأي وسيلة اتصال مضمونة رداً مكتوبًا إلى المستفيد في غضون (30) يومًا من تلقي إخطار خطأ/نزاع في كشف الحساب تبين فيه الفترة الزمنية المحددة لتسوية الخطا/النزاع وطلب أي وثائق أو معلومات متاحة.
additional available information or documentation.

(b) The Creditor shall conduct the necessary investigation and comply with the appropriate dispute resolution procedures (as communicated to the Borrower) within 60 Calendar Days, but in no case later than 90 Calendar Days from the date of receipt of the notice of account statement error/dispute.

(4) If the account statement error/dispute has not been Satisfactorily Resolved, the Borrower shall not be obliged to pay the portion of the required payment that the Borrower believes is related to the disputed amount, including Term Cost or any other charges. The Creditor may not try to collect any amount, Term Cost or other charges related to the account statement error/dispute until the dispute is Satisfactorily Resolved.

(5) The Creditor must not make or threaten to make an improper report about the Borrower’s credit standing, or report that an amount or account is delinquent prior to the error/dispute being Satisfactorily Resolved, because the Borrower did not pay the disputed amount or relevant Term Cost or other charges during the error/dispute resolution process in any event, not earlier than 90 Calendar Days from the date of the notice of account statement error/dispute.

(6) If the Creditor determines that an account statement error has occurred as stated by the Borrower, it must correct the error and pay back any disputed amount and relevant Term Cost and other charges debited on the Borrower’s account and deliver by Guaranteed Communication means a correction notice to the Borrower.

If the Creditor determines that an account statement error has occurred as stated by the Borrower, it must correct the error and pay back any disputed amount and relevant Term Cost and other charges debited on the Borrower’s account and deliver by Guaranteed Communication means a correction notice to the Borrower.

If the Creditor determines that an account statement error has occurred as stated by the Borrower, it must correct the error and pay back any disputed amount and relevant Term Cost and other charges debited on the Borrower’s account and deliver by Guaranteed Communication means a correction notice to the Borrower.
If the Creditor determines that a different account statement error other than the one identified in the Borrower’s notice has occurred, the Creditor must mail or deliver by Guaranteed Communication Means to the Borrower the Creditor’s reasons for believing that a different account statement error has occurred and the reasons for the belief that the error alleged by the Borrower is incorrect. The Creditor shall correct the error and credit the Borrower’s account with the correct amount in accordance with procedures in force.

If the Creditor determines that no account statement error has occurred, it must mail or deliver by Guaranteed Communication Means to the Borrower an explanation of the reasons of believing that the error alleged by the Borrower is incorrect and provide the Borrower with copies of any documented evidence if he/she so requests.

If the Creditor believes that a Borrower is liable for all or part of the disputed amount and relevant Term Cost and other charges, it must:

(a) Notify the Borrower in writing of the date when payment is due and the portion of the disputed amount and relevant Term Cost and other charges for which the Borrower is liable.

(b) Report to a Licensed Credit Bureau that an account or amount is delinquent because the amount due has remained unpaid after the due date provided for in the terms and conditions of the relevant Financing Contract.

Without prejudice to applicable law and
regulation, a Creditor that has fully complied with the requirements of this section shall not have further responsibilities under this section if the Borrower insists on his/her claim.

(11) The Committee for Settlement of Banking Disputes is the final authority in resolving any unresolved disputes between the Borrower and the Creditor.

(12) These Regulations are issued in Arabic and English. In the event of a conflict between the two versions of these Regulations, the Arabic version prevails.
ANNEX 1
CALCULATION OF THE ANNUAL PERCENTAGE RATE

(1) The Annual Percentage Rate (APR) is the discount rate at which the present value of all payments and installments that are due from the Borrower, representing the Total Amount Payable by the Borrower, equals the present value of all payments of the Amount of Financing available to the Borrower on the date on which the Financing amount or the first payment thereof is available to the Borrower, in accordance with the following equation:

\[
\sum_{d=1}^{m} C_d (1+X)^{-s_d} = \sum_{p=1}^{n} B_p (1+X)^{-s_p}
\]

where:

- \(m\) is the number of the last payment to be received by the Borrower
- \(d\) is the number of a payment to be received by the Borrower
- \(C_d\) is the amount of payment \(d\) to be received by the Borrower
- \(s_d\) is the period between the date of the first payment to be received by the Borrower and the date of each subsequent payment to the Borrower, expressed in years and fractions of year, therefore \(s_1=0\).
- \(n\) is the number of the last repayment or payment of charges due on the Borrower
- \(p\) is the number of a repayment or a payment of charges due on the Borrower
- \(B_p\) is the amount of repayment or payment of charges due on the Borrower
charges (p) due on the Borrower

\[ t_p \] is the period between the date of the first payment to be received by the Borrower and the date of each repayment or payment of charges due on the Borrower, expressed in years and fractions of year

\[ X \] is the Annual Percentage Rate (APR)

(2) For the purpose of calculating APR, periods between dates shall be based on a year of 12 equal months.

(3) For the purpose of calculating APR, the Total Amount Payable by the Borrower shall be determined, including all unavoidable costs and fees with the exception of charges and fees payable by the Borrower as a result of non-compliance with any of his commitments laid down in the Financing Contract.

(4) The calculation of the APR must be based on the assumption that the Financing Contract will remain valid for the agreed period and that the Creditor and the Borrower will fulfil their obligations under the terms specified in the Financing Contract.

(5) If the Financing Contract contains clauses allowing variations in the charges contained in the APR but unquantifiable at the time of calculation, the APR shall be calculated on the assumption that the charges will remain fixed at the initial level and will remain applicable until the end of the Financing Contract.

(6) The Annual Percentage Rate must be calculated and expressed in percentage points with minimum two basis points and the portion of a basis point being rounded to one full point.