



The Code of Conduct for Deposit Advertisements

**Issued by the Association of Guernsey Banks
August 2012**

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1. Introduction

This new version of the code, dated 1 August 2012 revises, updates and replaces the previous requirements.

The Code is published by The Association of Guernsey Banks (AGB), and is a non-statutory code. The Code has the support of the Guernsey Financial Services Commission (GFSC); AGB members are reminded that the GFSC retains power to introduce a statutory version.

The terms of this Code applies to:

- The advertising of all deposit accounts maintained within the Bailiwick of Guernsey.
- Advertising in the Bailiwick of Guernsey by banks not licensed by the GFSC.

Please note:

- *All references to Guernsey, the Bailiwick or Island should be interpreted as referring to the Bailiwick of Guernsey.*
- *All references to the Code should be interpreted as referring to the AGB Code of Conduct for Deposit Advertisements.*
- *All references to rates being required to be quoted to 2 decimal places refer to rates initially being calculated and rounded to 2 decimal places using normal rounding convention. The advertiser may choose to quote to less than 2 decimal places provided that the advertised rate is less than or equal to the actual rate rounded to 2 decimal places. For example, if a rate was calculated to be 4.0215%, then the maximum rate that could be quoted in an advertisement would be 4.02%, however, the advertiser may choose to quote this as 4%. Likewise a rate of 3.9875% could be quoted as 3.99%, but NOT rounded up to 4%.*

2. General

2.1. Principal Conventions of an Advertisement

The following are a list of some of the key components of the Code. They are not a substitute for reading the Code.

- Advertisers should ensure that all advertising and promotional material is clear, fair, reasonable and not misleading.
- For the avoidance of doubt, always quote the Annual Equivalent Rate (AER) in any form of communication that quotes any form of interest rate or return, rounded and displayed to two decimal places.
- Ensure that any advertisements contain all material account terms and are not misleading or misunderstood.
- Advertisements should not contain any representation which might damage the reputation of the Bailiwick of Guernsey.

- An advertisement directly leading to the application for or engagement in banking activities should contain sufficient information to enable an informed assessment of the financial product(s) or service(s) to which it relates to be made. It should also state that terms and conditions apply if relevant.
- An advertisement must disclose all key risks that specifically relate to the product or service being advertised. This should assist the customer in determining whether the product is suitable for their needs and may include, but not be limited to, any exposure to market or interest rate risk.
- All advertisements by Bailiwick of Guernsey licensed banks should state that the bank is a participant in the Guernsey Banking Deposit Compensation Scheme and in addition when Guernsey licensed banks are advertising in the United Kingdom they should make it clear that the UK Financial Services Compensation Scheme is not effective in Guernsey. All advertisements in the Bailiwick of Guernsey by banks licensed elsewhere should state that the bank is NOT a participant in the Guernsey Banking Deposit Compensation Scheme and in addition confirm whether it is a participant in an equivalent scheme that will benefit Guernsey based depositors. (See Section 12)
- Ensure that every advertisement by a Bailiwick of Guernsey licensed bank states that the deposit taking business is licensed under the Banking Supervision (Bailiwick of Guernsey) Law 1994, as amended. This need not be included in internet web banner and text link advertisements where customers would expect to directly click through to a website landing page, providing the first landing page following the advertisement includes this statement. Radio and Television advertisements may use the short form wording of "*Bank name* is licensed to take deposits by the GFSC." All advertisements in the Bailiwick of Guernsey by a bank licensed elsewhere must confirm under which law and jurisdiction it is licensed.
- Any business not licensed in the Bailiwick of Guernsey wishing to advertise in the Bailiwick must obtain prior written permission from the Guernsey Financial Services Commission in accordance with the Banking Supervision (Bailiwick of Guernsey) Regulations, 1994. (See Section 16 for further information).

2.2 Code Scope

The requirements of the Code are designed to apply as widely as possible, to everything that could be interpreted to be an advertisement designed to sell a specific banking service or product targeted at the Bailiwick of Guernsey.

For the purposes of this Code the term "advertisement" includes press and broadcast advertisements, direct marketing, window displays, posters, brochures, leaflets, advertisements delivered by electronic means (e.g. mobile communications, the Internet) and automated teller machine displays.

Traditionally, businesses have used product brochures, advertising hoardings, magazines, newspapers, radio, TV, websites, mail shots, written correspondence and notices in the public vicinity. Advances in technology have created new media channels that provide further methods of communicating to the public. Examples are social networking websites, e-shots, phone apps, and

blogs and discussion forums. Where a new advertising media becomes available that is not specifically mentioned in the Code it is expected that the spirit of the Code will be applied with reference to that required for a media with similar attributes.

The Code is applicable to all deposit advertisements targeted at the Bailiwick of Guernsey regardless of the delivery method used to promote and advertise.

However, the Code does not apply to simple promotions, designed simply to raise brand awareness (for example, promotional gifts etc.). The Code does not apply to generic advertising or promotional material, which does not advertise a specific account or accounts (interest bearing or not) and does not advertise specific selling points for the advertising bank (e.g. service excellence).

2.3 Deposit Advertisement or Generic Advertising?

The Banking Supervision (Bailiwick of Guernsey) Law, 1994 Section 19, (5) states:

*“a **“deposit advertisement”** means any advertisement containing –*

(a) An invitation to make a deposit, or

(b) Information which is intended or might reasonably be presumed to be intended to lead directly or indirectly to the making of a deposit,

*and for the purposes of this section an **“advertisement”** includes any means of bringing such an invitation or such information to the notice of the persons to whom it is addressed or directed; and references to the issue of an advertisement shall be construed accordingly.”*

A ‘rule of thumb’ guide to distinguish between a deposit advertisement and a generic advertisement is that a deposit advertisement will say, for example. *“We offer a range of deposit services – OR - Here are the details of our deposit product/service. Get in touch with us if you want to learn more about this range/product/service or make an application”*. The next step the customer makes therefore will be to contact the bank about the specific product or service being offered.

Generic advertising is an advertisement that says *“Here is our brand. Get in touch if you want to learn more about us and what products and services we can offer”*. An example of a generic advertisement would be *“Bank X – in partnership with you. Call 0800 123456 or visit www.bankx.com for details.”* No products or services have been mentioned and the next step the customer makes in this case will be to peruse the range of products and services on offer, which may or may not include deposit-taking activities.

In the case of generic advertising, although the initial advertisement may be outside the scope of the Code, it is expected that customers will always have been clearly exposed to the Code requirements through any brochures or other materials sent in response to the customer’s enquiry, well before any application or agreement is completed.

2.4 Compliance with the Code

Advertisements must comply with the spirit and letter of this Code, the UK Code of Non-Broadcast Advertising, Sales Promotion and Direct Marketing (CAP Code), and the UK Code of Broadcast

Advertising (BCAP Codes) and with all relevant legislation. The explanatory phrases and statements that are required by this Code must be clearly audible or legible as appropriate.

This merely confirms that the Code must be read and applied alongside the other non-statutory codes and regulations, which set down general advertising standards. Advertising must also comply with the spirit of the Code to ensure that the intentions behind the Code are complied with and the manner of their presentation.

The Advertising Standards Authority (“ASA”) views on the use of small print should also be borne in mind. Key conditions regarding interest rates, access/withdrawal conditions and bonuses should be shown prominently and not omitted or diminished (for example by putting in small print).

2.5 Informing Customers

Advertisers of accounts (whether interest bearing or not) must take care to inform potential customers of the nature of any commitment, including the type of deposit (e.g. whether it is a notice account or access account) into which they may enter as a result of responding to an advertisement. Advertisers should ensure that all advertising and promotional material is clear, fair, reasonable and not misleading.

The requirement to inform customers of the nature of the commitment applies to all advertisements. However, more detail is required where customers are being invited to deposit money via a direct response advertisement. (See Direct Response, Section 11).

Minimum and maximum amounts that can be deposited should also be clearly stated. The minimum and maximum amount may be omitted for radio advertising providing any rate quoted applies to the tier to which most customers would benefit. The minimum and maximum amount may also be omitted for web banners and text link advertisements where customers would expect to directly click through to a website landing page, providing the first landing page following the advertisement clearly states the minimum and maximum amounts that can be deposited.

2.6 Registered Name & Address

The deposit-taking institution’s registered or business name, registration number, registered address and whom it is registered by must be clearly stated (to include press advertisements, direct marketing, brochures, leaflets and web sites/web pages).

This allows those institutions which do not use their registered name in advertising some flexibility.

This requirement does not apply to television or radio advertising unless the brand identity is materially different to the legal company name. This requirement also does not apply to web banners and text link advertisements where customers would expect to directly click through to a website landing page, providing the first landing page following the advertisement clearly states these requirements.

2.7 Advertisements by an Agent

In advertisements, in which an agent advertises deposit-taking facilities on behalf of a principal, or a principal indicates that it will accept deposits through an agent, it must be made clear which body is the agent and which is the principal.

3. Statement of Interest Rates

3.1 Advertisements Which Quote a Rate of Interest

Advertisements which quote a rate of interest must contain the following specific information:-

- The frequency of payment of interest;
- Either:
 - a statement that the contractual rate of interest is fixed for any specified term; or
 - a statement that the interest rate is subject to variation;
- The minimum amount which must be deposited to achieve the advertised rate of interest.
- The period of time, if any during which no interest or a different rate of interest will be payable (this paragraph does not relate to normally accepted cheque clearing periods).
- Where rates are tiered the minimum balance required for each tier must be prominently displayed.
 - For radio advertisements this requirement may be omitted for individual tiers, providing the product information broadcast states the minimum amount required to achieve the advertised tier interest rate. The capability to truncate the level of product information required for broadcast must not be to the detriment of the fundamental purposes of the Code.
 - For web banners individual tiers may be omitted providing the banner states the minimum amount required to achieve the advertised interest rate and the click through landing page clearly complies with this section of the code.
- The headline rate displayed should apply to the tier that most of the target audience are likely to apply for.
- Where interest rates are tiered by the size of the deposit, similar prominence to the interest rates should be given to the balances required to obtain these rates.
- The minimum period of notice, if any, which must be given before repayment may be required of a deposit earning a rate of interest.

This provides that, if a rate of interest is quoted in an advertisement, the advertisement must also state how often interest will be paid (for example, monthly, annually or after five years); whether the interest is fixed or variable (if fixed, the term must be stated); and any minimum deposit necessary.

The Code does not require this information to be contained in any particular part of the advertisement. However, institutions should take care to ensure, in respect of printed advertisements, that any footnotes are clear and legible, and not misleading and meet the Advertising Standards Authority's legibility requirements.

3.2. Quoting a Return

Advertisements should not quote a return which includes all or part of the original investment. It is not acceptable for advertisements to state, for example, “110% return” where this means that the customer gets their original investment back with a 10% return.

3.3. Bonus Rate of Interest

Accounts which advertise a bonus rate of interest, payable for a specific period must ensure that the duration of the bonus is clearly stated in the main part of the advertisement

The terms, which apply to the payment of any other bonus, must be clearly stated. This provision is to ensure that bonuses are explained clearly. The duration of the bonus rate must be clearly stated in the main part of the advertisement, and not in the footnotes. Similarly, the terms which apply to the payment of a bonus (for example, bonus of 2% paid if no withdrawals are made during the year) must be stated clearly, although not necessarily in the main part of the advertisement.

If the level of bonus payable may be subject to change this should be spelt out clearly in the main part of the advertisement.

3.4. Rate of Interest or Return

Advertisements quoting a rate of interest or return which are intended for media or direct mail must contain a suitable qualification, such as "rates correct at date of going to press", and must state that date.

This acknowledges that some advertisements, e.g. for magazines, have quite long copy dates and that there is the chance that rates could change in the meantime. The requirement applies to the advertiser's own interest rate and to competitors' interest rates where these are quoted for comparative purposes. The date the information was correct should be quoted e.g. “all financial information was correct at x/y/z (date)”.

Advertisements on the Internet, Radio and Television do not require the above qualification if solely quoting the advertisers own interest rate and provided that the advertiser ensures that an incorrect rate is not advertised, i.e. customers should be confident that the rate advertised is available on the day advertised. Where a comparison is made to competitor's interest rates the date at which the information was correct should be quoted in Internet, Radio and Television advertising as changes to competitor rates may occur unbeknown to the advertiser.

3.5. Escalator or Stepped Accounts

Accounts which have fixed rates that are set to periodically change during the lifetime of the account must clearly quote all applicable rates and time scales until maturity. Any conditions to access the future rates (besides maintaining the account) must be stated.

4. Annual Equivalent Rate (AER)

AER is a notional rate which illustrates the contractual interest rate* (excluding any conditional bonus payable) as if paid and compounded on an annual basis. Any assumptions made in calculating the rate should be stated.

**The contractual rate of interest is the interest rate payable before the deduction of income tax.*

The AER should be quoted, in respect of the gross rate only, in every advertisement where an interest rate is quoted.

This means that all advertisements include one rate which is capable of comparison across all advertisements, regardless of product provider and how interest is calculated and paid. The AER is a truly reflective rate, taking into account the frequency with which the product has interest paid or compounded. So, for example, if two products pay the same contractual rate of interest but one pays or compounds interest more frequently than the other, the account which pays or compounds interest more frequently will have a higher AER.

4.1. Prominence of the AER

No rate or return shall be given greater prominence than the AER.

Because the AER will be the one rate that customers will be able to use to compare all products, it must be given at least equal prominence as the contractual rate). However, if the AER is exactly the same as the contractual rate, there is no need to quote the same rate twice – it is enough to state, for example, “5% gross/AER”. Conditional bonuses (paid, for example, if the customer makes only a certain number of withdrawals each year) can only be included in the AER if the AER without the bonuses is also quoted and given greater prominence.

4.2. Quoting AER with Interest Rates

Where interest rates are advertised, the advertisement should quote the Annual Equivalent Rate, rounded to two decimal places. It is suggested that wording along the following lines should be used (for example, in leaflets, supporting wording of advertisements etc.) to explain the AER.

"AER stands for Annual Equivalent Rate and illustrates what the interest rate would be if interest was paid and compounded each year. [As every advertisement for a savings product which quotes an interest rate will contain an AER, you will be able to compare more easily what return you can expect from your savings over time]"

(The first sentence could be used alone to cut down length).

The explanation of AER need not be included in television or radio advertisements. The explanation of AER need not be included in internet web banner and text link advertisements where customers would expect to directly click through to a website landing page, providing the first landing page following the advertisement includes both the AER and the explanation of AER.

4.3. Bonus Rate Payable

If a bonus rate is payable until a fixed date (for example, "payable until 1 December 2012" and the product is launched on 1 May 2012), the AER will change over the period. The AER at the time of the product launch will be higher than that towards the end of the bonus period. This gives rise to scope for the AER to be misleading if it is not recalculated on a regular basis. It is not, therefore, enough for advertisements simply to state in the supporting wording the date of calculation of the AER. Instead, AER's on such accounts should be recalculated on a monthly basis. This means that advertisements need to be changed monthly, if such accounts are being advertised.

4.4. Conditional Bonuses

For illustrative purposes, advertisements may also include an AER including conditional bonuses. However, this rate must be given less prominence than the contractual rate and the true AER, and must be described as "AER including conditional bonuses". Where contractual rates are quoted on the basis of other than a 12-month period, this must be clearly stated. Where an interest rate is calculated on a basis other than *actual/365, the basis should be stated and the AER should nonetheless be calculated on an actual/365 basis.

*Actual/365" means that interest is calculated by taking the balance multiplied by the annual interest rate divided by 100, multiplied by the number of calendar days that the balance is held, divided by 365 in a normal year or by 365 or 366 days in a leap year. If making an adjustment for AER purposes, the divisor should be 365 in all years.

4.5. Escalator or Stepped Accounts

Accounts which have fixed rates that are set to periodically change during the lifetime of the account, but do not allow withdrawal of funds before maturity must state the AER across the life of the product.

Accounts which have fixed rates that are set to periodically change during the lifetime of the account and allow periodic withdrawal of funds before maturity must state the AER across the life of the product and from commencement to each withdrawal opportunity.

5. Guidelines to AER Calculations

The formula for the calculation of AER can be found on the British Bankers Association Website:

<http://www.bba.org.uk/media/article/calculation-of-the-annual-equivalent-rate-aer>

In order to ensure consistency of calculation and fair comparison of products, the AER should be derived on the following basis:

- The only changes to the amount deposited to be taken into account are those that are required by the terms of the account.
 - So, for example, on an account from which withdrawals may be made, the AER calculation is based on an initial deposit with no subsequent movements. On the other hand, on a monthly savings account, each monthly deposit is taken into the calculation. If certain deposits are required to qualify for a conditional bonus, then the AER including conditional bonus must be calculated assuming that the necessary deposits have been made.
- The only changes to rates that are taken into account are those that are stated at the outset.
 - No allowance is made for change that may occur because market rates generally move up or down. So, for example, if an account has a rate which will increase the longer a deposit is held, the higher rate will be used after the requisite time. Where an initial higher rate is guaranteed for a number of months (an "unconditional bonus"), the rate after that period will reduce to the "normal" rate applicable at the

time of the advertisement. If a monthly savings account has a tiered interest rate, then the appropriate rate will be used as the balance builds up.

- If an account has a fixed or minimum term, the calculation is to be made for that period.
 - If the term is indefinite, the calculation is to be done on the first year, or until the first interest payment if that is after one year. If a conditional bonus requires that you leave the deposit in the account for a certain time, then the AER including conditional bonus will be calculated over that period.
- All interest paid is treated as if it is invested and earns a rate of interest equal to that being earned on the deposit.
 - This may, in fact, happen if the interest is added to principal. However, even on an account making monthly interest payments, this assumption is made to illustrate the value of receiving these payments during the year. If a deposit has a very short term (for example, a six-month bond), for AER purposes it is assumed, again for illustrative and comparative purposes, that the principal and interest can be invested at the end of the period at the same rate for the rest of the year.
- Where the AER varies according to the date of the deposit (for example, where an unconditional bonus is offered until a fixed calendar date):
 - All advertising should include a statement that the AER assumes that investment was made on a specified date; the date specified should be
 - relevant to the date the advertisement or literature will appear or be available; and
 - not more than 1 month away from that date

6. Notice of Rates

A general notice to customers of rates need only comply with Section 3 of the Code. In the case of such notices or lists, the words "gross" and "AER" as appropriate need not appear after each rate. However, it must be clear from the whole of the notice or list which term applies to which rate, for example, by the use of column headings or footnotes.

This means that general notices of rates, which generally are not inherently designed to sell products but to inform customers of rates, need comply only with Section 3 of this Code.

7. Withdrawal Restrictions

Advertisements should contain a clear statement of the terms (if any) for withdrawal or transfer including:

- The period of any notice required.
- The amount of any charges which may be payable (excluding normal bank charges which are included in general or specific product terms and conditions).

- Any limitation which the account imposes on the amount which may be withdrawn or transferred in a single transaction or period.
- Penalties for early access should be clearly presented.
- The number of withdrawals that may be made without transactional charges, loss of interest, loss of bonus or any similar charge being made, is limited.

8. Instant Access

An account may not be described as having “instant access” or “immediate withdrawal” or any similar statement where withdrawal must be other than by cash.

Any conditions attached to “instant” or “immediate” (or any other similar description) withdrawal, for example if:

- The number of withdrawals that may be made without transactional charges, loss of interest, loss of bonus or any similar charge being made, is limited.
- The amount of cash that can be withdrawn in a transaction is limited by the account

then these should be clearly stated in the main part of the advertisement.

These provisions were added to the Code as a result of the Advertising Standards Authority's decision regarding the use of the words “instant access”. “Instant access” and any similar wording should be used only where it is possible to make cash withdrawals (without charge), whether in a branch or via an ATM. Accounts which do not offer this facility should not be described as “instant access”.

Accounts which they do not have the facility to withdraw cash, but which allow immediate real-time transfers to a side account from which cash may be withdrawn are also acceptable. The British Banking Authority (BBA) and Building Societies Association (“BSA”) have both recommended that, to avoid confusion, accounts should not have “instant access” in their titles if they do not actually offer instant access.

However, it is possible to describe an account as having “instant access”, where the number of withdrawals that may be made is limited for good reason. For example, it would be within the spirit of the Code to limit the number of withdrawals on a savings account to ensure that it was not used as a money transmission account, but it would not be appropriate to limit withdrawals too tightly. Any restrictions and charges (howsoever calculated and described) must be stated in the main part of the advertisement and not in the supporting text.

If the terms of the product limit the amount of cash that can be withdrawn in any single transaction, then that must be clearly stated in the main part of the advert, together with the amount of the limit. As with the first paragraph, this refers to a particular limitation on the product itself, and not a general floor limit imposed by the institution across the board, for example, for security or other practical reasons.

9. Currency

Every advertisement must state the currency in which the deposits are to be made. For Sterling deposits this will be implied through the use of the pound (“£”) sign or the SWIFT code GBP in print or stating ‘Pounds’ in audio when quoting amounts, e.g. £10,000.

10. Guarantee / Guaranteed Return / Guaranteed Return of Capital

The word “Guarantee” or “Guaranteed” should not be used in any way that could cause confusion. The marketing and advertising material should not offer any scope for misconstruing or misinterpreting claims for prospective returns and guarantees of capital.

Where advertisements refer to a guaranteed return of capital or similar such statement they should also contain a statement clearly stating what is guaranteed and by whom.

Where structured products are advertised any use of the word “Guarantee” or similar should comply with the above paragraph.

11. Direct Response

Advertisements which invite deposits by immediate response (e.g. by coupon or website application form) must:

- Include the full terms and conditions or state that they are available on request.
- Clearly state in the part of the advertisement to be retained by the consumer a full postal address at which the advertiser can be contacted during normal business hours and the description and details of the advertised product including the information required by this Code.
- Request that verification of identity documentation (as required to verify each party to an account as laid out in the Handbook for Financial Services Business on Countering Financial Crime and Terrorist Financing (the Handbook) issued by the Guernsey Financial Services Commission is provided when submitting the coupon.
- The advertisement must state that compensation may be available from Guernsey Banking Deposit Compensation Scheme.

12. Guernsey Banking Deposit Compensation Scheme (GBDCS)

Advertisements shall give information about the Guernsey Banking Deposit Compensation Scheme in a format approved by the Board of the Scheme.

A deposit compensation scheme for qualifying deposits with Guernsey Banks was established by the Banking Deposit Compensation Scheme (Bailiwick of Guernsey) Ordinance, 2008. The Ordinance makes it a requirement that:

“Every participant shall make information available in a readily comprehensible form in explanatory material to current and intending depositors about the Scheme”.

All banks licensed by the Guernsey Financial Services Commission are participants in the Scheme. All advertisements by licensed banks should state that the bank is a participant in the Guernsey Scheme

and in addition when Guernsey licensed banks are advertising in the United Kingdom they should make it clear that the UK Financial Services Compensation Scheme is not effective in Guernsey.

From time to time, the Board of the Scheme publishes approved wording for advertisements in a form which complies with the Ordinance. Failure to comply with this wording in advertisements may amount to the bank being in breach of both the Code and the Ordinance. (The following should be added to any such wording when banks advertise in the United Kingdom; "Deposits are not covered by the Financial Services Compensation Scheme under the Financial Services and Markets Act 2000".)

Where a bank licensed by the Guernsey Financial Services Commission has more than one trading name/brand it should be made clear that the brand is a trading name for the licensed entity. Clients should have no doubt in their mind that on banking with the licensed entity, regardless of the number of brands available, they will only be entitled to make one claim under the Scheme.

If a bank licensed by the Guernsey Financial Services Commission is advertising outside of the Bailiwick it must be made explicitly clear to current and intending depositors that deposits with the bank will not be covered by any equivalent Scheme in the jurisdiction in which the advertisement is being placed.

12.1 Advertising Relating to the Scheme

Guernsey licensed banks are obliged by The Banking Deposit Compensation Scheme (Bailiwick of Guernsey) Ordinance, 2008 to make information available in a readily comprehensible form in explanatory material to current and intending depositors about the Scheme.

The GBDCS Board has:

- Published an official leaflet, designed to give full information about the Scheme in nontechnical terms; albeit the Scheme itself involves some technical concepts including a 'cap' on payments within any 5 year period. Copies are available from the Board at the heading address.
- Established a website, offering a copy of the leaflet, copies of the relevant legislation and the permissible wording to be used in advertisements.

Banks should refer to the GBDCS or their website for the current 'approved wording'.

Website: www.dcs.gg

Telephone: +44 (0) 1481 722756

Post: P.O. *Box 380, St Peter Port, GY1 3FY.*

For TV and Radio broadcast advertisements a short form of the approved wording may be used as outlined below:-

"*Bank Name* is licensed to take deposits by the Guernsey Financial Services Commission and is a participant in the Guernsey Banking Deposit Compensation Scheme; details at www.dcs.gg"

13. Online Advertising

The rules that affect the online world of advertising are the same as those that affect advertising in the 'real world'.

For web-based advertisements it is not sufficient to give an e-mail or website address, every bank should list its registration number, place of registration and registered office address on its website. This does not apply to web-based banner and text link advertisements which give a 'click-through' link to the advertiser's website and, as such, may be seen as an extension of the advertiser's website.

The key principles that online advertisers should bear in mind is that all marketing communications on the web or elsewhere should:

- Be "legal, decent, honest and truthful" – adverts should not include anything that is likely to cause offence.
- Not be misleading. You need to ensure that all claims in adverts are accurate and unambiguous and can be substantiated.
- Be prepared with a sense of responsibility to consumers and society; and respect the principles of fair competition generally accepted by business.
- No marketing communication should bring advertising into disrepute.

The added complication in relation to online advertising is that the adverts may be accessible outside of the Bailiwick. Care should be taken when drafting adverts which could be accessed by customers in different countries. Advertising that infringes applicable laws and codes of conduct will be subject to certain complaints procedures and remedies in multiple jurisdictions. An online marketing message is therefore potentially subject to the laws of every country in which it is received by consumers.

Online advertising opportunities may be grouped into those that provide an immediate opportunity to click through to a website or bespoke landing page (e.g. Banner Advertising and Search Engine listings, either paid or otherwise) and those opportunities that are standalone (e.g. company profiles on social networking sites without an obvious click through). All online advertisements must comply with the code (unless reasonably considered to be a simple promotion – Section 2.2). For advertisements that clearly provide a click through opportunity as the sole or main mechanism for response, compliance may be achieved through providing some of the required statements on the landing page to which the advert is directed together with direction to the page containing all the respective information.

Often web banner advertisements provide the opportunity to animate the advertisement or include a series of frames. Compliance to the Code may be achieved across the use of animation or multiple frames provided that statements required by the Code are reasonably prominent and that the refresh period between frames is not considered unreasonably long or short.

Care should be taken in website design to ensure that individual web pages are compliant as search engines may on occasion display additional links to pages other than the website home page. For

standalone advertisements compliance with the code has to be achieved within the advertisement itself.

It is recognised that there will be advancements in online technology that provide advertising opportunities not specifically covered within the Code. Advertisers who seek to use opportunities not mentioned are expected to abide with the spirit of the Code and ensure that the advert viewable by the public fully supports the requirements of the Code.

14. Transparency Statement

The following guidance is directed towards those banks that access the general “retail” public (whether that public is resident in the Bailiwick of Guernsey or not). Banks not in this category are not required to issue a transparency statement as it is assumed that their clients are sufficiently sophisticated and/or advised to undertake their own enquiries.

New product information, promotional material, literature and advertising (including websites) that invites the taking of deposits and should contain the following:

“[Name of Bank] places funds with (the parent) and thus its financial standing is linked to (the parent). Depositors may wish to form their own view on the financial standing of [name of the parent] based on publicly available information, including reports and accounts, obtainable from (insert details)”.

Banks may also use a shortened version:

“[Name of Bank] places funds with (the parent) and thus its financial standing is linked to (the parent). Publicly available information, including reports and accounts, is obtainable from (insert details)”.

Alternatively banks may use an equivalent version, agreed with the Guernsey Financial Services Commission.

Transparency also needs to apply to branches of the immediate or ultimate parent. So branches must be clearly identified as belonging to a particular legal entity in advertising literature. This is already a common business convention.

15. Broadcast Advertising

Advertisements that are broadcast and are interpreted to be an advertisement designed to sell a specific service or product (whether or not issued by a licensed institution) must also conform to the Code.

The Broadcast Committee of Advertising Practice (BCAP) Appendix 1 Statutory Framework for the Regulation of Broadcast Advertising states the expected standards for the content of television and radio.

BCAP website address is:

www.cap.org.uk

www.cap.org.uk/the-codes/BCAP-Code.aspx

Radio advertisements should include the following:

“Bank Name is licensed to take deposits by the Guernsey Financial Services Commission and is a participant in the Guernsey Banking Deposit Compensation Scheme; details at www.dcs.gg”

16. Advertising in Guernsey by Banks Not Licensed in Guernsey

Businesses incorporated outside the Bailiwick of Guernsey, carrying on regulated activities outside the Bailiwick with no place of business in the Bailiwick (and which are not regulated in the Bailiwick) may wish to undertake deposit advertising within the Bailiwick. The Banking Supervision (Bailiwick of Guernsey) Regulations, 1994 state that a person wishing to advertise in the Bailiwick, other than a licensed institution, must obtain prior permission in writing in that behalf from the Commission which may be granted subject to such conditions if any, as may be stipulated by the Commission.

Banks not licensed in Guernsey that wish to undertake deposit advertising in the Bailiwick of Guernsey need to be aware that “undertaking deposit advertising within the Bailiwick” not only captures deposit advertisements issued within the Bailiwick (for example, the placing of a deposit advertisement in the local Guernsey newspaper), but it also covers deposit advertising issued outside the Bailiwick which may be seen by or directed at persons within the Bailiwick. For the purposes of this guidance an advertisement issued outside the Bailiwick of Guernsey shall be treated as issued in the Bailiwick if:-

- It is directed to persons in the Bailiwick of Guernsey.
- It is made available to persons in the Bailiwick of Guernsey otherwise than in a newspaper, journal, magazine or other periodical publication published and circulating principally outside of the Bailiwick.

Any business wishing to undertake promotion of a deposit must:

- Obtain prior written permission from the Guernsey Financial Services Commission in accordance with the Banking Supervision (Bailiwick of Guernsey) Regulations, 1994. All advertisements must be reviewed and approved in advance of publication. The Guernsey Financial Services Commission will not provide a ‘blanket’ approval for advertisements or a series of advertisements that extend beyond an inordinate period of time.
- Provide details of the proposed advertisement, the intended delivery channel and the scale of the advertising campaign envisaged.
- Ensure that the advertisement clearly states where the deposit- taking institution maintains the account and provides a full postal address at which the advertiser can be contacted.
- Ensure that the advertisement clearly states the registered or business name, registration number, registered address and by whom it is registered (to include press advertisements, direct marketing, brochures and leaflets).
- Ensure that the advertisement does not imply that it is a licence holder within the Bailiwick of Guernsey or is carrying out a regulated activity from or in connection with the Bailiwick of Guernsey, either on its own or another’s behalf or as an intermediary for another.

- Ensure that the advertisement makes it clear the deposits will not be sited in the Bailiwick of Guernsey, and states clearly the jurisdiction in which they will be sited.
- Ensure that the advertisement makes it clear that the deposits will not be covered by the Guernsey Banking Deposit Compensation Scheme.
- Should state in any advertisement whether deposits made with the business will be covered by a deposit compensation scheme in a jurisdiction other than the Bailiwick of Guernsey.
- Any advertisement issued by a business which is subject to regulation in its country of origin/domicile shall contain a statement which details the country or territory under whose Law it is regulated and the name of the regulatory authority.
- All deposit advertisements must conform to the Code.
- All deposit advertisements should include the transparency statement and should use identical wording to that set out in Section 14 of this Code.

If a bank not licensed by the Guernsey Financial Services Commission specifically advertises in the Bailiwick of Guernsey, either proactively through selecting Guernsey online or broadcast media or through failure to exercise any available options to avoid display or broadcast in Guernsey, the bank should ensure that all advertisements and click through landing pages are compliant with the Code, in addition to any other 'home' compliance requirements that may exist.

Where options do not exist to avoid the display of an advertisement in Guernsey as part of a wider advertisement the Code will not be obligatory, but it is expected that such advertisers will follow international best practice and the conventions of this Code.

17. Qualifying Statements

If a financial promotion compares a banking service with one or more other banking service (whether or not provided by the business) the business must ensure that the comparison is meaningful and presented in a fair and balanced way.

Promotional material referencing awards or including statements regarding the product should include comment substantiating inclusion.

If a credit rating is stated then the advert should include the credit rating agency and include a suitable qualification, such as "rating correct at date of going to press", and must state that date.

18. Objections

Objections to the content of an advertisement should be first raised with the regulated entity.

If the matter is not resolved satisfactorily then the matter should be referred to the Association of Guernsey Banks Committee and the Guernsey Financial Services Commission.

Appendix 1 UK Advertising Codes – Advertising Standards Authority

The Advertising Codes lay down rules for advertisers, agencies and media owners to follow.

Who Writes The Rules?

The ASA is not responsible for writing the rules. The Codes are written by the advertising industry through the Committee of Advertising Practice (CAP) and the Broadcast Committee of Advertising Practice (BCAP). The members of these committees comprise the main industry bodies representing advertisers, agencies and media owners (including individual broadcasters).

BCAP is responsible for writing and maintaining The UK Code of Broadcast Advertising.

CAP is responsible for the rulebook, The UK Code of Non-broadcast Advertising, Sales Promotions and Direct Marketing. Non-broadcast means ads in media such as cinema, press, posters and online.

What Do The Rules Say?

The Advertising Codes contain wide-ranging rules designed to ensure that advertising does not mislead, harm or offend. Ads must also be socially responsible and prepared in line with the principles of fair competition. These broad principles apply regardless of the product being advertised.

In addition, the Codes contain specific rules for certain products and marketing techniques. These include rules for alcoholic drinks, health and beauty claims, children, medicines, financial products, environmental claims, gambling, direct marketing and prize promotions. These rules add an extra layer of consumer protection on top of consumer protection law and aim to ensure that UK advertising is responsible.

The ASA administers the rules in the spirit as well as the letter, making it almost impossible for advertisers to find loopholes or 'get off on a technicality'. This common sense approach takes into account the nature of the product being advertised, the media used, and the audience being targeted.

Direct Links to the Advertising Codes

- Non-broadcast
 - The UK Code of Non-Broadcast Advertising, Sales Promotion and Direct Marketing (CAP Code)
- Broadcast
 - The UK Code of Broadcast Advertising (BCAP Codes)

Appendix 2 Summary of Triggers and Requirements by Media Type

The below table is intended to provide guidance on when individual elements of the Code would apply and should be read in conjunction with the remainder of the Code.

Trigger	Code requirement to include	Print, Web pages & Standalone web adverts	Radio & Television	Web click through Banners & Text Links
Minimum Requirements	<p>“<i>Bank Name</i> is licensed under the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended”</p> <p>Guernsey Banking Deposit Compensation Scheme. Section 12</p>	Required	Required but can use “ <i>Bank name</i> is licensed to take deposits by the Guernsey Financial Services Commission and is a participant in the Guernsey Banking Deposit Compensation Scheme; details at www.dcs.gg ”	Not Required – providing this information is included on the immediate landing page
Minimum Requirements	Business Name, registered address and to whom registered. Section 2.5	Required	Not Required - unless the brand identity is materially different to the legal name	Not Required – providing this information is included on the immediate landing page
Minimum Requirements	Transparency Statement. Section 14	Required	Required	Not Required – providing this information is included on the immediate landing page
Minimum Requirements	Qualifying Statements. Section 17	Required	Required	Not Required – providing this information is included on the immediate landing page
Adverts by agents	Clarity on which body is the agent and which is the principle. Section 2.6	Required	Required	Required
Mentioning a specific account	Nature of any commitment, and type of deposit. Sections 2.4, 7, 8, 9 & 10	Required	Required	Required

Trigger	Code requirement to include	Print, Web pages & Standalone web adverts	Radio & Television	Web click through Banners & Text Links
Statement of interest rates	Requirements outlined in Section 3.1	Required	Required – although for radio detailing each tier is not required provided the rate quoted applies to that which most of the target audience are likely to apply for.	Required - although detailing each tier is not required provided the rate quoted applies to that which most of the target audience are likely to apply for and all the tiers are stated on the immediate landing page
Quoting a return	Requirements outlined in Section 3.2	Required	Required	Required
Bonus Rates of Interest	Requirements outlined in Section 3.3	Required	Required	Required
Rate of Interest or return	Requirements outlined in Section 3.4	Required	Not Required for advertiser rates providing incorrect rates not allowed to be advertised. Required when quoting competitor rates.	Not Required for advertiser rates providing incorrect rates not allowed to be advertised. Required when quoting competitor rates.
Rate of Interest or return	Requirements outlined in Sections 4, 4.1, 4.3, 4.4, 5 & 6	Required	Required	Required
Rate of Interest or return	Requirements outlined in Section 4.2	Required	Not Required	Not Required – providing this information is included on the immediate landing page
Escalator/Stepped Accounts	Requirements outlined in Section 3.5 & 4.5	Required	Required	Required
Direct Response	Requirements outlined in Section 11	Required	Not applicable	Not Required – providing this information is included on the immediate landing page
Online Advertising	Requirements outlined in Section 13	Required for web pages and standalone web adverts. Not applicable for print	Not applicable	Required
Broadcast Advertising	Requirements outlined in Section 15	Not applicable	Required	Not applicable
Banks Not Licensed in Guernsey	Requirements outlined in Section 16	Required	Required	Required