



## Parliament of the Cayman Islands

### PRIVATE MEMBER'S MOTION NO. 14 of 2023-2024

#### Motion on

#### Higher Standard of Bank's Duty Of Fairness To Customers

**WHEREAS**, during years of historic low interest lending rates, banks increased their banking fees to the public to improve profitability;

**AND WHEREAS** the Cayman Islands bank's prime lending rate has risen 11 times since March 2022 to levels not seen for about 20 years, significantly improving the banks profitability;

**And WHEREAS** with increases to lending rates, local banks have drastically raised the loan repayment amounts on borrowers who are already struggling with the current cost-of-living crisis, making their financial situation even more challenging;

**AND WHEREAS** notwithstanding the agreement by Cayman Islands retail banks to establish a temporary 30-day notice period before increasing mortgage interest rates, this commitment was only for a year, ending in June this year, and did nothing to assist borrowers unable to afford significantly increased mortgage payments, putting family homes at risk of foreclosure;

**AND WHEREAS** we understand that some borrowers are now seeking assistance from the NAU/Government when they cannot afford mortgage payments;

**AND WHEREAS Section 14** of the Cayman Islands Banker's Association's 'Voluntary Banking Code' recognises the need for banks to consider cases of financial difficulty sympathetically and positively, including exploring options for alternative repayment arrangements for those in financial trouble;

**AND WHEREAS** the United Kingdom Government in 2023 imposed a new 'Consumer Duty' on banks, requiring them to act to deliver good outcomes for retail customer that set higher standards of consumer protection, including for loan foreclosures;

**AND WHEREAS** the Law Reform Commission had previously initiated a public consultation to consider a new Registered Land (Amendment) Bill, based on work carried out by them regarding the need to reform the foreclosure process;

**AND WHEREAS**, following their review and consultation the Law Reform Commission produced recommended Amendments to the Registered Land Act which sought to 'streamline the provision impacting the charge of land to provide for a lending and pre-action protocol and for incidental and connected purposes', and so better protect borrowers.

**BE IT THEREFORE RESOLVED** that the Government consider requiring local banks to implement a mandatory Updated Banking Code of Practice, using the UK's Banking Consumer Duty rules as a guide to ensure bank customers' best interests are adequately considered in banks' decisions.

**AND BE IT FURTHER RESOLVED** that if the banks are unwilling to enter into such a sufficiently robust 'Updated Banking Code of Practice', the Government should consider preparing legislation to provide for a higher standard of bank's duty to customers using the UK's Banking Consumer Duty rules as a guide.

**AND BE IT FURTHER RESOLVED** that the Government considers urgently reviewing and bringing forward an update to the Draft Amendments to the Registered Land Act proposed by the Law Reform Commission based on their review of useful reforms of the law to deal with the enforcement of mortgage-type security over real estate.

**AND BE IT FURTHER RESOLVED** that the Government consider requesting CIMA to review and report back to the Parliament by the end of this calendar year on the fairness of fees charged by retail banks and the fairness of interest rates paid on savings and other deposit accounts, ensuring that these rates and fees are fair and equitable for all customers.

**Moved By:** Hon. Roy M. McTaggart, JP, MP  
Leader of the Opposition and  
Elected Member for George Town East

**Seconded By:** Mr. Joseph X. Hew, MP  
Elected Member for George Town North

Received in the Office of the Clerk this 27<sup>th</sup> day of June, 2024.

**Passed** by the Cayman Islands Parliament this 26<sup>th</sup> day of July, 2024.

Clerk of Parliament