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The Association of Banks in Singapore Launches New Code of Advertising Practice

Singapore – The Association of Banks in Singapore (ABS) has today unveiled a new Code of Advertising Practice (CAP) for banks. The aim of the CAP is to promote clarity in banks' advertisements to their consumers. It defines what banks should and should not include in their advertisements, by crystallising the unwritten understanding of common advertising practices that banks currently practise.

The CAP states that "Advertisements should be legal, clear, fair, reasonable and not be misleading", and that "Advertisements should present a balanced picture of the product being advertised." An example of this is the Effective Interest Rate: "Any advertisement for interest-bearing deposit accounts and loan products which include a reference to an interest rate must include the Effective Interest Rate (EIR). All relevant fees and charges, and full details of the relevant terms and conditions are available on request. The EIR must be given equal prominence to the applied interest rate." The CAP also mentions advertising guidelines for specific bank products such as Unit Trusts and Bancassurance, which have been spelt out in the recent Financial Advisers Act and Securities and Futures Act.

Mrs Ong-Ang Ai Boon, Director of ABS, said, "We are confident that all banks will adhere to the guidelines proposed, and customers will benefit from having a balanced perspective of the product or service offered in the advertisements. We believe the CAP will set a benchmark of what constitutes good advertisements."

Mr Seah Seng Choon, Executive Director of the Consumer Association of Singapore, supports the move. He said, "CASE supports any initiative by any industry to improve standards of practice. The Association of Banks in this case is putting in place a code of advertising practice to enhance the standards of advertising among its members. I am glad to note that this code will complement the Singapore Code of Advertising Practice drawn up by the Advertising Standards Authority of Singapore. This is a good move by ABS and it will certainly go a long way to ensuring information put up by the banks in Singapore adhere to a set of acceptable standards".

The CAP will take effect from 1 June 2004, and members of the public who wish to view the CAP may visit ABS' website at www.abs.org.sg.